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**Official Report  
of Debates  
(Hansard)**

Tuesday 31 January 2006

**Journal  
des débats  
(Hansard)**

Mardi 31 janvier 2006

**Standing committee on  
finance and economic affairs**

Pre-budget consultations

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

Consultations prébudgétaires

Chair: Pat Hoy  
Clerk: Trevor Day

Président : Pat Hoy  
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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

**STANDING COMMITTEE ON  
FINANCE AND ECONOMIC AFFAIRS**

**COMITÉ PERMANENT DES FINANCES  
ET DES AFFAIRES ÉCONOMIQUES**

Tuesday 31 January 2006

Mardi 31 janvier 2006

*The committee met at 0906 in the Holiday Inn, Sarnia.*

**PRE-BUDGET CONSULTATIONS**

**SARNIA AND DISTRICT  
HUMANE SOCIETY**

**The Chair (Mr. Pat Hoy):** The standing committee on finance and economic affairs will now come to order. We're pleased to be in Sarnia for today's hearings. I would call upon the Sarnia and District Humane Society to please come forward. Good morning. You have 10 minutes for your presentation. There may be up to 10 minutes of questions following that. I'd ask you to identify yourself for the purposes of our recording Hansard.

**Ms. Marilyn Horner:** I'm Marilyn Horner, and I have been part of the Sarnia Humane Society team since 1972. I've been with this great organization for 34 years, and I have seen many changes over the years, some good and some not good.

When I was asked by the Ontario SPCA to speak to you this morning, I must admit I was a little apprehensive. Public speaking, to be honest, is something that is quite out of my comfort zone, but here I go.

I gave more thought to what had been asked of me, and I said to myself, "Marilyn, how can you not go there for something that you know and truly believe in: the welfare of animals and the fairness of what is needed and expected to enforce the laws pertaining to animals and their well-being?"

How many of you people here this morning have a child or possibly a grandchild who has always dreamed of the opportunity to work with animals? It has been a dream, and is a dream, of many people, young and old, and I must admit that I have been fortunate to work for Sarnia Humane and to represent the Ontario SPCA.

Many years ago, I became an agent of the society, sent out in the world to enforce the laws that are in place to protect animals. I was so proud. I was going to get out there, and basically I was going to kick ass. I was going to protect these animals, not in our shelter here on a daily basis, but I was going to investigate acts of cruelty and remove animals from abusive situations. Looking back, and still today, it is no wonder that I and so many other people in this field have been in need of help as well.

Just a few interesting notes over the years: Knock, knock. Before the investigation of a suspected abuse, I

was advised that the residence in question was that of a well-known biker gang in the city, and to be careful. "Wow," as I stood on the front porch, "were those bullet holes in the front door?" I knocked again, as I was already standing on the front porch, but still no answer. As I returned to the vehicle, the door opened and I was faced with a huge Doberman that actually had in his mind that I really need not get back in the truck, with teeth bared and his owners roaring with laughter.

The cattle investigation: I trod through the snow to reach the barn in question where the cattle were housed. Yes, the cattle were there, as well as the owner, chopping wood with an axe. Little was said, as the cattle in question from the complaint we had received were fine. I was not, as I hung on the barbed wire fence, stuck with my parka, tangled in the middle of a snowstorm in a rural area, with no backup and no proper vehicle.

Pigs, puppy mills, starvation, death and filth—yes, so many stories; some enlightening, but most not. The point I'm making here today is that those involved in animal welfare and animals in society desperately need help. People enforcing the laws in societies across this province desperately need funding. For all the humane societies do and could do, so much is taken for granted and not recognized. Police, firefighters, paramedics and others who do daily community work have proper training, proper equipment and staffing. They have anything it takes to get the job done.

There have been many changes occurring in the world we live in, and humane societies across the province are seeing increasing demands on shelters. We're seeing the severity of abuse and neglect of animals and the threatening situations that people in this field are up against, and the resources are not there. Many times, as I mentioned earlier, there is no backup, no proper equipment, no phone systems etc. These are needed in so many shelters across the province.

In today's world, we have a different view, and there are different expectations of humane societies and how we treat animals today. It is recognized that how we treat animals is reflective of how we deal with our fellow human beings, whether our children or our peers. There are many hidden values that are still not completely understood, but we know that we are capable of doing better. Unfortunately, it all comes down to funding that is needed and is easily justified where "humane" comes into describing society. Only we can do it—and we can

do it. We can do it properly with your help, to support animal welfare in this province. I'd like to close with that.

We are fortunate: In our community we have extreme support throughout this area, and I am here for other shelters as well as the Sarnia humane society. There is a need across this province to stand behind the OSPCA, on their behalf and Sarnia's. That's why I'm here today asking, because I truly believe and know the necessity of and the good work that the organization does.

I thank you for listening, and if there are any questions I'd be glad to answer them.

**The Chair:** Thank you. This morning's round of questioning will begin with the official opposition. Mr. Barrett.

**Mr. Toby Barrett (Haldimand–Norfolk–Brant):** Thank you, Marilyn, for your presentation on behalf of the Sarnia and District Humane Society.

I have a couple of quick questions. We've had a number of presentations from the Ontario Society for the Prevention of Cruelty to Animals, so we understand the appeal for funding.

You mentioned puppy mills. I don't know whether you've had any experience. That legislation has been on the books for a couple of years now. Right after the legislation was passed, there were charges laid in Norfolk county, and the legislation seemed to be effective. Do you have any view on that? Is that a good law? Is that law working out okay, the puppy mill legislation?

**Ms. Horner:** It certainly is working. Everything will work, but it gets down to having the resources—when you do a removal and you take animals from these situations, they're in a deplorable state—the cost of veterinary care and housing, and the people in the field available to help each shelter in need.

Just last week in the Sarnia area I was quite surprised. We had a call right here in Lambton county about a residence with 60 dogs. I'll just make this quick. I said, "Sixty dogs?" It was unusual. We hadn't heard of this residence before. Upon our arrival, there were 60 dogs found there. Every animal has always had a dollar sign on its head. This fellow had a beautiful, new kennel set up breeding Labs, poodles; a beautiful website. We couldn't find anything wrong; the treatment and everything was great. But it was a cash cow. These are the things that are springing up, because it's a very lucrative business today. Hopefully, once these people start something, they will maintain the quality of care that they're giving. But they don't, because things happen with the breeding, they start putting out animals—and you know the cost of caring for 60 dogs—and all of a sudden they go under. It's the humane societies that are picking up the pieces. It's big business out there today.

**Mr. Barrett:** You mentioned meeting a Doberman. I guess it was 25 or 30 years ago that there seemed to be a trend with the Dobermans in the public eye, and then Rottweilers; more recently pit bulls. Now this government has passed legislation that will essentially kill off that breed, if it's a breed. The jury's out on that one.

Do you see any other movement to kill off other breeds, like Rottweilers or German shepherds or Dobermans? Is there going to be another type of dog on the list?

**Ms. Horner:** There always will be a dog on the list. In my opinion, there are always going to be aggressive, dangerous dogs. I'm sure you've all heard it a million times, but the owners are totally responsible. There are breeds whose bite is much more severe. The media has picked up on the pit bulls, but every dog is potentially dangerous, and in my opinion it should have been, across the board, owner responsibility.

**The Chair:** Thank you. Now we'll move on to the NDP and Mr. Prue.

**Mr. Michael Prue (Beaches–East York):** Thank you for a very good presentation. You are the sixth humane society that's presented, and you're the first one who spoke from the heart. So I want to thank you.

**Ms. Horner:** Well, thank you. It was hard for me to do. I get kind of emotional.

**Mr. Prue:** In terms of Sarnia, how many animals are put down? How many are not adopted? How many would you have to put down in a year?

**Ms. Horner:** We handle close to 4,000 animals in our shelter. We're seeing the dog situation improving, I must say, over the years. I think people get a dog and it's a one-time experience that either works or doesn't. They don't keep the animal; they don't try it again.

The cat situation is totally out of control. We have close to 2,000 cats a year and euthanize 1,600. Very few dogs today are being euthanized, because there's licensing and the municipalities are certainly out there with their animal control. Things will work with enforcement, but there's no enforcement on cats.

**Mr. Prue:** I live on the Don Valley in Toronto, and there's quite a number of feral cats. You can see them from time to time coming up to scavenge. Nobody seems to be looking after or trying to catch them. Is that the job of the humane society, or is it somebody else? I don't know. The poor animals are in very bad condition.

**Ms. Horner:** The humane society, getting back to funding, can only do so much. As I said, with the licensing of dogs, there is a control on dogs because of a municipality's enforcement. It's very hard to set a cat bylaw on how many you can keep and so forth. When they get so out of control—hidden feral colonies out there—they're seen but unheard. They're out in the good weather and it's hard to track actual cat colonies, where they are, to get out there and help. But I feel there's going to be a big problem someday because they're not controlled and, as you say, they're in rough shape—disease and the hazard of their being on highways and so forth.

**0920**

**The Chair:** Now we'll move to the government and Ms. Di Coco.

**Ms. Caroline Di Cocco (Sarnia–Lambton):** I want to say thank you for making the presentation to the committee. Although you stated something about public

speaking not being your forte, I have to say that you're certainly a natural. We wouldn't have known that if you hadn't told us. Otherwise, I have to say it was a very good presentation. I know the good work that the Sarnia-Lambton humane society does here, and I want to thank you and all of your organization.

I happen to know Pat Groves quite well, and I know how dedicated and committed your organization is in the work that you do. I can hear from what you said how frustrating it is, because you see that there's always so much more to do to constantly educate as well as to deal with the situations that are there.

You're finished with all your new building now here, I believe. That's all set. I don't know—what are the numbers per year of animals that you take in? You may have said it and I may not have heard it.

**Ms. Horner:** Sarnia Humane last year was close to 4,000, and 2,000 of those were cats, as I mentioned. The others were dogs and other wildlife and animals that we look after in the community. We do inspections under the OSPCA act for all of Lambton county. We do have a beautiful expansion, as you had mentioned. We do have great support.

It's the increased demands on us now with the pit bull legislation and the severity and the calls that we're getting. Our people in the field—communication is needed. We have no backup because there's not enough staffing or trained people to enforce—because agents of Ontario SPCA do have the same powers as police officers.

**Ms. Di Cocco:** I just have one other question. We had a moose come this far south just a while ago, if you remember the big to-do about the moose on the 402, I think, or at least near there. Was your organization involved in any of that at all?

**Ms. Horner:** We were not. That would come under the Ministry of Natural Resources.

Talking about the moose, another thing coming to mind is a deer which jumped into a swimming pool over in Coronation Park in the city. We were involved there, along with the city animal control, which we work closely with. In the animal control and humane field, there is never a dull moment. There is always something different. It seems that we often pick up the pieces because we're there, and we want to do it for the animal. If we don't step in and do it, no one does.

**Ms. Di Cocco:** I know that our office here in Sarnia had some animal issues. We had a beaver that was in someone's backyard, and we had to deal with an exotic snake at one point.

**The Chair:** Our time has expired. Thank you for your presentation before the committee.

#### CLEAN AFFORDABLE ENERGY ALLIANCE

**The Chair:** I call on the Clean Affordable Energy Alliance to come forward, please. Good morning. You have 10 minutes for your presentation. There may be up to 10 minutes of questioning. I'd ask you to identify yourself for the purposes of our recording Hansard.

**Ms. Carol Chudy:** My name is Carol Chudy. I am co-chair of the Clean Affordable Energy Alliance. We do appreciate the opportunity to speak before you this morning.

We are the voice of energy ratepayers in Ontario, and we wish to therefore address you regarding the issues, the risks and the consequences of plans to use natural gas to produce electricity. We believe that it's counter-productive, even destructive, to the healthy economy that we now enjoy, and it threatens power reliability in Ontario.

You have before you a copy of our report. Obviously, I will just barely touch on some of the highlights, but I appeal to you to review the contents. A good part of that has come from our research of 1,100 pages of submission and report from the Ontario Power Authority supply mix. I would ask you to please review all of that. What we touch on this morning, the issues and the points that we raise, we feel we have backed up with credible sources in that resource. It's just one of many resources that we have available.

I have 10 minutes—now less—to convince you that the removal of coal generation in Ontario and switching to natural gas will do great harm to our province. We are being cautioned that in eight years, by 2014, the province will only have one half of the generating capacity required for adequate and reliable service. The Ministry of Energy wants to, as you know, replace or refurbish 80% of our current capacity. That, according to the OPA report, will cost \$56 billion to \$83 billion for capital costs alone. That's not for generating costs once it's up and running or a lot of the costs that have not yet been factored in. If we spend \$12 billion a year in electricity bills over 20 years, we're looking at a third extra in our costs every year just for capital costs. That is going to impact industry, business and the average homeowner.

Some of these costs—we believe, a good portion of the costs—can be mitigated. The OPA, when they released their report in December, indicated that the coal replacement could be effected through natural gas and renewable sources, but primarily natural gas. In fact, not only do they want to replace 7,500 megawatts, a quarter to a third of our power generation, with natural gas but increase up to 12,500 megawatts by the year 2025. However, in spite of that comment, directly above that the OPA indicates the following:

“The price of natural gas has increased fourfold in the past five years and is expected to remain high and volatile. Residential and commercial space heating and industrial processes compete for supply and several nearby jurisdictions also rely heavily on gas, all of which puts” natural gas “availability at a premium or even at risk.”

There are many other key statements like that—many, many of them—throughout the report from their recommendations and from the consultants they have hired to give information to them. Some of those include:

“Key uncertainties for supply mix include unpredictability of future natural gas prices and availability....

“Forecasting future natural gas prices is very difficult and uncertain, especially given the tight supply environment in natural gas markets.”

The Ontario Energy Board has indicated that just to replace the coal-fired stations in the province, these generating stations “would become the largest class of gas consumers, consuming more gas than all natural gas residential customers in the province combined.” Considering that 70% to 75% of our homes in Ontario are heated with natural gas, that’s quite an amount. In fact, there are considerable concerns with the infrastructure and the storage for that.

The OPA report, as I said, goes on to show that there are a number of other risks associated with using natural gas, but they highlight the two: first, the cost of the fuel—that it’s high, volatile and expected to remain that way—and second, supply concerns. Regarding the cost, cost is interpreted through supply and demand, bottom line. All of the credible sources that we have for supply, including Canadian, US and international government sources, say that we have less than 10 years’ supply of natural gas, at production to reserve, of known reserves. That’s not hoped for or undiscovered, but known.

The David Suzuki Foundation incorporates in their report: “Based on proven reserves and 2002 production figures, Canada has only nine years” of natural gas reserves left.

We go on in our report to point to a number of unsettling things. Supply is just not coming on board. Liquefied natural gas is a concern, not only environmentally, but cost-wise.

I thought that in order to try to make an impact this morning—I know you have gone throughout the province. You have heard the impact from business and industry. I want to share with you some highlights from some of these.

#### 0930

The Ministry of Finance has indicated that Ontario’s top manufacturing exports, which produce 89% of exports, include motor vehicles, chemicals, machinery, primary metals, plastic, rubber, pulp and paper and fabricated metal. Every one of those industries are represented in reports that were given to the OPA. Without exception, every one of them says the move to natural gas is going to negatively, harmfully and detrimentally impact the economy of Ontario. Without exception, all of them indicate that coal closure is not good for this province. I would like to highlight a couple of those.

AMPCO, the Association of Major Power Consumers of Ontario, indicates that “the replacement of intermediate coal-fired generation with gas-fired ... carries with it the implications for ... higher wholesale market prices based on the amount of time that gas will replace coal ... The current policy to retire from service the existing coal” plants “is the single biggest factor causing upward pressure on rates and increasing risks” in the Ontario market.

The Ontario Mining Association says they are “a vital contributor to Ontario’s economy.” They say that

“experts are telling us” that “demand for natural gas in North America exceeds supply.... Ontario must decide whether it wants to rely upon an energy source for its future electric power generation” which is going to incur “reduced industrial activity in the province.”

“Inco”—the second largest producer of nickel in the world—“is concerned that too much reliance on gas-fired generation” will “cause irreparable harm to the Ontario economy and to the mining sector in particular.”

Canadian Chemical Producers’ Association: the same thing. “Excessive demand has made natural gas so expensive, driving electricity prices higher ... that it undermines their ability to compete internationally ... high natural gas prices are closely related” to “electricity prices” and “are threatening the chemical industry’s place.”

My time is probably going, so I will leave it to you to review some of the other comments. We have the Industrial Gas Users Association, the Canadian Manufacturers’ Association and the Canadian Exporters’ Association, who say that for every dollar they put into the economy, there’s \$3 in spinoff. Again, they are warning that to phase out coal and to implement natural gas will cause Canadian manufacturers to become uncompetitive. The chamber of commerce: Three quarters of their members do not have confidence in the energy policy, and on it goes.

The farming community says that they are the second-largest industry in Ontario. Switching to natural gas will result in “increased ... costs for millions of homes and businesses.” If electricity prices go up, “Processing of food in Ontario” will become “uncompetitive and likely extinct.” A huge portion of the costs that will go to restructuring our energy market in Ontario will go to the switch to natural gas. We are saying that that can be mitigated. In our report, we show that 80% of emission reductions in coal-fired generating plants can be effected at 20% of the cost of switching to natural gas.

Finally, there was a poll done of the average person in Ontario about electricity and energy markets. They indicated that availability and reliability were primary. However, most participants concluded that, in the end, the Ontario economy must be the most important priority. The economy is the primary driver of all the decisions in the province.

We are saying that we can have clean energy, we can have it affordably and we can maintain the industrial and business climate that will encourage those sorts of implementations in our province.

The CEA Alliance gets calls and e-mails from people, average homeowners, who say, “I’m going to lose my home if energy costs increase.” A man on a respirator: “I will not be able to afford this if hydro rates increase.”

For the good of our province, for the good of our homes, our families and our manufacturing and farming base, we appeal to you to reconsider financing the switch from coal to natural gas. Thank you.

**The Chair:** Thank you. This round of questioning will begin with the NDP and Mr. Prue.

**Mr. Prue:** It's quite clear that you're not a fan of natural gas. This province appears to be, I think mistakenly, embarked upon nuclearization at \$35 billion or so to build nuclear plants. Do you see this as a better alternative or just another boondoggle?

**Ms. Chudy:** We believe we have to have generation in this province. It's obvious. What we have to do is look at all of the generating sources. We have to look at cost and environmental impacts. If nuclear gives us baseload power at a good price and the environmental issues are lessened, then I believe it's a good choice. What has to be done, though, is that we have to have an unbiased look at all of the generating sources, and we feel that that is not what has happened here.

**Mr. Prue:** In most of Europe, the consumption of energy is about half per capita what it is here. Should we be doing what the Europeans do, and that is embark on conservation as a primary goal rather than spending all this money and wasting all this energy?

**Ms. Chudy:** Certainly conservation has to be a major player in looking at energy needs for the future. I think we have to look at the factors, though, that make us big energy consumers. We have the kind of climate—hot, humid summers, colder winters—except for this year, perhaps. We are an energy-intensive industrial base. So, in Canada, yes, we use much more energy per capita, and I think that has to be a concern. However, we have to look at the other issues that cause us to be so energy intensive.

**The Chair:** Now we'll move to the government and Ms. Di Cocco.

**Ms. Di Cocco:** I certainly have heard your presentation and your argument a number of times. I just have one quick question. You're suggesting that all the replacement is coming from gas. I don't know where you're getting that information from.

**Ms. Chudy:** From the Ontario Power Authority. No, I don't say "all." In fact, I think at the beginning I said "natural gas and renewables." However, with the amount of renewables that have come on board, I think 90% is wind power. Wind power is intermittent and unreliable. It needs backup generation.

**Ms. Di Cocco:** Do you know that there's discussion as to the mix of fuel source for generating electricity that is going to be looked at because of the OPA report? One of the things that is important to note is that, first of all, gas will probably—from discussions I've had—be no more than 15%, 16% of the whole mix in all of Ontario, and that's not even baseload. It's only for peak load. Certainly, to look ahead to the future, to have our 25,000 megawatts that have to be replaced, is something that we've at least looked at. There has been little or no replacement of any generating capacity in this province for the last 10 years. I know that my colleague from Huron—Bruce can speak to the farming issues and what is happening with renewables.

**The Chair:** Ms. Mitchell, we have about a minute left.

**Mrs. Carol Mitchell (Huron—Bruce):** As Caroline said, I'm the member from Huron—Bruce, so you know

how important energy is to us. One of the things I do want to talk about for just one minute is the renewables, and how the agricultural community receives the renewables. They see it as a wonderful opportunity.

I come from the greatest producer of agricultural product. When I go out and talk to my agricultural community, they see this as a wonderful opportunity: ethanol, biodiesel, wind, anaerobic digestion. They see commodity prices, as they continue to fall, as an opportunity to become more productive and affect their bottom line. I just want to speak to that very specifically, because of the comments that were made by Ron Bonnett. I can tell you that what I hear in my community is entirely different from what Ron Bonnett has expressed.

**The Chair:** Would you care to respond, quickly?

**Ms. Chudy:** Yes, very quickly. We totally believe that renewable is an excellent idea. In Germany, they use biomass and coal together to offset the CO<sub>2</sub>. However, there is a huge cost with implementing that. We believe, as renewables are brought online, let's keep the coal in the mix. Let's clean it up—the infrastructure is already there—while we bring in all of these other renewables. Renewable is a must-do, but it's going to take time, it's going to take money, it is intermittent, especially with wind power, and it's not reliable. In the summer, we need reliable for air conditioning, when the wind is not blowing.

**0940**

**The Chair:** I now move to the official opposition.

**Mr. Barrett:** Thank you, Carol, for this detailed report. I appreciate all the references at the end of the report as well. I don't think we would be able to go through 1,100 pages of testimony to pull this out.

Last week, this committee held hearings in Atikokan. As a result, the opposition is putting forward a motion that the Atikokan generating station not be closed. Additional testimony in the north—we're putting forward a motion that the Thunder Bay plant not be closed. Once I go through this, I suspect that MPP Hudak and I would wish to put forward a motion that Lambton generating station not be closed.

We know that all the coal plants are going to be closed next year, other than Nanticoke. That decision has been deferred by two years now. You've scoped out a lot of the long-term impact and the economic impact. Just in the short run, any idea what the short-run impact would be to have all the coal plants other than Nanticoke close next year?

**Ms. Chudy:** Short term as in reliability issues?

**Mr. Barrett:** Reliability, safety, economics.

**Ms. Chudy:** Right off the bat, I don't know that all the infrastructure will be in place for that. With respect to Lambton generating station closing, we feel it's a terrible waste of resources that have been put in, not only to build it but to bring it into emissions territory that is in the top in North America. We do believe that that is really too bad. I don't believe that these gas plants will be up and running in time to prevent the closure of some of these other plants.

**Mr. Barrett:** I had a tour of the Lambton generating station. I was up on the roof, and it's not very far across the river. There are two very large Detroit Edison coal plants right across the St. Clair River, and there's a third one just upstream. I have problems squaring this. This government shuts down the coal plants. We know that coal-based energy would be imported, like last summer. Whether it's imported from Detroit Edison or not, we're in their airshed. What are the environmental advantages of shutting down all the coal plants?

**Ms. Chudy:** Just an aside: Michigan is planning on building two more coal-fired plants. However, there are restrictions in the US now, emissions restrictions. I know Detroit Edison is pouring a lot of money into their plants to clean them up. The new coal plants will come in with emissions control technology. We are the only jurisdiction in the world that is considering closing our coal plants. Every other place is looking at coal to increase as a cost-mitigation factor, and they are using emissions control technology. It's not an oxymoron. It's there.

**Mr. Barrett:** Just a quick one—

**The Chair:** Thank you.

Thank you for your presentation.

#### SARNIA AND DISTRICT LABOUR COUNCIL

**The Chair:** Now I call on the Sarnia and District Labour Council to come forward, please. Good morning. You have 10 minutes for your presentation; there may be up to 10 minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

**Mr. Ray Fillion:** Good morning, Mr. Chair and members of the panel. My name is Ray Fillion, and I'm the president of the Sarnia and District Labour Council. The Sarnia and District Labour Council is to labour what the chamber of commerce is to business. We are affiliated with the Ontario Federation of Labour and the Canadian Labour Congress. We have 34 locals that pay dues to us, and we have a total membership of 6,858 people.

Of the issues that we have before you this morning, the first one is that the government needs to get serious about going after our share, Ontario's share, of the transfer payments from the federal government. Being diplomatic, talking softly to one another apparently doesn't seem to work. As a well-known TV host in the US says, "How is this working for you?" Apparently it isn't working, because the \$23 billion in transfer payments are still in federal government hands. May I recommend that, once the province of Ontario gets the \$23 billion, maybe a billion of it comes towards Lambton county, primarily because our infrastructure in this county is suffering as well as other areas of the province of Ontario.

The second issue is the closure of the Lambton generating station, scheduled for 2007. My predecessor has talked quite well on this issue. We believe that the closing of the Lambton generating station will put the

economic life of our community at great peril, and this will be done by increasing the price of electricity significantly. Our community as a whole has informed the provincial government of this, and the unions and industry in our communities have voiced their concerns. I have never seen such an issue bring labour and business together as this issue. Industry and labour have a tendency to disagree an awful lot of the time, but in this community this issue has brought us together.

Lambton county already has TransAlta and Imperial Oil here, and they have units that are ready to produce energy by using natural gas. Why the government brought in two other companies to do this doesn't seem to make economic sense to the labour council.

The third issue is that the province needs to support the chemical and manufacturing industries in Lambton county. One of the ways to do this is by keeping Lambton generating station open and producing inexpensive electricity with coal.

The fourth issue is research and development. Labour is very much behind this. We cannot, as a community, continue to stagnate in processes from the past. We need to move forward, and research and development is one way of doing this. We urge the provincial government to help the companies in this community to go forward with this.

The fifth issue is workforce development, skilled trades. We need better support of the apprenticeship programs and better funding of trades training centres and community colleges. We need to have fully funded, fully staffed shop classes from kindergarten to grade 12 in public schools. Apprenticeship training must be accessible to all. Education training initiatives and opportunities must be expanded to ensure that current and future employers recognize female, aboriginal, visible minority people, young workers and persons with disabilities as potential apprentices. A provincial training levy for employers must be established that provides training that will include access to all training, including literacy, essential skills, second-language upgrading and apprenticeship training for all workers.

The Apprenticeship and Certification Act has split the apprenticeship system in Ontario in two. The industrial, public and service industry trades are now under one jurisdiction, and the construction trades were left under the old Trades Qualification and Apprenticeship Act. To date, some of the new construction trades are being put under the ACA. The system has been deregulated. It has shifted the focus from apprenticeship as an employment relationship to apprenticeship as a short-term education and training relationship. It removed the enforcement of regulatory provisions governing ratios and wage rates and removed entry levels and duration of training from the legislation.

#### 0950

The provincial government needs to go back to the TQA system. The two systems that we have now are bad economics for the labour movement. Under the new ACA system, everyone loses. Employers need monetary

incentives to hire and use apprentices. We need retraining for workers of all ages who lose their employment.

The sixth issue is health care. Many people, today and previously, will be talking to you about that. Our main concern is about the delisting of services. We think that that needs to stop. When someone gets a minor medical procedure done and OHIP covers the cost and someone else has to pay to get cancer blood work taken, to me, that seems wrong.

The seventh issue: The provincial government needs to be more aggressive in the enforcement of the health and safety laws, because a job is not to die for.

The eighth and final issue: The province needs to provide better support for the deadstock industry.

**Mrs. Mitchell:** We hear you.

**Mr. Fillion:** Yes. You say, "Why is labour looking after this?" Well, I ran into this issue in the London Free Press on Sunday. Having read the article, it makes sense. Not only does it provide stock, but it's good for the environment. Again, going back to television, to the history channel, you know that of the 100 worst jobs throughout the Middle Ages, this is probably one of them: having to deal with dead animal stocks, roadkill.

That's my presentation. Thank you very much.

**The Chair:** Thank you. This round of questioning will begin with the government. Ms. Di Cocco. Please put your hand up so I know.

**Ms. Di Cocco:** Okay. Thank you very much, Chair.

Thank you for your presentation. It was quite comprehensive, and you spoke on a number of issues.

On the \$23-billion gap, as you know, the government certainly has attempted to address that gap from the previous government. The Premier also met with Stephen Harper to discuss that, when Mr. Harper was leader of the official opposition. We hope we can make some inroads as we try to protect the interests of Ontario in that matter.

When it comes to the phasing out of coal, the government of Ontario has exactly the same objectives, if you will; that is, we want to have affordable energy coming online, we want conservation and we want to stay competitive, absolutely. The most important thing for us to do is keep the lights on. That is the ultimate, most important aspect of what we have to do with generating new supply to come into the marketplace.

This is the only government that has tackled—over the last 10 years, there's been very little in new supply. That's why we're in the mess we're in today. So we are attempting to fix it. We're also looking at health impacts. We're going to do it prudently, and we're going to make sure that all the supply is there.

When it comes to—

**The Chair:** Thank you. I'm going to let you respond.

**Mr. Fillion:** The labour council understands this. It's been a long time since anybody has done anything to fix the energy problem, and we commend you for starting the work on it.

**The Chair:** Now we'll move to the official opposition. Mr. Hudak.

**Mr. Tim Hudak (Erie-Lincoln):** Thank you, Mr. Fillion, for the presentation. I had a chance to come to Sarnia a few times, as has my colleague, and I think we have yet to find anybody who thinks closing down Lambton is a good idea, except maybe some with Liberal Party memberships. Otherwise, it tends to be seen as a pretty wacky notion.

How many jobs will be lost at the Lambton generating station, and are they well-paying jobs?

**Mr. Fillion:** From the Lambton generating station itself, they're saying about 400; spinoff industries, I don't know.

**Mr. Hudak:** The 400 are part of the Power Workers' Union, and they're good, well-paying, highly skilled jobs.

**Mr. Fillion:** Oh, yes. They're very well paying, good benefits.

**Mr. Hudak:** They're pretty hard to come by in Lambton county.

**Mr. Fillion:** Yes.

**Mr. Hudak:** So the 400 or so jobs would be sorely missed.

The other concern I hear about too is the potential gas-fired plants in the county, particularly around Calpine, which I understand has had some problems in the United States. Do you have any feelings about Calpine building a plant in the area?

**Mr. Fillion:** As the business, I really don't know anything about that corporation. My only concern is that we already had two companies here ready to do this. TransAlta is here, set up and running—not at full capacity, from my understanding. Imperial Oil has shut down its generating station for whatever reason. But these two are already here; that's my point. Why did we bring in somebody else?

**Mr. Hudak:** My understanding too is that the petrochemical industry is particularly sensitive to this policy: first of all, the concern that closing these plants will result in even higher hydro prices than we're facing today; and secondly, a lot of the feedstock comes from natural gas as well, and if we switch to depending on natural gas, it's going to cause a big impact in the area's petrochemical industry. Do you care to expand on those concerns?

**Mr. Fillion:** There are definitely alternative sources of energy. At one point, the former employer that I retired from, Dow Chemical, had a coal-powered generating plant and converted to natural gas many years ago. Then they decided to get out of the power generating station and sold the plant to TransAlta. I'm not into economics, so—

**Mr. Hudak:** I'm just wondering if there's a general concern among your membership. The manufacturing sector is particularly sensitive to higher hydro rates. We've seen the loss of 55,000 jobs last year. John Deere in Woodstock sadly announced last week that they're closing, and of course the Ford layoffs in southwest Ontario. Do you have an overriding concern about the hydro policy impact on manufacturing?

**Mr. Fillion:** Yes. Basically that's why I mentioned it, and we're self-serving here: We're trying to maintain our own jobs.

**The Chair:** Now we'll move to the NDP.

**Mr. Prue:** It is a worthwhile goal to try to maintain jobs, but particularly on your eight points—not coming from a farming community, I'm not really too concerned about deadstock, although I understand the importance—you talked about skilled trades and what sounded to me almost like employment equity. After all these years, it's refreshing to hear someone talk about disadvantaged youth, people of colour, aboriginals, women and the disabled being given an opportunity to get into the skilled trades. Nobody has been talking about this. What brought this about?

**Mr. Fillion:** Nothing. Our mandate is to look after people. Whether unionized or non-unionized, a worker is a worker and that individual has a right to gainful employment.

**Mr. Prue:** Do you have this in your collective bargaining? Do you demand that your employers hire these people as terms and conditions of a new contract?

**Mr. Fillion:** The labour council does not go into labour negotiations.

**Mr. Prue:** I know, but your member unions?

**Mr. Fillion:** I have not gone into any of their collective agreements.

1000

**Mr. Prue:** I'll tell you why I ask this question. This past November, I spent a couple of nights in Jane-Finch, which is probably the worst public housing in the province. A couple of the bright spots I saw were that all the developers, all the people who go into Jane-Finch to fix it up, must hire local youth as part of getting the contract. I saw kids who probably had originally defaced the walls, fixing and cleaning them. I saw kids who had probably pulled up and wrecked the stones, laying pavement. It was amazing, not only because they were learning a trade and having a purpose, but they could also see the work that went into it and they'd probably be far less likely to be destructive.

Do you think that is where we should be heading? We have a problem with gangs; we have a problem with unemployed youth. It seems to me quite simple that if you give them a realistic job and an opportunity, probably a great many of them would be turned around.

**Mr. Fillion:** I agree with that, but it's up to the employer.

**Mr. Prue:** But employers have not been forthcoming in this.

**Mr. Fillion:** That's true.

**Mr. Prue:** Should the government be forcing them to do it?

**Mr. Fillion:** I guess that's a government policy decision. We can lobby for it, and obviously we do. It's up to government to make a decision.

**The Chair:** Thank you for your presentation this morning.

## SARNIA-LAMBTON ECONOMIC PARTNERSHIP

**The Chair:** I call on the Sarnia-Lambton Economic Partnership to please come forward. Good morning. You have 10 minutes for your presentation. There may be up to 10 minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

**Mr. George Mallay:** My name is George Mallay. I'm general manager of the Sarnia-Lambton Economic Partnership. It's a public sector-private sector partnership of business, industry and labour within the Sarnia-Lambton community, geared towards diversification of our community.

I have four points here. The first is the chemical industry. I don't think Ontario is open for business with respect to the chemical industry. Recently, I went around and interviewed 20 managers within the petrochemical industry in Sarnia, and 90% of them felt that Ontario was really not a very favourable climate for chemical industry investment at this point in time.

You probably are aware that there is over \$1 billion in new construction happening in the Sarnia industry currently. Those are all projects that are on the books from a number of years ago, and a couple of them are around the desulphurization of gasoline. When you go beyond that, we're in trouble.

The chemical industry is one of the highest-paying sectors within the Canadian economy, and it employs a high number of university graduates. So it's a very important part of the local economy. Twenty-five per cent of the content of a car today is from chemicals and chemistry.

Where I think the government is being short-sighted here is that the chemical industry is a key bridge to Ontario's future. I don't know how many people here are familiar with a concept called industrial biotechnology. It's an emerging industry, an industry that has the ability to transform manufacturing globally. The chemical industry offers an important bridge for Sarnia-Lambton, and Ontario, to become a leader in doing that.

The Ontario government has a number of programs geared to the biotechnology industry. Most of that effort has been focused around health care. There is a \$600-million bioinnovation program in which Sarnia-Lambton is participating with Chatham-Kent and a number of other municipalities. However, Ontario does not have any clear strategy the way US states such as Iowa and other global jurisdictions have, where they say, "We are going to have X number of bioplants operational by this date. We're going to have X number of acres under production for biotechnology products. We're going to have X number of educational programs and people working in the industrial biotechnology industry by X date."

We have an opportunity here. I think it's an important step forward that Ontario's new investment manufacturing strategy, which was recently unveiled, this time names the chemical industry. I think the way the prov-

ince is handling the Ministry of Research and Innovation is also an opportunity. I would encourage the chemical industry and the province to look at more ways to work together. The revolution is really being driven by chemical companies: Cargill, Dow, DuPont. DuPont announced that 25% of its new products are going to come from renewables within 10 years.

Another key area—and this is directly related to the competitiveness of the chemical industry—is energy availability, reliability and cost. Historically, competitively priced and reliable electricity has been a key factor in terms of attracting and retaining manufacturing operations in Ontario. I think Ontario has lost its competitiveness with respect to electricity. It has served us very well in the past. A number of speakers have already alluded to the fact that we have TransAlta and Imperial Oil in Sarnia with plants that are either running at 25% capacity or not operating at all. This sends a very bad message about Ontario being open for business with respect to the chemical industry.

The Lambton coal-fired plant is scheduled to close. Again, in my opinion, this is another mistake. As a country, we have a 250-year supply of coal. We're looking at substantial costs in electricity, and expected to rise. Replacing coal with natural gas is not a good use of a scarce resource, which natural gas has become. Other people have already outlined the impacts to our economy from closing the Lambton generating station.

I think there is an opportunity for Ontario again to become a leader in developing products around renewable energies. Again, there's no clear policy. We have good skills in manufacturing, instrumentation and computer technologies. As a province, we should be looking at how to take these skills and become a leader in solar engineering, wind turbines, both large and small, and fuel cells.

One of the things we are trying to do in Sarnia-Lambton is take advantage of this emerging trend. Hopefully, with the support of the Ontario government and the federal government, we plan on launching a fleet of hydrogen-powered vehicles and appliances in Sarnia-Lambton in 2006. We've also been working with the local companies here to get them to look at opportunities around things like wind technology. But at this point in time the taxation and investment business climate structure is not really favourable for these companies to take the risk of going into those areas.

Another area that I want to address is Ontario's aging population. It means a slower-growing workforce, where immigration will play an increasing role. We hired a new person on our staff about six months ago. That person is responsible for the attraction of new residents to our community, and immigrants are key. As with many other communities, we have shortages of engineers, doctors, other professionals and tradespeople. One of the things that has to happen is that the provinces and the federal government have to work together to develop a more efficient system of assessing foreign worker qualifications and credentials. That would be beneficial to immigrants as well as to our communities.

Most of the immigrants who come to Canada end up in Toronto, Vancouver and Montreal. I've heard a lot of talk about Smart Growth and growth policies. Within the city of Sarnia, we have a 30-year supply of serviced residential and commercial lands. Other communities across Ontario are in a similar position. We have to figure out a better way to get more of these immigrants working in other parts of Ontario. They're good for our community. They bring diversity, which brings new ideas. They get people on their staff—for example, we're talking about exporting and becoming more export-oriented. As economies such as India, China and those places emerge, it's critical that more and more Ontario employers have people on their staff who understand these markets and can open doors. They bring language and business skills.

Another key area is that the province's infrastructure must be a key contributor to industrial efficiency. All municipalities have really been challenged in terms of municipal infrastructure. The infrastructure is aging and crumbling. We're talking about water and sewer, roads, health, but also the soft things, like border crossings. We must find a way to help municipalities be more effective in terms of improving their infrastructure.

#### 1010

Municipalities are really challenged from a financial point of view. Recent attempts in terms of providing a portion of the revenues from gas taxes and provincial sales taxes are all steps in the right direction. But I would put it to you that the whole way in which municipalities are financed probably should be open to further review, because property taxation by itself is insufficient in terms of the demands that are facing municipalities from a fiscal perspective in today's environment.

**The Chair:** Thank you. We begin this round of questioning with the official opposition.

**Mr. Hudak:** Thanks very much, George—a very comprehensive presentation. It's good to see you again. I appreciate the points that you continue to press. My colleague Mr. Barrett has some questions as well.

I was going to focus in a bit on the energy side that you spoke about. We were in Atikokan last week and heard very similar concerns about the impact on the industry. You make a case about better utilizing industrial biotechnology. Would the Liberal policy of reducing our supply by closing the coal-fired plants hamper Sarnia's ability to move in that direction?

**Mr. Mallay:** If we're going to replace electricity with higher-cost electricity, yes, because electricity in terms of the petrochemical industry is a key input. I think that in our community we embrace renewables and we believe—I do, anyway—in peak oil, and we also have concerns about climate change. But renewables aren't there yet, in terms of having the ability to replace coal technologies within the time frame we're in.

I think there is also substantial opportunity for the use of clean-coal technologies. The Lambton generating station is one of the cleanest coal-fired plants in North America. Within the Ontario airshed, there are hundreds

of coal-fired plants that are very, very dirty. I know that Michigan is looking at opening two other coal plants, so it seems kind of silly that we're closing something that's providing low-cost power that is cleaner among the coal plants at this point in time.

**Mr. Barrett:** Thank you, George. I see a recommendation to keep the Lambton generating station operational.

In your next point on that page, you talk about the current lack of refining capacity. I think the Esso refinery here goes back to 1918. I know we have an Esso, formerly Texaco, down Nanticoke way. It was built in the 1980s. Are we building oil refineries in North America, or is the environmental risk just too high? I'm not aware of any new refineries being built.

**Mr. Mallay:** That's part of why gas prices are so high. The number of refineries in North America has actually been cut in half. There is a critical shortage of refining capability and capacity. One of the things we should be going after as a province, because certainly you're going to see it in the US, is refining.

**The Chair:** Thank you, and now Mr. Prue of the NDP.

**Mr. Prue:** I'd like to start first with the immigration stuff. The immigration department takes forever to process an immigrant. I used to work there. I know how long it takes. It takes five years to sponsor your relative, it takes three years to sponsor your wife, it takes about a year and a half to bring a trained professional. Should Ontario be insisting that the equivalencies for foreign-trained professionals be undertaken abroad while the people are waiting? It seems crazy to me that when they come here then they have to go through all the equivalencies once they're here. They're sitting in their own country for a year and a half waiting anyway, if they're a foreign-trained professional, on average. Shouldn't it be done there?

**Mr. Mallay:** I would have to say that I'm not well-versed in the process. We have a staff person who is more highly skilled in that regard, but it would seem that that would be a logical thing to do, yes.

**Mr. Prue:** I'm heartened to hear about your staff person because, apart from the city of Toronto actually having someone who works with immigrants, I haven't heard that from any other municipality or any other company in Ontario until today. So congratulations on that.

I'd like to go into the infrastructure too. You talk about the province needing to give new avenues of spending to municipalities. Surely an easier way than giving more revenues is for the province to upload those things which are being paid for by municipalities but really have nothing to do with municipalities. I'm talking here about public health, land ambulance, public housing, welfare rates and all those things that come off the municipal tax base. Wouldn't that make more sense, and then allow the municipalities to do what they do in building the infrastructure and the roads and the sewers?

**Mr. Mallay:** I guess that has been the way it was historically.

**Mr. Prue:** Only since 1998.

**Mr. Mallay:** I think the key thing and my focus is really on the infrastructure for water, sewer, those types of things, and if the province is of the opinion that it does want the municipalities to deliver things like health care, then it has to be more creative in finding ways for municipalities to be able to secure additional revenues so that the other service delivery areas are not being short-changed.

**Mr. Prue:** Thank you.

**The Chair:** Thank you, and we'll move to the government and Ms. Di Cocco.

**Ms. Di Cocco:** George, thank you very much for your presentation. I certainly hear you loud and clear when it comes to the suggestions. As you know, I have a great deal of respect for the work that you've done in regard to the economic partnership here. Over a number of years—we go back a lot of years—you've done some great work in trying to attract and deal with the economic diversity that we want to build here in Sarnia-Lambton, so thank you very much.

On the issue of biotechnology and also the issue of a better relationship, if you want to call it that, with the petrochemical industry and the government over the last couple of years anyway—and particularly over the last, I would say, year—I've met with the chemical producer associations a number of times, the petrochemical industry, the plant managers here, and I believe that you're right: We have to do a better job at being able to relay the message that yes, Ontario is open for business. I know from speaking to some of the petrochemical managers that one of the things we are positioning ourselves for is this great possibility of moving forward from what we call fossil fuel to biofuels. This is the perfect place to be able to see that transition and really become a place of sustainable development.

The one question I have for you is, in what way can we continue to improve that relationship? What do you think we should be doing more of to bridge, if you want—if there is a gap—the government and the petrochemical industry?

**Mr. Mallay:** I think that putting in place some policies that would make energy more competitive, that would make taxation more competitive and working with the industry and working with us as communities to create a strategy to enable us to move ahead and put in place—one of the challenges that we face as a community is that there are very few communities in Canada of our size that don't have any R and D facilities at a public level. So one of the things for us as a community trying to move ahead is trying to build community capacity around research and development. Recently we entered into a partnership through the city of Sarnia, through the county of Lambton with the University of Western Ontario to establish a new research and development park here. We want to focus on the environment, on industrial biotechnology and on energy use if we can work with the province to move that project ahead.

I think the other key thing that has to be done, and we're certainly going to do it at the community level, is

to make contact with senior executives in the head offices of the petrochemical companies that are in Sarnia–Lambton because it's one thing to go and talk to the site manager here, but when you go down to Imperial Oil in Texas and they know that they have a co-gen plant here that's sitting vacant and they've seen all the stuff that went on with the SWAT team, Sarnia is not at the top of their list. So we have to do more in terms of repairing the damage that has been done.

**The Chair:** Thank you for your presentation.

1020

#### CITY OF SARNIA

**The Chair:** I call on the city of Sarnia to come forward, please. Good morning.

**Mr. Mike Bradley:** Thank you very much. Mike Bradley, the mayor of the city.

**The Chair:** I give this to everyone for their information: You have 10 minutes for your presentation, and there may be up to 10 minutes of questioning following that.

**Mr. Bradley:** That's fine, Mr. Chairman. I won't take that much time. A number of the issues I will raise you are familiar with from the municipal sector.

First of all, welcome to Sarnia and to Point Edward. I want to make an overall comment about a number of the speakers you're hearing today. You've already heard from the labour council, the economic partnership; you'll be hearing later from the college and from the chamber of commerce. It shows you what a community can do. Back in the early 1990s we lost over 6,000 jobs on a population base of 125,000 in Lambton county. We realized we weren't going to get help from the province or the federal government, so we went through a very tough time period of trying to figure out what we were going to do as a community and how we would get there. I'm pleased to say that those strategies have worked.

Again, it was very difficult at the beginning. You bring business and labour to the table with local government; everyone is looking for scapegoats. You have a lot of disruption in the community; you have a lot of hardship and a lot of pain. But it works very well today. That economic partnership is probably the model that should be out there. Contrary to some other people's beliefs, we're not crybabies at the municipal level. We just want good, full employment for our people, a good environment and the opportunity to succeed. The economic partnership: All of us here today have consulted with each other—the labour council, the business community, the college—because we are working together with one common direction.

In the municipal sector there are a couple of key issues. One is the issue of property taxes. You know full well that the system isn't working. I can predict to you, within the next couple of years, as someone who has been in office for almost 18 years, that there's a property tax revolt coming unless there's an understanding that it needs to be fixed, and true reform. There were some

reforms offered in the early 1990s that could have made the system better. Sarnia was one of the driving forces behind the Ombudsman's decision to investigate MPAC, but I don't believe that's the solution. That's just the people who deliver the service, and certainly there could be some improvements there. The real issue is property tax reform. Going back to Mr. Prue's comments, the number of services—I'll give you a good example at the county level. When they took over ambulance service in 2000, it cost \$3.5 million to operate it in Lambton county. It now costs close to \$12 million, and that's a cost that's just an unfair burden on the taxpayer.

We also need help from the province on the education tax sector. It has been lowered in the past to help offset market value assessment. One of the common things we hear on market value assessment is very simple: The cliché is—and we've heard it from respective governments—"Well, you can lower the tax rate." We have done that in Sarnia, but that only helps the person with the average increase. There are lots of people—and Sarnia, Windsor and Ottawa are three of the areas that are hotspots that suffer greatly because of the increase in values. There are solutions in Florida, there are solutions in Nova Scotia and there are solutions in California that we think Ontario should look at to at least cap and to ease the burden on people on the capital gains they don't realize until they sell their property.

We welcome and we appreciate this present government getting into funding through the gasoline tax. That was most welcome. The only thing I would ask, which we have asked formally to Queen's Park, is to free it up from transit. Let us use it for transportation; let us use it for projects which will advance transportation. Right now, it's geared to transit systems, and you must bring in services that may increase the ridership, and that's a real challenge in smaller communities. I think it really should be unencumbered. We do welcome the direction, though, and it has been a very positive step.

This is the gratuitous thing that my council asked me to do, which is also to share the provincial sales tax. If you want to make a decision by the end of the day, we certainly would welcome that.

Lambton generating station: I'm not going to give a lot of comments on that. It's simply to say to you that you'll hear a common theme today. I've written to the minister; I've met with the minister through the good offices of Caroline Di Cocco to simply say: Look at what's going to happen in 2008; please look at that. If you extend the life, and Lambton's the best one to extend the life of, in our belief—and that's not being parochial. It is the cleanest; there's a huge investment in that plant. Look at 2009 and 2011, at least. I'll just give you an example: the petrochemical industry is the biggest consumer of power in this province. Last year there was a blackout: One plant, NOVA, went down. Twenty-five million US dollars were lost to that company. It has impacted on their bottom line. Reliability and affordable power are critical to our industry.

If I can conclude just by speaking on one other municipal issue, and it's under discussion right now, we

understand: the OMERS plan. I think you know the issues there. We're very concerned about the burden that could be put on the local taxpayers and we believe that that bill should be withdrawn or pulled back for further discussion, because we cannot afford that and we're very concerned about the impacts in the long term on our ability to offer police and fire services and other basic services.

**The Chair:** Thank you. We begin this round of questioning with the NDP and Mr. Prue.

**Mr. Prue:** It's good to be back in Sarnia again, Mike; good to see you again. A couple of things you said: First of all, the uploading of services. I've been asking this question in every municipality. Every municipality agrees that it will help the bottom line with the tax base and with the ratepayers if the province uploads services. You've mentioned land ambulance. Do you also believe that welfare, public housing, land ambulance, daycare—the list of money that the province takes from the municipalities through the property taxes is very long. Do you think they should all be uploaded and, if not, which ones should be kept with the municipalities?

**Mr. Bradley:** Mr. Prue, I'm a very strong believer that the property taxes were there for a basic function. Over the years—many years—there's been an evolution where we're now funding a lot of services that simply can't be sustained on that base. I'm also a realist about the burden that you face, just as we face. I do think that in areas like land ambulance and some of the other areas—welfare and daycare—I could see a phasing out.

I wasn't trying to be flippant about the provincial sales tax revenue. I think the offset for us is, if you don't share in that type of revenue with us—I understand your own fiscal pressures—then look at how we could ease our way out of the land ambulance issue and how we can ease out of the other things, because I do firmly believe that the burden that's being put on the property taxpayer—and it's not an excuse. I've watched it grow and grow. It is becoming extreme because it's not just happening on the property tax side; it's also happening on the infrastructure side with water and sewer rates, so you're sort of getting a double taxation. So I think there just needs to be an exit strategy, and if we knew that, we could plan properly.

I do give a number of the governments in Ontario in the last, I'd say, decade, and the last federal government, a lot of credit for recognizing that we can't continue the way we are. I'm also a realist, though, that we need to have an exit strategy that in the long term will take us away from those costs that you have mentioned, social costs being on the property taxpayer. We're the only province in this country that is doing that, and it needs to come to an end. Otherwise, the taxpayers may end it for us through a property tax revolt.

**Mr. Prue:** My second question is, again, back to property taxes. You talked about the experience in California, Florida, some of the US states where they cap. I would agree with you that a cap may be a good idea, but I just caution, and I want your input.

California capped it at 2%, and as a result, they do not appear to have sufficient funds or monies within the municipality, within the education system. California has gone from being one of the best, top 10, to being one of the bottom 10 in terms of education, and it's a result of that cap. Should Ontario cap it, should the cap be more realistic—say, at 5% or some other number? I'm very cautious about that 2% that California has done.

**Mr. Bradley:** I would agree with that. I'm very concerned about that too, because caps can be arbitrary. We've seen it happen in a number of American states; they have actually lowered the quality of life. But I do believe that you can't afford—I can give you a couple of really good examples.

In this community, if you look at the lake here, people say, "People live on the lake." We have people who have lived on the lake for 40, 50, 60 years. They are property-rich, and yes, there will be a huge benefit to them when they sell that property. Their home probably hasn't been touched up or moved forward in 20, 30 or 40 years. Those people are being literally forced out of their homes.

So there has to be a solution, and I think what was probably the biggest problem in the past was it became too partisan. I recall the Rae government came forward with what I thought were some good suggestions back in the 1990s on reforming property tax. The second you bring them forward, you're into a partisan war.

**1030**

I would like to see the three parties agree to the process of coming up with property tax reform, because what we have right now is a tire with 24 patches on it, and at some point, it's just going to explode. There needs to be a fair process to come up with a way of a fundamental, true reform of property tax, and it involves that other issue you raised about exiting from the social services. But it needs to move away from this partisanship, because that's what's killed the reforms in the past. It's too easy a target, because every reform brings issues that people can use.

**The Chair:** Now we'll move to the government and Mr. Arthurs.

**Mr. Wayne Arthurs (Pickering–Ajax–Uxbridge):** Your Worship, it's good to see you. I think you're right in many respects. I know when I left municipal office a couple of years back, the three years prior to that, from 2001 to 2003, in a community that would seem to be growing and prosperous, we raised our local tax rate by 23% over three years, and there's no end in sight. I think your comment about a tax revolt pending with the property tax is accurate, and I'm glad to hear you saying it from the standpoint of getting it on the record for us.

As you said, the things with the gas tax have been well received, and the upload of public health is being well received, but with the downloads that occurred, not only was there an initial cost, but they were downloads that have an escalating value to them, outstripping anything else.

Your suggestion that we have a less partisan process with respect to property tax reform: I'm going to suggest that an all-party committee, whether it's a standing committee or a select committee, might be a strategy. You may want to comment on that as well.

Two things: In addition to the functions that are currently on the property taxes, which of them would you see providing the greatest relief or the likelihood of relief in the short term? Secondly, what's happening with your debt load on capital? Are you faced with the situation where your debt load is increasing and thus your operating cost to service your debt is increasing disproportionately?

**Mr. Bradley:** On the first question, I think land ambulance and daycare and those social services should all be removed, but again, being realistic, there needs to be a time frame that's fair to both parties as Ontario moves to balancing the budget.

On the other issue, though, about a non-partisan approach, I almost think you have to say, "We will have a non-partisan approach on property tax reform, and we will abide by the results, whether or not we agree with them all." We've all been in public life when you sometimes have to bite your tongue, when you see one issue that comes back that you don't like, but you agree with the general direction and just accept that result.

In our case, our debt load is too high because we went ahead and built a new sewage plant and we had to upgrade our water plant. It's probably about 60% of our debt, along with one other facility. We're working to pay that down. That's a tremendous burden, but it's one that we felt was responsible to the environment. How can we tell local chemical companies, "You're polluting the St. Clair River. Clean up your act," if we're not doing the same thing?

So the debt load is a big concern for us, but I recognize, as you do in Ontario, that debt is also the investment in the future of the province. We have it in business parks, like our research parks and our new business park; we have it in the sewage plant and the water plant to satisfy the development community and to have a clean community. So I see it as a balancing act. But it certainly has been a lonely time in the 1990s, as you would know, as a mayor, in getting support for these types of projects financially. We get heavily criticized for the debt, but I'd rather be criticized for the debt than have a community that doesn't function.

**The Chair:** Thank you. We'll move to the official opposition. Mr. Barrett.

**Mr. Barrett:** Thank you, Mayor Bradley. I know MPP Hudak has a question on OMERS. There are so many issues.

I hear what you're saying on property taxes and extending the life of the Lambton generating station. We've visited Sarnia so much in the last couple of years, with the spills bill, Toronto garbage going through Sarnia to Michigan, and the impact of a smoke-free Ontario on the Point Edward casino. Would you want to comment on any one of those? We don't have much time, and I know we want to cover OMERS as well.

**Mr. Bradley:** Number one, no Toronto garbage coming through here: The province solved the problem. That's an easy one.

**Mr. Barrett:** Got it.

**Mr. Bradley:** Smoke-free, and you may not like this one: I led the charge to get Lambton county smoke-free on September 4, 2004. Yes, sure, we've taken a hit at the casino and at the slots, but so be it. I would urge you, when you move forward on this legislation, that it comes down to being very simple: It's lungs versus loonies. I'm with the lungs.

On the other issue, just generally dealing with the spills bill, I'm a great believer in natural justice, and I do not believe a reverse-onus clause in that bill is fair. I don't think that should be applied in any other piece of legislation either. The principle of the bill is good. These companies need to deal with the reality that they need to clean up their act, but not reverse onus. I just don't think that's a fundamental part of our justice system.

**Mr. Hudak:** Your Worship, good to see you again. Thanks for taking the time.

Hazel McCallion, appearing before our colleagues in another committee last week, called OMERS the biggest download in the history of the province. You've expressed concern about it. I'll ask two quick questions, if you don't mind. First, is your view that the OMERS legislation is so fatally flawed that it should be withdrawn and started again, or just amended? Secondly, with respect to MPAC, could you characterize the rate of increase that we've seen for some of the taxpayers in Sarnia, and if a capping system were brought in, what would be the maximum cap that you would set?

**Mr. Bradley:** On the issue of OMERS, our concern is this, and we've seen it too many times; a good example is police retention pay. It was brought in by the OPP and then the city of Toronto, and now it's showing up in contracts across the province. The arbitrators start awarding, and the municipalities are in trouble. So that's our concern. I think the bill should be withdrawn. Being a realist, if we could work our way through some of those issues—it has managed, I think, to split the workforces, unfortunately, in Ontario, which is not a good thing. I don't understand this idea of a strike coming up on February 10, because that's only going to hurt local citizens; it's not going to have an impact on the province. I think the bill fundamentally is flawed, and I think you're seeing that from the opposition to it.

On the MPAC issue and on selling properties, I'm not giving you an answer. I'm simply saying we need to find a better way to cap and to protect those people who are getting—only 10% of the marketplace is driving the real estate market in Sarnia, and 90% feel the impact. There has got to be a way of dealing with that, either through the rate of inflation or a reasonable cap. We've had people here who have had 50%, 60% or 70% increases, and that obviously isn't reflected in their own household income increases.

**The Chair:** Thank you for your presentation.

## SARNIA HEALTH COALITION

**The Chair:** I call on the Sarnia Health Coalition to come forward, please. Good morning.

**Mr. Glenn Sonier:** Good morning.

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

**Mr. Sonier:** Absolutely. Thank you, Chair. My name is Glenn Sonier, co-chair of the Sarnia Health Coalition. I am before you today to speak on health care spending in Ontario.

In health care, there's a lot of discussion and debate about the sustainability of health care and the rising costs, but it's also about the ability to pay the costs. We believe the public spending on health care is not going to bankrupt everything else. Public spending in regard to health care is growing less rapidly than in the private sector, and we believe it can be achieved and controlled by the government through the power of single-payer administrations and government's greater ability to set prices and/or control expenditures through its buying power and lower costs of financing capital investments.

Canadians have clearly indicated that they want to spend more on health care through their governments and individually. There is nothing wrong with spending a greater proportion of the economy on health care, because health care is one of the economy's engines, offering well-paid high-tech jobs in a sector with strong consumer demand. Provincial governments are spending more, but they are providing fewer services, having downloaded and offloaded to local levels of government or to the private sector. Health care is taking a bigger bite out of budgets because other government spending has either been constrained more tightly or cut.

Whether government spending on health care is or is not out of control is in the eye of the beholder. Constraints in spending are, in turn, a function of the box that governments put themselves in. Today's tight budgetary circumstances are direct results of an aggressive tax cut agenda pursued by federal and provincial governments since 1996. So while growing health care costs are one reason why the health care share of budgets is rising, another reason is that governments are actually spending less on other things.

In 2004-05 alone, the combined effect of federal and provincial tax changes cost the public coffers \$63 billion. If just a fraction of the tax cut agenda had been diverted to public health care, there would be no fiscal crisis in funding health care. To resolve this problem today, we would only require reversing a small portion of these cuts. In Ontario, simply restoring one percentage point to each personal income tax bracket, which is but a fraction of the reductions since the mid-1990s, would yield about \$2.5 billion in new revenues. This is exactly the amount raised by the new Ontario health premium.

**1040**

There is a not-so-subtle shift toward user-pay systems, increased health premiums, higher deductibles or delist-

ing services entirely from coverage through public insurance. The present choice of provincial options to pay for health care offloads costs to people who can't afford it in the same way that the federal government offloaded costs to the provinces. If governments feel that collectively society can't afford public health care, then what makes them think Canadian society can afford private health care if we pay for it individually?

The costs for health care are rising. How we pay for those rising costs is a political, not an economic, choice. It's more about managing costs than cutting costs. There are a number of key items that affect the sustainability of public health. Those are labour shortages, in regard to doctors, nurses and technicians; soaring drug costs; long waiting times; increased public funding for for-profit care; and capital investment.

The answer to our health care problem is not just more money. More money is required to get through the next stage of needed investments in people and equipment. But this rate of growth in costs will decline if we can establish a plan to be more effective purchasers of pharmaceuticals, to address labour shortages, to integrate and streamline the provision of care, and to expand and maintain physical capacity. Improvements are achievable and can be achieved by the government when the government plays the lead role of public financier for the wave of necessary capital investments, and coordinates and assists in shouldering the cost of training new health professionals.

In regard to training, the government can help offset the cost of training the wave of new health professionals. There will be an increase in retirements of health professions due to demographics. It takes time to train nurses, doctors and technicians, but there is no integrated plan to meet this challenge in a way that avoids one group poaching from the other. A combination of scholarships and grant mechanisms could be made available to students training as health professionals in a range of occupations. Free tuition could be offered as a quid pro quo for successful graduates who agree to serve in rural, remote and underserved areas for a fixed duration.

In regard to infrastructure, it is estimated that the capital cost required to expand and upgrade hospital infrastructure in Ontario alone will be between \$7 billion and \$9 billion. Repair and expansion of infrastructure have been held off for over a decade. As we see it, governments can borrow money at the cheapest rates in the country. Cash-strapped provincial governments are turning to the private sector to build needed infrastructure, but private sector financing is the most expensive way to build.

The growth in public financing of investor-owned health facilities is one of the threats to Canada's public health care system. Labour costs, drug costs and even wait times can go up and down over time. Policies and funding changes can make these things better or worse and are controllable, but the increase of publicly funded, investor-owned, commercialized health care is not easily reversed by policy, as we see in the new LHINs legis-

lation whereby the power to control private health care is not there, given contractual obligations stretching out 20 to 30 to 60 years.

Governments that turn to the private sector to help shift the cost of investing in health care infrastructure and service provision are implementing short-term fixes that hurt public health care in the long run. Why? Because it costs more to go private. The extra costs of private financing are considered attractive when it appears that capital charges can be shifted off the public books or when it is assumed that governments have transferred the risks of building to schedule or to budget. Bond rating agencies around the world are assessing the risk transfer in these deals as limited or nil. Taxpayers don't save any money unless there is full risk transfer. Even if investors absorb unanticipated cost increases, when cost overruns go up too much, companies fold and the taxpaying public is left holding the bag. If governments can't fool the bond rating agencies with these deals, they shouldn't be trying to fool the taxpayers. There simply is no cheaper form of financing arrangement than public borrowing.

Offices of the Auditor General are questioning the value of public-private partnerships. Either workers get paid less, leading to lower quality, or services are restricted to provide room for returns on business investments.

There is another reason that it's cheaper to keep health care public: Governments have enormous purchasing power. When they choose to consolidate procurement practices, there is an enormous bulk buying payoff in volume discounts.

It's time governments stopped experimenting with alternative funding and delivery arrangements and started focusing that creative energy on ways to harness the power of public financing to give us better value for money.

I know I've covered a number of different areas in this submission, but health care is an important issue to the public. Thank you.

**The Vice-Chair (Mr. Phil McNeely):** Thank you, Mr. Sonier, for your presentation. We'll go to the government. Mr. Arthurs.

**Mr. Arthurs:** Glenn, thank you for the presentation. We've had a couple this morning from various coalition groups, not necessarily on health. Can you just tell me generally who the membership is, what the range of membership is on the coalition?

**Mr. Sonier:** Sure. The Sarnia Health Coalition is affiliated with the provincial body, the Ontario Health Coalition; there are a number of coalitions throughout Ontario. In Sarnia, it's open to the public. We have a number of people throughout the public: nurses, doctors, various practitioners throughout the area who participate. We have monthly meetings, and we try to educate the public on the issues of privatization versus public health care and the impacts—in this day and age, they have expanded because of the delisting of services due to cutbacks throughout the system.

**Mr. Arthurs:** If I gather right, primarily interested professionals and citizens are part of the coalition, not necessarily organizations.

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

**Mr. Arthurs:** Thank you; that helps. Often you don't get the background. There was another one earlier, and I didn't have the background and didn't have a chance to ask the question. It's for my interest.

A lot of what you're saying is, I think, "Let's make sure we use the available dollars as wisely as possible in a publicly funded system." Part of our government's objective is to work on prevention through a new Ministry of Health Promotion to help drive down the need to go to doctors or nurses; focus on primary care so that we keep folks away from the hospital where the high-end costs are really occurring; and when we get to hospitals, focus activities such that we're maximizing the dollars there and thus ideally have more dollars at the end of the day to provide for that kind of care. Would you generally support a strategy like that, where you'll get prevention as a key priority, a focus on primary health care up front as quickly as possible to avoid those other costs, and thus have more dollars available in the system later?

**Mr. Sonier:** There's no doubt that there's a push for prevention—better community health. But at the same time, there has to be a review of where we were, let's say, 10 years ago in regard to health care dollars and where we are today. From a community perspective, we see a continued effort to download services to the community, which is something the mayor spoke on previously. We continue to see that happening in the health care system, and it has an effect on the community. If the services are no longer going to be available, for example, through the hospital because they can't afford it and their budgets don't carry it, then those services get downloaded to the private sector or to different community groups, which now have to go after funding themselves. In effect, when the funding isn't there originally, it gets offshooted somewhere else.

**The Vice-Chair:** Thank you very much. We'll go to the official opposition.

**Mr. Hudak:** Mr. Sonier, thank you very much for the presentation.

I certainly remember that in opposition Dalton McGuinty was very strongly and clearly opposed to a private sector role in health care. But since becoming Premier, he has pursued a bit of a different course; for example, a significant number of privately financed hospitals have been announced in the province. They say they're not public-private partnerships, but groups like the health coalition say they are. Is Dalton McGuinty telling the truth?

**Mr. Sonier:** I could sit here and say there have been a number of issues the Liberal Party has stated that have not seen fruition. But in regard to the point you raise, the announcement of private health care setting up in London, Toronto and Ottawa, I think we could do more rather than sit back and wait and see if they cross the line. I think we need to be more proactive. It's like watching somebody break into your house. Do you wait till they get in, or do you stop them before they get there?

1050

**Mr. Hudak:** The other issue they've proceeded with is private clinics; I think they're for cataract surgeries. They talked about not wanting private health businesses involved in the province, and they've recently announced some clinics. They're not-for-profit, but private companies nonetheless. Does the health coalition have concerns about private clinics?

**Mr. Sonier:** Absolutely. The minute you open a private clinic, no matter what the service is, it means that somebody's jumping the queue. You've already set up a two-tier system that's starting to work toward privatization.

**Mr. Hudak:** The third area you had some concern about was the LHIN legislation. This past week, while Hazel McCallion was ripping the government about their OMERS download, there was also heavy criticism by various union groups about the LHIN legislation. What specifically are your concerns about the LHINs and their impact on health care?

**Mr. Sonier:** To be short and blunt on the LHINs process, having had an opportunity to review the legislation, I didn't see enough language or legislation that would cover privatization. There's a lot of power to the minister to deal with the public health care system and all the agencies within it, but there's nothing to control privatized corporations in the LHINs program. The second thing is that I think a lot of people believe there's a new level of bureaucracy now being created. There's a lot of power in the LHINs legislation that I think a lot of people are starting to look back on it and say, "You know what? I'm not sure if it's heading in the right direction."

**The Vice-Chair:** Thank you. The third party. Mr. Prue.

**Mr. Prue:** I want to talk about Copeman. I was down there for the opening of that—my hair just about stood on end—and I was very disappointed the next day with the minister's announcement that what he is going to do is sit back and watch. Basically, what it is—and I know you know—is that you pay \$1,200 up front, and then you pay \$2,800 a year. So for the first year, you pay \$4,000. For that, you get a one-hour assessment. That's the hook. But that's not really what you get. What you get is privilege. You get 4,000 patients who pay millions of dollars to Copeman and then have access to eight doctors. That's 500 per doctor, and you can go in any time you want. That's what you're buying, and the health system pays for it. How do we stop this man? How do we stop this company? I think the minister needs to have some instruction.

**Mr. Sonier:** I think the point is that allowing a corporation like that without being stopped infringes on the Canada Health Act in regard to two key principles: accessibility and universality. I think the way you stop that is, the government just says, "You know what? That type of business isn't open for business in Ontario."

**Mr. Prue:** They admitted in Vancouver—the eight doctors who run that facility were all taken from public health institutions; they no longer work for those in-

stitutions. They paid them more. They pay them an extra \$200,000 a year, which they can obviously afford when they're charging these prices. That means there are eight fewer doctors in Vancouver. That's what's going to happen here, is it not?

**Mr. Sonier:** Sure, and I spoke about that in my presentation. If you don't have a proper plan or if you're not proactive on the issue, you get Peter robbing Paul. The best float to somewhere else. It's like workers—technicians in the petrochemical industry in this area. They're going to flow to the best-paying employer.

**The Vice-Chair:** Thank you for the presentation.

#### SARNIA-LAMBTON CHAMBER OF COMMERCE

**The Vice-Chair:** We will go on to the next presentation, the Sarnia-Lambton Chamber of Commerce: David Grant, chair; Garry McDonald, president. Please come forward. If you wish to start, just state your name for the purposes of our recording Hansard. You have 10 minutes.

**Mr. Garry McDonald:** Thank you very much. My name is Garry McDonald. I'm president of the Sarnia-Lambton Chamber of Commerce, and with me today is our board chair. Truly, he is with me. I think he was admiring the new facilities, which perhaps you've had a chance to take a look at yourselves here this morning.

Our chamber of commerce is pleased to have this opportunity to make a presentation. Our chamber represents 885 member businesses in this community, and we represent 18,000 employees living in households with close to 40,000 people.

We've made many presentations to all levels of government on important matters to our community. In November 2004, we took a delegation of 50 members to Queen's Park to speak with 10 ministries about issues that could help Sarnia-Lambton and, therefore, the province. Caroline was of great assistance to us to that end.

Today we're going to speak to you about items not resolved with budget 2005-06, from our perspective, and provide you with information from the member survey that was completed here at our chamber in January 2006.

In your package this morning, you'll find a letter, and you'll also find some PowerPoint slides. The PowerPoint slides encapsulate our presentation. I'm going to speak primarily from the letter, because it's a little bit more detailed, but you may follow along if you like.

In your 2005-06 budget, there were things that we liked. We liked the investment in skills and apprenticeships. We liked the efforts to address research and development by creating regional integration networks in southwestern Ontario, particularly from the biotech standpoint; that was important to us. We liked the opportunity that you provided to leverage opportunities with the private sector for infrastructure. We also liked the fact that there was no new taxation.

I should indicate that our board's chair, David Grant, has joined us at this time.

**Mr. David Grant:** Good morning.

**Mr. McDonald:** Things that we were disappointed with in the budget included: some of the revenue and deficit targets not being met; the debt and debt-servicing costs were rising considerably, to 12% of the budget; we felt the taxation growth estimate, at 4.9%, was extremely aggressive; the energy policy that was existing at that time and has now been put into place, we feel, is going to be hurting the competitiveness of our province; there were no new tax reductions in last year's budget; and there was no addressing the property tax and the property tax assessment system. We felt that those were things that were missing from last year's budget.

Looking forward at the survey material that was completed with our members, we can speak about the confidence that our members in the business community have here locally. Close to 60% of our members believe that they'll have a stronger performance in 2006 and 2007 than they had in 2005. There's a lot of capital investment going on in our community, and that was a result of boardroom decisions in 2001 and 2002, while industry works ahead for many of those capital decisions. For our members, though, they believe that Ontario will not enjoy the same success economically in the next two years. Some 70% of our members believe that the province's economy will flatline or perhaps fall. This lack of confidence is something that needs to be addressed in our strategic decisions this year.

Our members had some comment about where they're making their investment at this time. Clearly, they're investing in productivity. But what was more important to us was that our members were saying they're not investing in research and development to the extent that we feel needs to take place, as a province. Perhaps more work needs to be done there in terms of leadership from the province.

They had some comments on taxation reform, which you can read. I'm going to skip over that for the sake of time.

**Streamlining regulations:** Our members feel there is much more work that needs to be continued in the area of corporation tax, red tape removal, provincial auditing and also workplace safety regulations—there are many that have been introduced, and we feel that there's a great and growing amount of red tape as a result of that in dealing with inspector issues, and that needs to be a caution for this committee to take into consideration.

The members did have some comments about the possible sale of provincial assets, which you can read there. Generally, it was yes, if the conditions are right and everything.

Our top three priority areas for the province to consider are: health care, energy price and supply, and property tax and assessment.

I want to spend more time now with our recommendations, which embody the remainder of the report. Our members feel that strategies going forward should be in the area of emphasizing growth, should emphasize debt reduction, should restructure some tax policies,

should improve access to infrastructure funding, should eliminate the deficit as soon as possible, and health care access needs to be improved. I'm going to spend some more time looking at those more completely.

**1100**

First off, our most important growth strategy, we feel, is to address the report of the Ontario Power Authority, which was limited by not having an analysis of the coal opportunities. We think the results of the Ontario Power Authority report need to be thoroughly studied and questioned so that we have solid and competitive price, supply and reliability going forward. It's of enormous concern to this community, but we think we're speaking on behalf of the province when we say that also. It's of enormous concern going forward. We do not want to be a net importer of electricity at very high prices.

At the end of the day, when the government does follow through with plans to retire coal plants, we think those OPG assets have a great future, and we think they need to be considered for other energy projects or other provincial projects. They're too important to the communities to leave them as brownfields, and we hope there's direction and leadership from the province in that area.

We hope your strategies encourage investment in research and productivity. We feel, in particular with productivity, that you can reach those goals by eliminating the capital tax much earlier than you're discussing at this time and reducing corporate taxation so that we become more in line with our five key competitors.

We like the work of the Small Business Agency of Ontario. We know it's going to do good things. We'd like to have that work acted on quickly so that regulations and red tape are reduced quickly.

With all respect, we'd like to point out that legislative bills, many of which have been passed in the last couple of years, certainly lead to achieving a political agenda, but they also sometimes lead to perceptions on the part of other global businesses and communities regarding how competitive this province is. We need to always keep in mind the perceptions that some of those regulation changes are creating out there.

Finally, from a growth standpoint, as the Far East manufacturing giant rises, we're hoping that this province will continue to strongly support agriculture and tourism, two unique assets that we have that perhaps are not duplicated by others and that can always bring us job growth and job creation. We cannot continue to make those ministries targets to make up monies for perhaps other ministries and other strategies. So we need to keep those in a viable form.

**The Vice-Chair:** You have one more minute.

**Mr. McDonald:** I see. Debt reduction: Get that debt servicing looked after. Tax policies: We think that the private sector has a greater role to play in competition with MPAC—we'll be happy to answer questions on that—and we fully support a property tax review being completed.

We think there's greater flexibility needed for local municipalities in managing police budgets, and we hope for amendments to the Police Services Act so the municipalities can have greater control. Infrastructure improvement should be improved for municipalities. Eliminating the deficit: Keep to your targets of 2009. We need to have that balanced budget.

Finally, health care access partnerships must be entered into. There are many existing now with the private sector. If you wish to achieve your political agenda of access and reduced wait times, we think there is a greater role within the public system for private operators.

**The Vice-Chair:** Thank you very much for the presentation. We will go to the official opposition. Mr. Hudak.

**Mr. Hudak:** Thank you both for the presentation. It's good seeing you again. Thanks for a very comprehensive presentation. You hit the nail on the head with respect to the provincial finances. There is a strong addiction to spending that exists in Dalton McGuinty's cabinet. If they had actually stuck with the original 2004-05 budget, their spending predictions for this year, we'd be in a surplus, as a matter of fact, because the revenue has increased substantially. But for every dollar they take in in windfall revenue, they go out and spend even more, and we maintain this untenable deficit situation.

With respect to tax rates—

*Interjection.*

**Mr. Hudak:** Well, they'll play up this fantasy, but the reality is that their own budgets forecast that they should actually be in surplus this year, but they have increased spending at the fastest rate—actually made Bob Rae and David Peterson blush.

So first, with respect to tax rates, the feeling is that we should reduce corporate and capital tax rates to spur business and secondly, on the hydro policy side—just to make sure it's clear—the feeling is that we should maintain the Lambton generating sites to ensure that we have a better power supply in the province of Ontario.

**Mr. McDonald:** I'll speak to the energy issue first. We've always maintained that coal is a generating source, but I think all of our generating sources need to be judged based on what they can produce as far as air emissions and environmental quality, not based on what they are as a generating source. We think that needs to be the criterion on which you base those items. Whether you're burning peat, coal, gas, whatever, if you have energy emissions that are satisfactory, that needs to be the deciding criterion. If that means that the coal plants can stay with conversion, then yes, we support that, and we certainly see in this economy locally that that would be beneficial.

**Mr. Hudak:** With respect to MPAC and the use of other options for assessors for municipalities, is your concern about the quality of the assessments—they're getting the value wrong—or are you concerned more with the rate of increase in property tax assessment?

**Mr. McDonald:** We noticed that locally, municipalities are paying an inordinate number of dollars in their

budgets to support MPAC. We've had indications from private firms, some of which have written to Premier McGuinty, that there are huge dollars to be saved by those local municipalities in MPAC fees with the same quality of service capable of being delivered. Alberta has set this system in place. There's good value for the local taxpayer as a result of this, and you get the same quality of service.

**Mr. Hudak:** One of my colleagues, Mr. Yakabuski, has put forward a private member's bill that did win some support from all three parties to allow the gas tax to go to transportation infrastructure in general, whether it's roads, bridges or public transit. Would you support Mr. Yakabuski's approach?

**Mr. McDonald:** Based on that brief description, I think we would, just from the standpoint that each municipality is a little different, and to strictly hold them to guidelines, like transit perhaps, means that we have so much going to Sunday afternoon travel on a bus that we need to give them greater flexibility to use it in areas around our communities of benefit to the local taxpayer. That's also going to benefit the local economy.

**The Vice-Chair:** Thank you. We'll go to Mr. Prue for the NDP.

**Mr. Prue:** Two questions. The first one has to do with restructuring of tax policies. You were looking for a property tax review panel. The finance minister has already said that he's not going to do that. What else can we do?

**Mr. McDonald:** Well, I have a limited understanding of Beaubien reports 2 and 3, but it seemed to me it was the next level of the redesign of the property tax system, where you would permit capping to eventually be eliminated in certain classes. Right now we have these rules that keep changing each year, adding greater flexibility to the municipal level. We need to have a system where the capping is finally addressed, as it was in those reports—which have not been enacted, for whatever reasons—and also, then, movement within classes, residential versus multi-residential. All that was addressed and it's coming forward now as individual concerns from taxpayer groups, municipalities, whatever. The concerns are simply because we didn't finish the job in creating this system.

**Mr. Prue:** Okay. I'm very sympathetic, because I think businesses pay far too much in property tax. There are other ways to tax. We have to get money from somewhere, but property tax is just not working.

I'd like to go into the publicly funded health care system. We had a deputation—I think you saw him—who was diametrically opposed to what you're saying. Can you tell me how private people can operate the system more efficiently and at lower cost than government? Because I have never heard a cogent argument. Maybe you're the guy to tell me one.

**Mr. McDonald:** I'm not suggesting we should turn our system over. Our members are not suggesting that. Our members are suggesting that the publicly funded system and monitored system is what we value and want

to go forward. But I think there's an unwillingness to take that step to have discussions to look for areas where there perhaps can be greater benefit from private sector involvement and still keep the public system. If you take a look at your diagnostic areas, it's primarily private. Other than a hospital, diagnostic areas now are privately operated on behalf of the public system. If you look at your community care access, they go out for tenders to provide home care, a system which is growing and growing. It's private operations. There may be a few non-profits turned in there. But the perception is that private is bad. I think we need to understand that private is already there and it's not bad, so what more can be done within our public system? We do not want it to get away to corporate giants making a dollar or two extra; we want it to still be publicly controlled. But look at that access, because we have it already.

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**The Vice-Chair:** We'll go to the government. Ms. Di Cocco.

**Ms. Di Cocco:** Thank you, Garry, for your presentation. As usual, the chamber of commerce certainly lends a great deal of depth to arguments and to submissions to the government, so thank you very much.

I'd just like to deal with the infrastructure, the utilizing of infrastructure at the Lambton generating station, which I am in total agreement with, as you know. The mayor of St. Clair township and representatives of the day did meet with Dalton, with the Premier of the province, I think about a year ago, trying to convey exactly this message, which, as I said, I fully support. I think that there are opportunities there for us to move forward that way, whether it's conversion or whether it's some form of utilization of that infrastructure. So I thank you for using kind of a prudent approach in dealing with that.

I just have one question with regard to the notion of the gas tax that is being provided to the municipalities. Could you just reiterate or clarify what your suggestion was in regard to the utilization of that?

**Mr. McDonald:** Ours was simply to acknowledge what we've heard from some of our municipal partners working on issues in our community. They hope for the opportunity to use those dollars on infrastructure programs in their community without a long list of restrictions saying, "No, you can't." If there are some conditions and leniencies that can be built into that, I think more than our municipality will benefit from that situation.

**Ms. Di Cocco:** Thank you. My colleague would like to ask a question.

**The Vice-Chair:** Thirty seconds.

**Mrs. Mitchell:** I'll make my question very quick. I'm a member of the Small Business Agency, so I thank you for your support. I would like to take back to the agency your recommendations on what you feel are the most important factors that we can deal with as an agency to help small businesses grow.

**Mr. McDonald:** That's less than 30 seconds. I think the best I can tell you at this point is that business deals

with too much red tape—and if there are old red-tape issues there, those are the ones to attack first. If there is streamlining that you can promote on behalf of the government, those are the things to promote. Income tax streamlining, reporting streamlining, whether it's taxes or auditing: that's the best that you can do for small business.

**The Vice-Chair:** Thank you very much, Mr. Grant and Mr. McDonald, for a very clear message to us.

## TOWNSHIP OF ST. CLAIR

**The Vice-Chair:** The next presenters are the municipality of St. Clair township: Joe Dedecker, mayor; John Rodey, chief administrative officer; and Charles Quenneville, treasurer. Would you please come forward. Good morning to the municipality of St. Clair township. Please state your name when you begin. You have 10 minutes to make your presentation.

**Mr. Joe Dedecker:** Thank you very much, Mr. Chairman, and thank you for the opportunity to be here this morning to make our presentation. My name is Joe Dedecker, the mayor of St. Clair township. I have with me my CAO from St. Clair township, John Rodey, and also our director of finance, Charles Quenneville.

We'd like to make a small presentation to you this morning, and once again, thank you for allowing us to be here today. I will ask my two staff people to make the presentation because they are numbers people and they can explain it a lot better than I can. So I'll turn it over to my CAO, John Rodey.

**Mr. John Rodey:** Hi. John Rodey, CAO, St. Clair township. Thank you for the opportunity to speak to you today. Specifically what we wanted to talk to you about and our purpose in being here today is the Ontario municipal partnership fund, which is replacing what used to be known as the community reinvestment fund.

Under the new program, the funding coming to St. Clair township will decrease from \$1.6 million to just under \$400,000. As we note in our presentation materials that are before you this morning, that means a 19% increase in taxes in order to replace the lost revenues.

Our main concern with the way the funding is done is that the rural small community measure, which is essentially taken from Statistics Canada, lumps in a northern urban municipality in St. Clair known as Corunna, with a population of about 9,000 people, and it represents about 55% of the population in St. Clair township. This is considered to be part of Sarnia and therefore is removed from the funding formula. Therefore we receive 45% funding rather than 100% funding.

We're the only rural municipality in Lambton county which does not receive 100% of the funding under the formula, and yet we are the largest rural community in Lambton county. We have the largest number of farms in Lambton county and certainly the largest number of rural kilometres of road in Lambton county, so we feel there is a basic inequity in the way that the formula is calculated.

I'll turn this over to our treasurer to allow him to explain in more detail.

**Mr. Charles Quenneville:** Good morning. I'd like to have everyone turn to exhibit D, which is the last page of the three-page handout, just to give you an overall flavour of what St. Clair township is about.

Listed here are all the municipalities in Lambton county. You'll notice that St. Clair has 120,000 acres of farmland. That represents approximately 0.9% of the farmland of Ontario. Looking at the road expenses, we have the highest road expenses. We have the most kilometres of road: 1,096,000 kilometres of road. The last three parameters are the grant components of the OMPF funding. You'll notice that St. Clair only received \$372,000 for the rural component; policing, \$201,000; and farm equalization. One thing with St. Clair township: We're located along the river. We have a lot of large industries. Our assessment base is fairly high. So if you compare it to the other municipalities in Lambton county, like Dawn-Euphenia, they're gaining \$856,000 in equalized farm payments; meanwhile, we get nothing. So I just wanted to give an overall flavour of St. Clair's size and its really rural base in nature.

I'd like to turn to exhibit B. Exhibit B gives a comparison of another municipality of similar size, population and households. I just wanted to show a comparison to show the inequities with this particular OMPF formula.

You'll notice that in St. Clair township households, we have approximately 5,963; meanwhile, Lambton Shores has 6,907 population households. The RSCM, which is the percentage which affects the amount of funding we receive for the rural communities grant and for the police grant, was rated only at 45.8%; meanwhile, Lambton Shores is 100%. We have 619 square kilometres of farm acres; meanwhile, Lambton Shores only has 331 farm acres.

If you turn to B3a, the rural communities grant, you'll notice that we only get \$372,000 in grant and we actually have 619 square kilometres; meanwhile, Lambton Shores has approximately half the acres but they're getting three times the amount of rural community grant, which is really an inequity. This formula, 45%, also affects the police grant component. You'll notice we only get \$201,000 in grant component; Lambton Shores gets \$557,000 in grant component. So there are a lot of inequities in Lambton county.

**1120**

I'll just give a little history. With the CRF program, which I believe originated in 1998, one of the components for the rural municipalities was a farm tax rebate program. What happened in the past is that our farmers, pre-1998, would pay 100% of the farm tax rebate, with the municipality getting a portion, and the province would reimburse the farmer 75%. Post-1998, they came out with a new program indicating that 25% would get assessed to the farmers and, through the CRF funding, the municipalities would get 75%. In the new formula of the OMPF, they don't match anything pertaining to the

farm component. Basically St. Clair is being penalized because we're the largest rural municipality in Lambton county. We find that's a real inequity because they changed the funding formula for the farm rebate program, and with the new OMPF, they don't support the farm program.

In our recommendations, just to kind of backtrack, is a summary of key points. There's a detailed document that was sent to the Honourable Greg Sorbara in September, a 26-page document that highlights everything in detail and discusses more points, and there are a lot of recommendations. One of our recommendations when it comes to the rural grant is that it's to be based on the farm assessment of the municipality based on the tax rate. Instead of coming up with a formula based on Statistics Canada, it should be more reflective in nature, similar to the police component. It should be reflected in perhaps the households and in the number of kilometres of road that we have to patrol. In Lambton county there is an OPP contract that everyone belongs to except the city of Sarnia and Point Edward. We have a similar contract. We're a very similar size to Lambton Shores, as pointed out previously, but they're getting twice as much provincial funding as we are. So there are some serious inequities. We pay the same dollar value every year but they're getting twice as much in provincial grants than we are.

In our summary, we find there are a lot of inequities and we have made a bunch of suggestions to make it more refined based on more specific parameters. We're hoping that the minister will incorporate this in his budget. We'd be happy to add any more inputs.

**The Chair:** Does that complete your presentation?

**Mr. Dedecker:** Yes, it does.

**The Chair:** Thank you very much. This round of questioning will begin with the NDP.

**Mr. Prue:** Thank you very much. From the very last paragraph of what you've written, you obviously did the right thing on September 26 by going to the Ministry of Finance. You followed that up with your MPP. But Mr. Sorbara unfortunately left that post. Have you had any follow-up from Mr. Duncan?

**Mr. Quenneville:** We've talked to our MPP, and we asked our MPP to follow up. No, we haven't had any follow-up. I believe we placed a phone call to set up a meeting, and we placed a phone call with the Honourable Greg Sorbara too. I think he was extremely busy, and they couldn't set up a timeslot for us for our presentation.

**Mr. Prue:** He has not been the finance minister since sometime in October; I don't remember the exact date. But Mr. Duncan and his office have not contacted you since October on this issue at all?

**Mr. Quenneville:** We haven't received any correspondence from any province of Ontario ministers. We just contacted our local MPP, and they're following up with the Minister of Finance.

**Mr. Prue:** I can't question her, but maybe when she asks the questions I can find out. It does appear to me that you have a legitimate grievance. Oftentimes, in government, the minutiae of a bill is not understood until

it's actually put into place. It has been put into place, to your detriment. Something needs to be done, and needs to be done through the actions of your local MPP.

I don't whether I have any more questions. I'm just going to turn it over and let her ask.

**The Chair:** Ms. Di Cocco.

**Ms. Di Cocco:** Thank you for your presentation. I know that the presenters here certainly spent a significant amount of time with me speaking about this. As you know, I did follow up with the Ministry of Finance, and we had another discussion. They were going to take another fulsome review of this whole position and land on some kind of final decision. I am not sure that what it is has been relayed yet. I think they were going to take a full review.

I just wanted to say that there was certainly some attention paid to, if you want, the Ontario municipal partnership fund and the strait that you suggested was going to happen. I believe today, actually, it was announced. I think St. Clair township got \$1,629,000, which is to offset some of the pressures, certainly, that you have in your municipality. I'm pleased to convey that all of the arguments and the discussion certainly have been heard by the Ministry of Finance in that regard.

I know that St. Clair township, for the people from outside this area, is south of Sarnia. It has in it Corunna, Courtright, Port Lambton, Wilkesport and, I believe, Brigden as well. When was St. Clair township amalgamated?

**Mr. Dedecker:** In 2000.

**Ms. Di Cocco:** So it's now 15,000 people, I believe. Did you not meet with the ministry when you had your—I don't know if it was at AMO or at one of your meetings?

**Mr. Dedecker:** No, we didn't.

*Interjection.*

**Ms. Di Cocco:** Okay. Well, I can tell you that they have been made aware of it in no uncertain terms. We had a very, very lengthy discussion with the ministry. They are reviewing it, and I was told that they'll certainly be in contact with you about your discussion here.

**The Chair:** Thank you. Now we'll move to the official opposition.

**Mr. Barrett:** I wish to thank the township for coming forward. I've just received these documents now. Just to follow up on the letter of September 26—and I guess this question has been asked—you got no advice from, say, ministry staff, for example, or anyone else? I know you've copied it to at least three people sitting around the table here. There was no analysis of your numbers?

**Mr. Quenneville:** As of this date, no.

**Mr. Barrett:** Is there a recommendation here with respect to the—are you looking at, say, bringing back the old farm tax rebate program?

**Mr. Quenneville:** I think the OMPF is a great program. All we're asking for are more refinements that are based on perhaps the number of acres you have in your municipality. I think it's a great program. I haven't looked at the social part; I've just looked at the lower-tier

level. But I think if you add some refinements, for example, for policing to be a factor of households and the number of kilometres of road they patrol, that would have a more direct bearing.

Right now, it's based on Statistics Canada grouping places together in an urban area of 10,000 or more. Since we're so close to Sarnia, we're being penalized. Meanwhile, Lambton Shores, located 50 kilometres away, isn't penalized. That's why they gain so much funding. If our municipality was located, say, 10 kilometres south, then we'd be rated at 100% and wouldn't be penalized. Because of the geography of where we're located, close to Sarnia, we're being penalized.

Our big recommendation is that particular form they call the RSCM—if we were put at 100%, then we wouldn't have any quandary. We'd be recognized for the farm property tax that we're losing and some of the policing costs.

**Mr. Barrett:** I see that in 2001, there was an amalgamation. The population now, I think I heard, is 15,000. Is that a step along the way? Is there any further talk about amalgamation or eliminating one tier of government in Lambton county? Anything like that being discussed?

**Mr. Dedecker:** Not at this time. The whole county restructured for the 2001 municipal election. There's been no talk of more restructuring since then. We have a two-tier system here in Lambton county, and there has been no talk.

**The Chair:** Thank you for your presentation

**Mr. Dedecker:** Thank you very much for your time.

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#### ONTARIO LONG TERM CARE ASSOCIATION

**The Chair:** I call on the Ontario Long Term Care Association to come forward, please. Good morning. You have 10 minutes for your presentation. There may be up to 10 minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

**Ms. Heather Martin:** Good morning. I'm Heather Martin, administrator of Vision Nursing Home.

**Mr. Gilbert Heffern:** Gilbert Heffern. I'm director of communications and public affairs of the Ontario Long Term Care Association. Vision is a member of our association.

**Ms. Martin:** Welcome to Sarnia. Thank you for hearing our presentation on behalf of OLTCA's 428 member homes, which provide long-term care and accommodation to some 49,500 of Ontario's oldest and frailest citizens.

Vision Nursing Home and the 10 homes in Sarnia-Lambton are part of the local health care infrastructure that provides care and accommodation to 1,044 residents. Like all 600 homes throughout Ontario, we are struggling to ease the impact on residents of a gap between care required and care provided. Without a significant increase

in operating funding now, we will lose the struggle. This will have negative consequences for current and future residents and government's transformation agenda.

We understand if you are skeptical. After all, successive governments have announced increased funding for more staff, specialized programs, lifts, and so on. We are also not suggesting that these have not made a difference. What we are advising is that if these initiatives have led to feelings that long-term care has been fixed, nothing could be further from the truth. Let me explain.

You've likely heard of government's 2001 level-of-service study, which was based on 1999 data. This study showed that for residents with similar care needs, Ontario provided the lowest level of care among the study's 10 other jurisdictions. For example, the study showed that Ontario provided 2.04 hours of care, compared to 3.07 in Saskatchewan. Government's investments since then have raised our care levels to about 2.4 hours per day. This means that Ontario is still providing about 40 fewer minutes of daily care to each resident than Saskatchewan provided in 1999. Yet, in that time, Ontario's documented care levels have jumped by over 10%. That's why we acknowledge progress. We must also be realistic about its extent.

The 2.4 hours of care mean that Vision Nursing Home and other homes are providing one nurse for every 60 or more residents during the day and up to 100 or more during the night; providing one personal support worker for every 12 to 15 residents, which translates into situations such as about eight minutes to get a resident up, to the bathroom, dressed, and to a dining room for breakfast.

It is not unreasonable to ask, if 2.4 hours of care is not enough—and it isn't—then what is? The short answer is, at least three hours, and climbing. This is the consensus of those knowledgeable about the requirements of long-term-care programs to meet increasing resident care needs in Ontario and elsewhere.

In Ontario, we are now providing care for older and frailer residents with more complex medical conditions. In a typical home, nine out of every 10 residents are at risk of injury to themselves or others and require assistance to do things, like get in and out of bed. Add the fact that six out of every 10 residents are also impacted by dementia, primarily Alzheimer's, and you start to see the extent of the care and support services residents require and the increasing demand on staff. We cannot meet this demand on the \$68.19 per resident per day that the government currently provides for nursing care staff and supplies.

Vision is a health care delivery site. At the same time, we are unique in that we are also the residents' home. Residents and their families expect that we will meet their physical and medical needs and contribute to their quality of life. This is consistent with the vision of MPP Monique Smith's 2004 Commitment to Care report. Since then, "home" has replaced "facility" in the government's lexicon; however, it takes more than a change of name to change reality. It takes therapies, activities and

programs that engage residents and help them retain their strength and functional independence. It takes professional services that minister to their social and emotional needs. This is difficult to achieve on the \$6.60 funding per resident per day that the government currently provides for programming and support. It is why residents who would benefit from one-on-one programming are lucky to get it once or twice a week.

Ontario is not unique in this trend towards increasing resident care needs. It is why Alberta, which already provides 3.0 hours of care, is talking about moving to 3.4. It underlines the conclusion from a 2001 major American study that homes with existing care levels below 4.1 hours of care were more likely to have quality problems. Where Ontario is unique, at only 2.4 hours of care, is in its tardiness to catch up.

Before moving on, I would like to comment briefly on the contribution of accommodation services and the physical structure of the home to resident care and quality of life. Long-term-care homes are funded in three separate fixed and non-transferable funding envelopes: nursing and personal care, programs and support services, and accommodation. Government fully funds the first two, and that funding determines how many nurses and personal support workers there are in each home, how much programming can be provided and so on.

The accommodation envelope is largely funded by the resident copayment and pays for cleaning, repairs and maintenance, utilities, food service staff, laundry, administration, staff education, taxes and mortgages. Since 2001, new base funding has, understandably, been largely channelled through the nursing and program envelopes. We support this trend continuing. However, government would be neglecting its role as the ultimate guardian of Ontario's long-term-care program by overlooking the increasing impact of escalating costs of accommodation envelope services.

We are encouraged that government recognized these pressures in providing funding to offset the impact of the resident copayment freeze last summer. We ask that this recognition continue for future program funding at a level that recognizes that wages are increasing by 3%, utilities by 12% and so on.

Similarly, residents and families also recognize that we have a two-tiered accommodation system: 20,000 new beds built and 16,000 existing beds rebuilt to the 1998 design standards, and 36,000 beds in older homes built on 1972 standards. Government's continued silence in responding to the resulting resident privacy and comfort issues will increasingly impact service and public confidence.

We would like to say to you today that there are easy solutions to these issues and that a little will go a long way. The reality is, we know that there isn't, and we know that it won't. For example, government's 2004 \$96-million increase in base funding added some six to eight minutes of care per resident per day system-wide. Helpful, yes, but still far short of what residents require and deserve.

We believe it's incumbent that we speak up on behalf of residents and say to government: Don't stop now. Maintain the same level of commitment to long-term care that you exhibited at the beginning of your mandate over the course of your mandate. Specifically, we are asking government to increase long-term-care funding by \$306.6 million, or \$11.20 per resident per day, over the next two years to address priority resident care and service pressures.

At the same time, in a budget that is rumoured to be about infrastructure renewal, we are requesting the government to invest \$7.5 million to upgrade 2,500 beds in the first year of a continuing capital renewal program. These initiatives will make a difference. They will add over 2,000 staff to OLTCA member homes and begin to address the sector's two-tiered accommodation disparity.

As an administrator, I can tell you that families will view more staff as tangible evidence of government's commitment to meeting residents' needs. Conversely, the absence of additional staff, I believe, will say to them that long-term care is no longer a government priority. In fact, the absence of a significant increase in operating funds this fiscal year and next will translate into staff and service reductions in many homes.

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The size of the gap between care required and care funded is such that partial progress is not sustainable. If government stops now, we begin to quickly slip back. This will also impact long-term care's ability to support government's wait time reduction and system transformation strategies. For example, we will find it extremely difficult to take heavier-care hospital patients when we're struggling to meet the care needs of our existing residents. This is unfortunate, given that we could help ease the pressure on hospital beds and provide a more appropriate recuperative and rehabilitative environment for those patients.

Ladies and gentlemen, Vision has been proud to contribute to the lives of people in Sarnia. In that we are no different than the other homes in other communities throughout Ontario. Like them, we also have the desire and commitment to ensure that the long-term-care program that we deliver on government's behalf is progressive in both its resident care and its contribution to the health of all Ontarians. It is up to the government, however, as the program steward and, more importantly, the care funder, to provide the required resources and support.

Today we ask you to lend your voice to our request. Thank you.

**The Chair:** Thank you. I might add that you have impeccable timing. You were exactly 10 minutes.

**Ms. Martin:** Oh, perfect.

**The Chair:** Now we move to the government. Mr. Arthurs.

**Mr. Arthurs:** Thank you for the presentation. It was cogent and got to the point of the dollars. Actually, you got to my question a little later on when you were specific about some dollars. If you'll just maybe repeat that

for me—I'll ask you because I want it on the record in more than one place.

Your request for funding over the two years to move from 2.4 to three hours, some \$396 million—was that the figure?

**Ms. Martin:** It's \$306.6 million.

**Mr. Arthurs:** Would that be for the first of two fiscal years, or is that the total over the—

**Ms. Martin:** Over the two years.

**Mr. Arthurs:** Over the two years; or \$11.20 per resident, and that would achieve the move from 2.4 to 3.0 hours. That's the primary objective you would have. There was a list of items, including some \$7 million for capital rehabilitation. If you have to prioritize, my sense is that the priority would be on the personal and support care for the residents. Is that a fair assessment?

**Ms. Martin:** I believe that's the case, yes.

**Mr. Arthurs:** The actions of governments over the past few years, both from capital investments a few years ago and a move to begin the process of providing additional resident care, are moves that you support and, it says, even applaud. I'm not sure I want to use a word that's quite that strong, but nonetheless, the movement has been in the right direction, but you're concerned about slippage if it doesn't continue.

**Ms. Martin:** That's the reality.

**Mr. Arthurs:** Even at three hours for care, we still wouldn't meet the international standards by research or where other jurisdictions are.

What's happened in Saskatchewan? I think Saskatchewan, you said, is currently at or was at 3.4?

**Ms. Martin:** It was 3.04 in Saskatchewan in 1999.

**Mr. Arthurs:** Yes. Any idea what kind of movement has occurred in those jurisdictions?

**Ms. Martin:** I don't believe I have that.

**Mr. Heffern:** No, we don't have a comparable figure. That was the figure that would have existed in the study that was done in 2001, which was on 1999 data. But talking to our colleagues out west, the sense is that it is going up. We know Alberta is at three now and the public discussion there is about going to 3.4. And it's all based, of course, on the fact that we are dealing with an aging population that's changing the face of the resident that we're delivering to. It requires a higher level of care, not just in Ontario, but elsewhere.

**The Chair:** Thank you. Now we'll move to the official opposition.

**Mr. Barrett:** Thank you, Heather. I appreciate the presentation of the Ontario Long Term Care Association. You made mention of your 428 member homes. I should know—does your membership include the not-for-profit, the private?

**Ms. Martin:** There are members from the not-for-profit, private, charitable homes.

**Mr. Heffern:** And municipal.

**Ms. Martin:** And municipal homes. It's open.

**Mr. Barrett:** There are about 600 homes. Is there another association, then, or not?

**Ms. Martin:** The Ontario Association for Non-Profit Homes and Services for Seniors, which is more representative of the municipal homes.

**Mr. Barrett:** Is there any discrepancy in either capital or operating grant money available to the private or not-for-profit, for example, compared to the homes that are funded through municipalities? Is there a difference—

**Ms. Martin:** The funding model is the same. Vision Nursing Home is a non-profit, charitable, private nursing home, so we're a little bit unique. The difference to the municipal homes is that they can access the municipal tax base for additional funding to their homes, but not on a provincial level.

**Mr. Heffern:** The provincial program is consistent, irrespective of the provider. I mean, it's a government program; the government contracts with four different types of providers to provide the service and provides it under one and the same operating, regulatory and funding structure.

**Mr. Barrett:** You made mention of quite a significant investment, the 20,000 beds and 16,000 upgrades. Then you indicate that there are another identified 2,500 beds. Are these upgrades or brand new beds or—

**Ms. Martin:** There are actually 36,000 beds that are still classified as C beds, which were built to the 1972 design standards. Our request is to start a capital renewal program, initially looking at 2,500 beds to start, so that these 36,000 can begin to upgrade to the new standards.

**Mr. Barrett:** Would most of them be private or not-for-profit, or are they municipal, or is there no distinction between—

**Ms. Martin:** I would think that they're mostly in the private sector. Again, if I can use Vision as an example, we have the two-tiered system right on our site. We have a 78-bed new building built to the 1998 standards and 32 beds that are still built to 1972 standards. So as you cross through a hallway, you've got four-bed wards and two-bed wards, improved lighting and HVAC systems. Then you've got these older beds. People come in to the older beds and get on a waiting list to move across the hallway to the new home. So it's an on-site disparity.

**Mr. Barrett:** So it's not an intentional two-tiered system; it's just the way it's worked out—is that right?

**Mr. Heffern:** It's the evolution of the building structures in the sector. Again, I don't think they're exclusive to any one type of operator.

**The Chair:** Thank you. Now we'll move to the NDP and Mr. Prue.

**Mr. Prue:** I'm not accusing you of this, but I have heard this from other people: that, should money be provided to for-profit groups, the money won't necessarily go to care; it may just go to profit. Have you ever heard that? I mean, you must have heard that. Is that a reality?

**Ms. Martin:** The long-term-care sector is one of the most highly regulated and accountable sectors of the health care system. The majority of the funding that comes into the homes is designated to the nursing and personal care envelope or the program envelope and which, if it's not spent, has to be given back to the gov-

ernment. There are also other regulations, such as the amount of dietary staff that we're required to have on-site. Our food budget is regulated; my hours at work are regulated; our administrative. There's a very large component of the long-term-care sector that is highly regulated and accountable. I would say that while that comment may be there, I don't know of another part of the sector that's as regulated as us.

**Mr. Prue:** We have also heard from others that the food component is not adequate, that it's about \$5 a day per resident, which is about half what the province spends on raw food for a prisoner in an institution. Is the food budget sufficient?

**Ms. Martin:** Absolutely not. I say that unequivocally. We spend probably at our home 15% to 20% above what the government funds us for. If I say where my biggest complaint is, other than hands-on staff, it's food.

**Mr. Prue:** In terms of the hands-on staff, what you said makes eminent sense: getting it up to at least a level consistent with other providers. People who live in these homes tend to be, by a majority, women, and the majority are well into their 80s, with cognitive difficulties. What would this do to their life? I'd just like to hear what impact it would have on their life.

**Ms. Martin:** I think if I could see the difference, it would be on Sunday morning, where all of our residents could make it to the dining room and have received appropriate care in the morning, and not been rushed. It is really a struggle. When you have three staff trying to get 26 people up in the morning to get them dressed, bathed, their teeth brushed, their hair combed, toileted before breakfast and then to the dining room before breakfast at 8 o'clock—this Sunday, it was 10 o'clock before our residents were all in and out of the dining room. It's impossible.

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

We are recessed until 1 o'clock.

*The committee recessed from 1149 to 1304.*

#### BIG BROTHERS OF SARNIA-LAMBTON

**The Chair:** The standing committee on finance and economic affairs will now come to order. Our first presentation of the afternoon is Big Brothers of Sarnia-Lambton. You have 10 minutes for your presentation. There may be up to 10 minutes of questioning following that. I will ask you to state your name for the purposes of our recording Hansard. I'll give you a one-minute warning, if you like.

**Mr. Michael Hurry:** Thank you. My name is Michael Hurry. I'm the executive director for the local Big Brother agency in Sarnia-Lambton.

Big Brothers Big Sisters of Canada is a national organization with local agencies providing services to over 250 communities across Canada. There are 68 agencies providing services to communities in Ontario. Our organization provides high-quality, volunteer-based mentoring programs for school-aged children and youth.

Big Brothers Big Sisters of Canada has been providing one-to-one mentoring programs for children across the country for over 80 years. Men and women give of their time to become a mentor to a youngster who can greatly benefit from having an adult role model.

External studies and evaluations of our mentoring programs have revealed the remarkable, positive, long-term impacts of the work of our agencies. Studies have shown the outstanding ability of Big Brothers Big Sisters of Canada to make quality matches resulting in long-lasting, positive relationships: more than half of the Little Brothers stayed in the program for five years or more.

Over 80% of our Little Brothers attained at least a secondary school diploma, compared to 60% across the country. When you think that the children we're dealing with come from disadvantaged situations to begin with, to have the youth we're working with attain a secondary school diploma at a rate 20% higher than the national average is, I think, significant.

Little Brothers disproportionately went on to graduate from post-secondary education, earned more, had higher self-esteem, tended to respect authority and have a higher sense of right and wrong. These are based on studies that were done across the country.

Some 78% of former Little Brothers who had come from social assistance backgrounds no longer relied on social assistance.

Mentoring has made a significant difference in the lives of children. In addition to the above, it has been found that children who have been in the program are less likely to begin using illegal drugs or alcohol, less likely to skip school, more likely to become involved in community service and more hopeful about their future.

We now know from both personal experience and research that there is a strong connection between people's self-esteem and their ability to make good decisions and keep themselves safe. Good self-esteem is based on the belief that the individual is lovable and matters. They understand that they are worthwhile, can handle themselves in their environment with competency and know that they have something to offer others.

Big Brothers and Big Sisters organizations lead the way with mentoring programs across the country, with their primary focus being providing adult mentors to children and youth, someone they can identify with, guide them and help increase their level of self-esteem. The youth in our programs are considered at risk since children from single-parent, mother-headed families are known to be at increased risk of a variety of emotional and behavioural problems, as well as difficulties in school.

The National Longitudinal Survey of Children and Youth has demonstrated that more boys than girls have learning and behavioural problems. The most recent issue of Newsweek, January 30, 2006, includes a cover story entitled, "The Boy Crisis." The article states that "boys across the nation and in every demographic group are falling behind. In elementary school boys are two times more likely than girls to be diagnosed with learning dis-

abilities and twice as likely to be placed in special education classes. The number of boys who said that they didn't like school rose 71% between 1980 and 2001, according to a University of Michigan study." US Secretary of Education Margaret Spellings is quoted: "This widening achievement gap has profound implications for the economy, society, families and democracy." I would suggest that we are not far behind the American situation.

Research indicates locally, as well as nationally, that boys who have the benefit of an adult mentor perform better in school, attain a higher level of education and have a more positive attitude than those in similar situations who lack an adult mentor. The Newsweek article goes on to say, "One of the most reliable predictors of whether a boy will succeed or fail in high school rests on a single question: Does he have a man in his life to look up to? Too often the answer is no."

Through the Big Brother relationship youth at risk are happier, get along better with others and are exposed to new, positive opportunities that they wouldn't otherwise have. With the increase in their level of self-esteem and self-confidence, the boys have fared better in all aspects of their lives. Having somebody who has chosen to spend time with them because they want to and not because they have to has a significant impact.

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In Sarnia-Lambton, we have a healthy agency that has a higher-than-average number of volunteers involved in both our Big Brother program and our in-school mentoring program. We have, however, faced significant challenges. In the last two years, the agency has ended the year with an operating deficit. Again, we are fortunate that a reserve has offset these two shortfalls. I'm afraid that the agency cannot face a third operating shortfall without having an impact on our service delivery.

Why are we facing back-to-back operating deficits? Big Brothers of Sarnia-Lambton is a volunteer-based agency that does not receive any government funding. We receive 30% of our funding from the local United Way, and the remainder is fundraised locally by our volunteers through special events, bingo and Nevada proceeds, and donations from the community.

We can document the steady decline in revenue not only to our agency but to a significant number of local, not-for-profit organizations dating back to the opening of the slots at the racetrack. This declining revenue from funding sources like bingo and Nevada break-open tickets continued after the charity casino opened and has been further impacted by a decline in American patrons after 9/11.

The most recent drop in bingo revenue came when municipalities instituted a no-smoking bylaw on September 4, 2004. In the bingo hall where our agency operates, I can tell you that the profit going to organizations that operate in that hall dropped by \$1.1 million when we compare the year immediately preceding the no-smoking bylaw to the year immediately after that bylaw was enacted. We are aware that the province will bring in

provincial legislation for no smoking across the province. It is my understanding that one of the considerations in that legislation is a clause that will make it an offence to smoke within a certain number of metres of an entrance to a building. I can tell you today that that will have a further negative impact on our ability to raise the funds needed to keep our agency operational. Don't get me wrong; I'm not advocating for a reconsideration of the no-smoking legislation. I am merely pointing out one of the repercussions of this legislation. It is my hope that by understanding the challenges we face, some consideration might be given by the province to assist organizations that are trying to improve our communities and their citizens.

At the same time that we are experiencing funding challenges, we are also receiving an increased demand for our services. Last year, we were approached by one of our area high schools with a request that we provide a high-school-based mentoring program in their school, the long-term goal being that we would eventually provide the same service to other area high schools. They indicated they had identified 90 students out of a school population of 900 who were in need of additional support. School personnel felt that our success in both our community-based Big Brother program and our elementary-based in-school mentoring program placed us in the best position to meet their needs. Unfortunately, over a year after meeting with school personnel we are still not in a position to assist, not because we don't recognize the need, not because of an unwillingness to help, but due to the fact that we don't have the core funding to provide the service. With core funding, Big Brothers Big Sisters agencies across the province would be able, over the long term, to begin to address many of the concerns faced by children and youth at greatest risk. Increased concerns about school dropout rates, youth violence, youth suicide and many other safety issues outlined in the addendum to this report challenge each and every one of us to act now.

It is my submission that the various mentoring programs offered by Big Brothers Big Sisters agencies in Ontario are promoting wellness among the youth being served and are also promoting an increased level of wellness for the volunteers. These programs lead to healthier youth, volunteers and communities. This is what we want for the future of our province. We would suggest that these programs are proven and should be supported by whatever resources are available so that they can continue to expand to serve more individuals and make our province a better place for everyone to reach their true potential.

In closing, I would like to leave you with a quote from the book *Roots of Empathy: Changing the World Child by Child*. "Among her examples is a boy she calls Darren, who had a very troubled home life. He lost his mother at four, and lived subsequently in a succession of foster homes. In grade 8, he had already been held back for two years, and he dressed menacing. At the end of a visit of a baby to Darren's classroom, the mother of the baby asked if anyone wanted to try on the Snuggly, the

pouch in which a baby can be carried on a parent's chest. Then, to everyone's surprise, Darren offered to try it. He asked if the baby could be put in. Although the mother was a bit apprehensive, the child was put in, and snuggled up to him. Darren walked to a corner and rocked the baby for several minutes, after which he came back to the mother and the Roots of Empathy instructor and asked, 'If nobody has ever loved you, do you think you could still be a good father?'"

We deal with boys like Darren every day.

**The Chair:** Thank you for your submission. This round of questioning will begin with the official opposition.

**Mr. Barrett:** Thank you, Mr. Hurry, for that presentation on behalf of Big Brothers of Sarnia-Lambton. You make the case for the decline in revenue. You receive no provincial government revenue, I suppose; no government revenue of any kind directly.

**Mr. Hurry:** No, not directly. The only time we would ever receive any form of government money would be through Trillium. Occasionally, we get a grant to hire a summer student.

**Mr. Barrett:** As you indicate, much of that is left with revenue from the bingo operation or the Nevada break-open tickets. You've indicated a drop in bingo revenue when the municipalities here instituted the no-smoking bylaw on September 4, 2004. So the area bingo hall would have a number of other service clubs and what have you that rely on it?

**Mr. Hurry:** Yes. In the hall that we run, there are a total of 84 organizations.

**Mr. Barrett:** So the local bingo hall has indicated that their income has dropped by \$1.1 million.

**Mr. Hurry:** Yes, that's the profit going to those charities.

**Mr. Barrett:** The bingo hall is still open, is it?

**Mr. Hurry:** The bingo hall is still open. In Sarnia-Lambton, there are actually three bingo halls, so the impact on the three bingo halls is probably in excess of \$3 million.

**Mr. Barrett:** A \$3-million decline—and they attribute that to the no-smoking—

**Mr. Hurry:** Yes.

**Mr. Barrett:** So patrons would be going across the border? Would they be going to a native community?

**Mr. Hurry:** I don't know.

**Mr. Barrett:** What would the hit be on your particular agency, then?

**Mr. Hurry:** At one time we raised approximately \$50,000 a year from bingo. In 2004, our income was \$34,000; in 2005, it was \$16,000.

**Mr. Barrett:** Other bingo halls will obviously be impacted this coming May with the province-wide ban on smoking. A number have anticipated—I know a number have closed. This is an Ontario government policy, province-wide. It does have a direct hit on bingos, which, on average, seem to have 50 to 80 charities connected with them. So is there a case to be made to see direct funding from the province in compensation?

**Mr. Hurry:** It would be welcome, I guess. I think a lot of the small organizations and communities are already suffering, the ones that have seen the declines in bingo revenue, and I think that'll continue. It'll get worse once the provincial law comes into effect.

**Mr. Barrett:** Have the area municipalities been able to help you out as a result of their decisions on the bylaw?

**Mr. Hurry:** No, and one of the things that they're facing is declining revenue from casino slots. Because they've had the same experience, that there's not as many people going to casinos or slots, so the municipalities have less money to work with.

**Mr. Barrett:** And going to Michigan, going to—

**The Chair:** Thank you. Now we'll move to the NDP.

**Mr. Prue:** Thank you very much. I was a municipal councillor and a mayor in Toronto before doing this. Our bingo revenues went down immediately, not because of smoking, because that didn't happen for a few years later, but because people started to go to other gambling facilities like slot machines at the racetrack and charity casinos. The bingo revenues were in quite a bit of decline before that. Were the bingos here in decline?

**Mr. Hurry:** Yes. A group of agencies have actually got together and documented our bingo revenues going back prior to the opening of the casino and the slots, and there's a direct drop in revenue to the organizations at each one of those openings. When the slots opened, there was a definite drop, and when the casino opened, it dropped again. It's been impacted by other things, as I indicated. When 9/11 happened, we saw a significant drop in Americans coming across the border. But probably the most significant impact recently has been the institution of the no-smoking bylaw.

**Mr. Prue:** Okay, but bingo has generally been in decline.

**Mr. Hurry:** Yes, because there were casinos and slots.

**Mr. Prue:** Well, or anything. As a gambling institution, it's been in decline for probably 10 to 15 years across Ontario. Would that be a fair statement?

**Mr. Hurry:** I would go back at least to 1998.

**Mr. Prue:** We need to find you some additional revenues, of course. This is the budget committee and we can make some recommendations. Would your group appreciate a recommendation that a certain percentage of the gross revenues that come to the province through gambling proceeds, be it bingo or anything else, go back to charitable organizations?

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**Mr. Hurry:** That would be wonderful. Prior to the opening of the slots, I sent a letter to Helen Johns, the minister responsible at the time, and I got a letter back from her indicating that if we could show that we were adversely impacted by the opening of slots or the casino, there would be some funding available to help organizations. Of course, once the slots and the casino opened, that never happened.

**Mr. Prue:** And I guess the same thing, adversely. There's money put aside for tobacco cessation, mostly

going to farmers—rightly so—but would you recommend that we recommend to the minister that he also look at charities adversely affected?

**Mr. Hurry:** I would, because I think that the charities are working with the most disadvantaged people in the province, people that have probably the least voice, politically, and the ones that need our assistance.

**The Chair:** Thank you. Now we'll move to the government.

**Ms. Di Cocco:** Thank you for your presentation. I know the good work that Big Brothers has done. I met with the national chair of Big Brothers in late 2005, looking at prevention programs and trying to get a sense of what we need to do, and this certainly came up in regard to the good work that Big Brothers does, the evidence that shows the positive results of mentoring with young boys and girls who are in need. I know that both when I was in opposition and now in government, you provided data as to what the dollars are that are declining for charities. I can assure you that we are discussing with Trillium, trying to see if there is any possibility to allocate dollars to those agencies that have seen this decline in revenue because of the charity casinos.

Do you have any kind of a dollar figure for the Sarnia area? I think you said that the decline is \$1 million per bingo hall for charities, or is it just for the whole, for all the revenue that is taken in by bingo halls?

**Mr. Hurry:** The \$1.1 million is a decline in the actual money that was going to charities from that one bingo hall. When I say \$3 million across the three halls, I'm guesstimating a bit there. I don't know the exact figure from the Village or from Bingoland. But at Bingo Country, there are 84 charities. What they received the year immediately after the no-smoking bylaw was \$1.1 million less. That's after all the expenses and everything's been paid up.

**Ms. Di Cocco:** I certainly agree with Mr. Prue that it's incumbent on the committee to relay that there is a need there, that there's a hole that needs to be filled because there is a decline in your ability, especially in areas that have charity casinos come in. I saw the numbers and they showed a cause and effect, the inability to raise monies at bingos because of the charity casino. People were spending their gambling dollars in other venues. We have a charity casino here in Point Edward and we also have the slots and racetrack in Sarnia.

**Mr. Hurry:** One of the points I've made in the past is that communities like Sarnia-Lambton that have a casino and slots, where all the money is coming out of to go into Trillium—the money flowing back across the province is done at \$12 per capita. So if you're in a community that doesn't have slots or a casino, you're getting a bonus because it's not really impacting on your ability to fundraise in that community, where in a community like Sarnia-Lambton that has both slots and a casino, we're taking that money right out of the community. It means less money is available for charities to fundraise in other ways.

**The Chair:** Thank you for your presentation.

CANADIAN NATIONAL  
TAXPAYERS COALITION  
CANADIAN ADVOCATES  
FOR TAX AWARENESS

**The Chair:** I call on the Canadian National Taxpayers Coalition.

**Mr. Norm Gurr:** Good afternoon. I'm Norm Gurr and I represent the Canadian National Taxpayers Coalition. I would like to thank you all for the opportunity to be here today. Being a retired town councillor from South Hampton, I really appreciate all of what you do. I'd like to especially thank Caroline for allowing us to get on here today.

Basically, the Canadian National Taxpayers Coalition is exactly that, and what we are doing is trying to coordinate what is happening in regard to the property taxation issue in Toronto. I believe you all have a booklet that I gave you.

Because we have a strong action plan that is addressing the huge problems with assessment and taxation, our overseeing organization, CAFTA, the Canadian Advocates for Tax Awareness, is a rapidly growing organization with individuals, ratepayer associations and municipal members from all of Ontario. Our website has been growing in popularity, with an amazing 112,204 hits. We are getting hundreds more inquiries every day as our message of hope goes around.

We speak for what is by far the desire of the vast majority of Ontario people. According to a recent SES-Osprey poll, only 18% of people think that market value assessment is fair. If you act, you will please 82% of the people in Ontario.

I'd ask you all to look at page 3 for a moment and I would ask you to tell us what these properties in those six pictures would be worth if they were to be sold. They are all within a few blocks of each other. The owner doesn't know, the realtor doesn't know, but amazingly, MPAC does know, when it has likely never even seen the properties. I was talking to our real estate person this week, and he said that people who wanted to sell their house for \$800,000, he said \$500,000 at most and it went for \$700,000. That's what's happening right now in some of these areas of Ontario where there's a huge demand.

They tell the owner its value, without any explanation. If the owner asks them to show how it was achieved, they tell them it was based on sales of similar properties that they have also not seen. What happens if there have not been any sales? They say it's extrapolated in some way. I was at a meeting last week in Beaver Valley and no houses had sold in that particular area, yet they raised their assessment by 40%. They say to compare it to other similar properties that they also have never seen. Of course, there is the likelihood that there are no houses, as the above shows, that are even similar.

Many people, certainly in our town, which is 50% seniors on old-age pensions, are too shy or lack the understanding, or even lack English, to be able to appeal to these people, and I'll tell you they can be very rude at

times. It does not accomplish what it's purported to do, and that is that the rich help the poor. In fact, it is doing the very opposite, because people are being forced to sell their houses because they can't stay there anymore.

How this can be improved significantly: The house on the left in the pictures on page 5 has been totally renovated over the years into a homeowner's dream. The guy did it all himself, pretty well. The one in the middle is empty and in great disrepair and in need of upkeep, and the one on the right has been well maintained. I don't know how the association knows this without having seen it.

The result is that, as our studies show, about 50% of the total assessment in Ontario is not known by MPAC because houses—yes, they deteriorate, but most of them, as the Home Depots show, are being improved all the time. Our study shows that only 20% of properties sold within 20% of their assessment prices, and a major reason is that no one comes out and complains because their property is under-assessed. Would you do that? Everybody's laughing that they're under-assessed. Well, it's not a very fair system.

In many areas of the province, from cities to towns to rural areas, through changing conditions that have nothing to do with the property owners, prices rise. This can be through such things as new industries, better transportation or through the wealthy or retiring baby boomers seeing an area that is desirable and willing to pay huge prices to be there. In Southampton we have the triple whammy of re-tubing of the Bruce nuclear plant, worth over billions of dollars, as you know, with, I think, 5,000 people eventually coming in, 200 windmills and the beginning of very wealthy baby boomers and others who like the very special lakeside area of our little town.

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This small town's assessment, through mostly these reasons, has risen by almost a quarter of a billion dollars. That's a little rural town. The average increase in Southampton is 24%, which is only the beginning of what will happen as the baby boomers continue to come in. This has dramatically shifted the tax load onto Southampton vis-à-vis other areas in the county where prices have not changed. So this community is paying even more while others are paying less as most taxes go to the county, the school boards and the conservation areas and not to the town. Over 50% of the property owners are either seniors on fixed income or low-paying tourist town service workers who all have humble cottages that have been in the family for a number of years, and now they're being told they're worth \$600,000 and \$700,000.

By far, the most taxes go to pay the downloading by your government. A large amount of property taxes, well over half, do not go to serve the municipality's needs. They pay for programs that are the responsibility of the Ontario and federal governments. What have welfare, ambulances, the health unit, subsidized housing, county roads that are really highways, conservation areas and schools—there's a whole long list of others—got to do

with running a municipality? Most of what the county does is downloading. You can eliminate county governments by taking responsibility for downloading and no complaints would come from Toronto with this new Toronto act, because if they didn't have all this downloading they would be laughing and be able to fix all the things, including their transportation system. It does not accomplish what it is purported to do with the rich helping the poor. In fact, it does the opposite in many cases, and it puts both property owners and local councils and staff under major stress through all the complaints they get.

Municipalities should pay for only those things that towns require such as roads and other infrastructure repair and maintenance, police, fire, recreation, parks and so on. The provincial and federal governments should pay for things that are their responsibilities out of their huge taxation abilities and that reflect the ability to pay.

In the two houses there, they're obviously the same house, but one of them has a lot of money, the other one is an old-age pensioner and yet they're paying more because they happen to be in a more desirable place. There's a picture on the next page, and that is a lady that I know very well who had \$16,000 a year and her taxes were \$4,000 and she was forced to sell a house that she'd raised her children in and her husband had died in.

In the township of Trent Hills, with 11,962 people—6,434 households—over 225 properties are up for sale because of non-payment of taxes. That's what it's doing. Two major businesses in Campbellford have gone out of business or reduced service because of high taxes. Local councils and staff across the province are dealing with angry ratepayers. A car wash in Campbellford had a four-year running battle with MPAC over the resulting tax rise from \$17,000 to \$90,000 in one year. It was finally settled, at the owner's value, but it ended up costing him \$20,000 to fight it. A farmer in Warkworth had his taxes increase by over 90%.

The cost to the taxpayers for a system that does not work has been \$1 billion. You can talk about the gun registry, but there it is. Look what the savings would be to provide your daycare and so on that you want to do. This will increase, as we hear that there were some 220,000 appeals last year, and it's certainly going to increase this year with the new assessment.

Our plans as an organization are: to educate the public and all politicians of various parties and councils and to grow even more. We will be expecting talks with other interested parties such as the Canadian Association for Retired Persons, the Canadian Taxpayers Federation, the AMO and other such organizations in order to develop a common front of millions of people. We will be planning large-scale marches on Queen's Park when the weather warms up, which we really don't want to do. We would hope that action would occur by then. We have had legal advice from one of Canada's top law firms that there are very strong grounds for a class-action, multi-billion-dollar lawsuit against the Ontario government for wrongful and unfair taxation and for breaking the Charter of

Rights and Freedoms by not treating everyone equally. There may be some who will do it for free as long as they get a cut of the take, we have been told.

What are we asking for?

(1) The elimination of downloading so the property taxes only pay for the needs of each municipality, such as infrastructure, garbage and recreation, just as water and sewage are.

(2) The elimination of market value assessment totally as a means for property taxation because it has no clear, fair and understandable basis.

(3) That it be replaced with ways so that all property owners pay the same within a simple formula involving easily measurable means, such as area, kinds of uses, etc.

(4) That the province institute a taxation surcharge on its many taxation means to cover this that will reflect the ability to pay.

It will be a winner in the eyes of 88% of the people who believe it is wrong, as I said earlier.

It is hoped that this can be achieved with close communication and an exchange of ideas that will lead to a happy and satisfactory outcome.

In this regard, we ask that the government adopt the resolution of Mayor Hector Macmillan of Trent Hills as follows, as some 93 municipality councils already have:

"Requesting the Ontario provincial government form a conference inviting CAFTA"—which is our organization—"all municipal leaders, the Minister of Finance and the Minister of Municipal Affairs and Housing, for the purpose of creating a fair and balanced property assessment system."

We would add that influential members of all parties and other organizations, such as CARP and the Canadian Taxpayers Federation, should also be included, and that the report from this committee to the Legislature acknowledge our submission and show that the recommendations are a priority for the Legislature, that we get a copy of your committee discussions on this matter in Hansard and reports from you to the minister and Legislature.

Last year, we got a history of MPAC as an answer for our submission, which was treating us really stupidly. We ask for a response from each of you from this enclosed questionnaire at the end, and we ask for a proper response that addresses our concerns, not another recitation of the history of MVA.

In many of our meetings, e-mails and conversations, the next page is mildly what some property owners believe the Ontario Legislature is like. I'd like you all to look at that and maybe get a little bit of a laugh, because they're saying it's a Disney World out there—and it really is, this whole taxation of property. What it's saying is, "Be a dumb good ass. Let us ride on your back so you can help us carry our overspending responsibilities and be happy." And the donkey is braying and kicking right now. On the next page, this is what we're looking for: It's a happy life without the stress of worrying about your taxes going up on your house. It needs to be quite predictable. And, on the next page, we actually love you

all. You're a hard-working bunch of MPPs, and you're all property owners, like us. So in the very back of this, you will see an application form for CAFTA if you would to join it, and you will all be loved very much.

We have an addendum on here. The addendum lists, on page 20, the various raises that have occurred and also the members who are supporting us from various municipalities in Ontario. We don't want to have what's on page 23: a great protest. We would like to work it out very quietly.

There is a questionnaire in here. I'd like you to ask yourself, do you agree? How many agree with what I've said?

*Interjections.*

**Mr. Gurr:** You don't agree? Just the NDP.

**The Chair:** Thank you for the presentation. This round of questioning will begin with Mr. Prue of the NDP.

**Mr. Prue:** Just on page 15, to start, I think that Phil McNeely looks an awful lot like Wayne Arthurs.

I think what you are requesting is reasonable; I look at page 11, the four parts you have here. There is no real rationale from 1998 onward that property taxes should pay for things that are not related to property. It's a very unfair form of taxation at best. Market value assessment has proven over time that it hasn't worked, particularly in places where taxes have gone up exponentially.

The last one, I think, is the most important, and that's the one I really want to ask you about. There is no question that if the province uploads the \$3 billion or so that is going to pay for welfare, land ambulance, health, daycare, social housing—there's about \$3 billion there—they're going to have to find the money somewhere else. You are suggesting that that money would come from other tax sources, I guess mostly income tax. The \$3 billion would have to come from there, but would you think that's a fairer form of taxation?

**Mr. Gurr:** That's right, because many of us, as homeowners, don't know where the money is coming from. That's the problem, and we're losing our houses. You're not losing Queen's Park. That's the whole point. It has to be based on ability to pay. All these wealthy people with high incomes are changing the values of all the property in our area. They have the ability. They should be paying for it, not the person next door who is a teacher's aide, for example, working in the school making I don't know how much, being forced to pay. If this guy comes in, pays \$700,000 for a house, tears it down and builds a new house as his guest house that he's only going to use once a year because he's got six other houses, why is he punishing the lady next door? That's the problem. She's being forced to sell the house she grew up in with her mother.

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**Mr. Prue:** I have to tell you—and I'm sure all the members are the same, having people come in to see them, particularly retired people and older people who simply want to live in their house until they die, and they can't. Their ability to pay is just not there. They're being

taxed on a capital gain that they are never likely to see in their lifetime. That's the only capital gain I'm aware of where you're taxed before you get it.

**Mr. Gurr:** This is right, and it's not just old people who are suffering. What you're doing is a fraud. It has to be equal for everybody in Canada, and it's not, because it's some invention of somebody out there who imagines what your property is worth. There has to be a clear-cut way, as you do with income tax or sales tax. It's not, and that's where it's really against the Charter of Rights and Freedoms. So we're saying, straighten it out.

I was on the council during Who Does What, and frankly the province said, "This is what you're going to have to do," and we didn't have any say, because we're just creatures of the province, as the term is used. But now the people are kicking. It's not right; you have the right to be taxed fairly and equally, which you're not. Nobody comes and complains when their assessment is low.

**Mr. Prue:** Keep complaining. I'll listen.

**The Chair:** Now we'll move to the government. Mrs. Mitchell.

**Mrs. Mitchell:** Thank you very much for coming, Norm. If everyone doesn't understand, he comes from the most beautiful riding in Ontario, being Huron-Bruce.

**Mr. Gurr:** We have the most beautiful member of the Legislature as well.

**Mrs. Mitchell:** And I think he's swell too. Thank you.

**The Chair:** Order.

**Mrs. Mitchell:** I'm blushing now. Measurable means: Norm, what are you suggesting we start with: the level of services that are used in each area? What do you believe should be the base, the foundation, where we start taxation for the dollars required by municipalities?

**Mr. Gurr:** First of all, it isn't going to be done next week, but we would certainly like an indication from all the parties that it is a priority. It's going to take time. Paul Hazell, our president, who was an assessor, said it would only take 10 days for MPAC to change it over to area or whatever you want to use as a basis, but it can only happen really fairly if that downloading is uploaded. That's what I'm suggesting right now.

I think the first thing you have to do is freeze assessments to what they were, because there's been a huge distortion lately. The baby boomers are causing it, coming on to the market, retiring, husband and wife working, money from their parents and so forth. They're coming in, and I can't believe that properties in Southampton have literally doubled in the last three years, and it's only beginning. We're just at the very edge of the baby boomers who are coming. As you know, lakefront properties in these small towns are very attractive when you live in the city. I would suggest that's a good place to start: Look at how you can take over the downloading eventually, so that people are only paying for the services they get. In fact, you see people paying double taxation for all the downloading if they happen to have a cottage, and that's the basis of our economy.

**Mrs. Mitchell:** One of the—

**The Chair:** Thank you. You got your compliment.

*Laughter.*

**The Chair:** Now we'll move to the official opposition. Mr. Barrett.

**Mr. Barrett:** Mr. Gurr, I appreciate your presenting on behalf of property taxpayers. I hear what you're saying on market value assessment, where you pay based on all the money you would get if you sold tomorrow. I know I've appealed our assessment on my mother's farm. We've owned it for 210 years, with no thought of selling it in 210 years. It's a very large acreage. We've never severed a lot; we've never done anything. We just use it to farm; we hope to keep it for another 200 years.

**Mr. Gurr:** It's a great sentimental attachment as well as an income.

**Mr. Barrett:** But it can be expensive when you pay taxes based on the argument: "Look how much money you'd get if you sold it tomorrow." We don't do that. We farm. I have appealed it a number of times. We resorted to other measures—you've indicated you're waiting for warm weather to come to Queen's Park. What we and many, many area farmers did when our taxes went up with the decline of tobacco farming in our area—in fact, this government is increasing the tobacco tax at midnight tonight by another \$1.25 a carton. It's going to hurt those areas again. We decided to stop paying property taxes. We did that for a number of years, along with our neighbours, and lo and behold, for 10 years our municipality didn't increase our taxes—zero tax increase for 10 years. I suggest that as an option; it has been done elsewhere.

**Mr. Gurr:** Except that you're going to get your property claimed in three years, according to the Municipal Act. That's the trouble. People don't want to do that.

**Mr. Barrett:** So in the third year, you pay up. You pay a very high interest rate, but if you believe in what you're doing, sometimes you have to take some action.

As far as market value assessment and downloading and uploading, in our area, the big problem back then, and why we asked for the changes, was that in many municipalities 60% of property taxes went to the school board. Do you want to go back to that system? We yanked education off land and property. Do you want to put it back as a trade?

**Mr. Gurr:** As an ex-school principal, I think there was a time when you had a little town starting up a log cabin and teaching your kids how to read and write. In today's society there is such mobility, such diversity. Having been a principal in a big inner-city Toronto school, look at the problems I had with 47 nationalities, and a lot of people were extremely poor who required a lot of support. Other areas of the province don't have that kind of thing. In our area, I guess the big thing is busing. It's something that is really becoming more and more a provincial responsibility rather than a local one. Our taxes are going to go up very significantly as these young families come in to work at the Bruce nuclear plant. The number of kids going to school is going to cost us a lot

more. It's a provincial responsibility, which I think should gradually be taken over—not at one big go. Any of this stuff has to be done according to what you can handle.

**Mr. Barrett:** As far as a Charter of Rights and Freedoms challenge, as you would know, in Ontario we no longer have property rights or land rights.

**Mr. Gurr:** That's right. It's important that people do have the right to defend their property, and this isn't happening now under this particular system.

**The Chair:** Thank you for your presentation.

**Mr. Gurr:** I appreciate your listening to me and putting up with me.

#### COMMUNITY HOMELESSNESS INITIATIVE NETWORK

**The Chair:** I call on the Community Homelessness Initiative Network to come forward, please. You have 10 minutes for your presentation. There may be up to 10 minutes of questioning following that. I would ask you to identify yourself for the purposes of Hansard.

**Ms. Kathy Wodzinski:** My name is Kathy Wodzinski. I'm presently the chair of the Community Homelessness Initiative Network of Sarnia-Lambton. For a living, I'm a community legal worker with the legal clinic in Sarnia. For those who are not familiar with that, it's funded by the Ministry of the Attorney General under the Legal Aid Ontario program. It is in that capacity that I have accepted the position of chair of the homelessness committee, and it is the homelessness issue that I'm here to address with you folks today.

I too want to thank you all for coming to what I would argue is the most beautiful riding in Ontario, and I'm sure Ms. Di Cocco would agree with me. We are seen as a rural community, although we're not small, so I hope that the first myth that I don't need to dispel is that small communities, rural communities, do not have a homelessness problem—indeed, we do. We don't step over homeless people on our subway grates, because we don't have them. Our homeless population tends more to be a silent homelessness; I think the term people use is "couch-surfing." They're more often at risk of being homeless. They've left home. They've left bad marriages. They've left abusive marriages. They've left abusive parents. They've landed in our community or at our local college, for whatever reason, and have found themselves without the security of a home; and therefore are sleeping on somebody's couch in a basement until such time as that accommodating person tires of them and they move on. We have a large population of those. So that is the first myth that I want to dispel: that homelessness is only a big city issue; it is not.

The second myth that I hope I don't need to dispel in this day and age is that there are people who choose to be homeless. We often hear that there is a good portion of the people who want to be left alone on the streets, who have been offered places to go and they choose not to. Those people are choosing not to stay in shelters that are

filled with tuberculosis, bedbugs. They're mentally ill people who are in danger, at risk. So when they make that choice, it is not really a choice. Before we even go any further with our local problem, I just want to make sure that everybody understands that.

**1350**

The submission that I have put forth for you today does talk a little bit about our local issues as well as the provincial. Since this is the provincial government that we're talking to, I'm trying to talk broad base as well. Locally, our network came to be when the province downloaded the issue of homelessness onto municipalities. When I first saw the list of people who would be speaking today, little did I think that I would have anything in common with the fellow ahead of me, but clearly I could appreciate much of what he had to say. Sarnia-Lambton inherited homelessness as an issue. Our county wisely came to the people who worked with that population and said, "Teach us. Tell us what the issues are in Sarnia-Lambton," and so we came together as a group and did that, and we continue to monitor those ongoing homelessness programs in our community.

The definition of homelessness, as we define it, includes people who live on the street, in shelters or hostels, or are at risk of being homeless, i.e., the couch-surfers.

The local trends are increasing—they're increasing substantially. Again, I found some commonality with the fellow ahead of me in that in Sarnia what has happened is that many of those seniors who are now unable to maintain their homes are buying down. They're buying smaller properties, which forces the people in smaller properties to move down, and so there is a compression down to the point—and we don't have a lot of affordable housing in Sarnia. So when we compress that population down, we compress them out on to the street or to people's basements.

Our answer to homelessness locally is twofold. Unlike Toronto, London, Ottawa, we address it in two ways. We put them into hotels out on what we refer to as our Golden Mile, which is out almost in the rural part, with very little accessibility to any of the services—what few services we have. We put them out there during such times as those rooms are available, and there often are a couple of times of the year when they aren't available because we have recreational tourism or we go through an industrial boom where transient workers come in and take those units. Those people are then put on the street. The local homelessness workers find themselves unable to work with the motels at that times.

Our local youth shelter is working. We find that it's a transient population that comes in and out at that age.

There has been some success, we have found some affordable housing, but when we can't, the second way we deal with our homelessness population in Sarnia is what we refer to as the Greyhound solution. If you paused in London on the way through, you would find that they inherit many of our homeless people because we do not have shelters we have no transitional housing

except for battered women. So when there are no places to put people, particularly families, anywhere safe, we put them on a Greyhound bus and we ship them to London. That is our disgrace, that's our shame, but we have to live with it because we have no other solutions.

So what can we do? What are we asking the budget to do? It's several-fold. I don't think anybody would be surprised that I ask that pressure be put on to continue with social housing. When we removed that as the responsibility of the government and put it on the backs of private enterprise, we discovered that it didn't work. We've had virtually no new social housing units in about a decade, and we are now beginning to feel the pressure of that. We want to see the agreements that you have with the federal government come forth. There have been four agreements signed, and we've only now just begun to see one actually begin to unfold with some serious units. For Sarnia-Lambton, that will mean 25—not nearly touching our needs in our community, but a start, granted.

But there are things that the government can do. I think I read in the paper this weekend that we're still concerned about the deficit and that it will be the number one thing that we have to look at when this government goes into budget. While that might be applauded by many, I caution you not to do that on the backs of poor people; to recognize that there will always be people in our country, our province and our communities who are unable to help themselves, who can't accept the hand up, who are unable to do with what they're being offered, and we will always need to help them. So if we're going to address the deficit, remember the poor who cannot vote, who will not vote, who don't have a home with which to be attached to a particular riding. And remember that there's nothing sexy about helping them, that they aren't the people that will re-elect you, but our consciences tell us we must help them.

Side from that, we can do things that will not cost this province a dime. We can change the Tenant Protection Act, that has done very little to protect tenants, that puts people at risk of further homelessness, that creates the homelessness problem in such ways as a very short time period for a tenant to dispute—five days, including the weekend. So you get that eviction notice on a Friday, and by Monday, when you might access somebody who speaks English, who reads, three of those five days have already gone by, and on the Tuesday that landlord can have you evicted. That is happening regularly. It would be no cost to the province of Ontario to change those kinds of punitive, difficult regulations to that legislation. The Social Housing Reform Act cannot boast much better legislation to help people maintain their homes. Your home is your right in life. It is not a privilege to have a place to live. There are studies that tell us that staying housed will save us money long-term in health care, in the juvenile detention system, in the judicial system—and it's just the right thing to do.

That's all I have to say.

**The Chair:** Thank you. Now we will move to the government. Ms. Di Cocco.

**Ms. Di Cocco:** Thank you, Kathy, for your presentation today to the committee. I do agree with you: I think Sarnia-Lambton is probably the most beautiful place in Ontario. I just say this for the member from Huron–Bruce.

Anyway, one of the compelling arguments is trying to find, I guess, our responsibility as a society to help those who are in need. One of the questions that was asked of me by someone was, “What can the government do in situations where people are in these circumstances but should be provided opportunities?” It’s the saying, “If you want someone to eat for a lifetime, you teach him how to fish; you don’t just give him fish.”

You have worked with this community for a long time, and you understand it. What would your best advice be in how we empower people to meet the responsibilities that we as a society have, and they themselves have, in bettering their circumstances? What do we need to do collectively, and what should people do individually? Sometimes you find that the more you give, there is this culture of entitlement that ends up also being created. How do you balance the two?

**Ms. Wodzinski:** That’s a good question, and I should have addressed it. Yes, we need to help people help themselves, and we need to have the programs to do that. Right now, we don’t feel that the programs are there to help those people. We believe there’s been such a cycle of poverty for so long that those who want to help themselves no longer have the wherewithal to do that because they’re in the depths of poverty and health issues and mental health issues.

1400

When we talk about having these programs in place, when they were so vastly cut, I know there was a revolution. There was this sense that there are too many people that feel they have an entitlement. Then there was this whole fallacy of the beer-drinking, cigarette-smoking welfare bum. You know what? There probably were some of those people, and the cuts did address that, because when you’re offered \$520 a month to live on, yes, it’s better to go to work. But a decade later, that’s not who’s left. Who’s left are the people who cannot do it. They’re the people who are physically and mentally too sick to do it and who do not have the skills, the tools or the resources. They don’t even know they’re living in poverty. That’s what we’re left with now. So we can’t help those people step up; we have to just help those people. We have those people in our families. We know who we’re talking about. Society will always have a responsibility to address that number of people. There’s no shame in putting money into programs that don’t help people come up; that just help people. We have to do that.

**The Chair:** Thank you. Now we’ll move to the official opposition. Mr. Barrett.

**Mr. Barrett:** Thank you, Ms. Wodzinski, on behalf of the homelessness initiative network.

You indicate that this winter, over last winter, the number of people requiring emergency shelters has gone

up 41%. Did they get shelter? Are these people who are actually on the street, or would some of them be people who are defined as at risk of being homeless?

**Ms. Wodzinski:** Those numbers come directly from the numbers of people who were actually helped, who were removed off the street and either into a shelter or into the Greyhound solution, but at some level were assisted in one way or another.

**Mr. Barrett:** How is it this winter? Are there many on the street right now if we drove downtown?

**Ms. Wodzinski:** No, and that’s the issue. You will never see that in downtown Sarnia, although, if you know where to look, we do have homeless people on the street. But what we’re more likely to have is people showing up at our social service agencies who have left the housing tribunal and have been evicted and have nowhere to go, possible refugees who have come across our bridge and have nowhere to go. So they aren’t the street people that you’re thinking of when we refer to homeless people. They are people who have, for one reason or another, ended up without a place to stay—kicked out of their parents’ homes, ended an abusive relationship. There are all kinds of different variables.

**Mr. Barrett:** So that’s the main reason why, then.

**Ms. Wodzinski:** Yes.

**Mr. Barrett:** The 41% increase in six months: Has this happened in the past?

**Ms. Wodzinski:** No, it’s an anomaly. It’s an anomaly from the past but we suspect it’s a predictor of the future; that, now that we have a homelessness program in place and it’s known in our community, people are accessing it. We’re not sure what they did before; they were probably just not counted.

**Mr. Barrett:** Okay; I see. You talk about when the province downloads the responsibility for the homeless onto municipalities. You’re not suggesting that the province run it, are you, or take it back or take it away from the municipalities?

**Ms. Wodzinski:** I hear you. I know exactly what you’re saying. Yes, I am. I’m suggesting that something as serious as a basic need needs to be under the mandate of both the provincial and federal governments, that there aren’t the resources municipally.

**Mr. Barrett:** I’m just worried about it being administered from Ottawa or Toronto. Sometimes they lose touch with—like you say, “What street and what back alley?”

**Ms. Wodzinski:** If it’s not administered, though, by Toronto or Ottawa then it’s not administered at all. We’re at risk of having no money at all. When it’s a municipally funded program, it’s at the whim of the councillors of the day. So homelessness should never be something that—it shouldn’t come and go; it should be always there. Because of that, it has to come from a higher, top-down level.

**The Chair:** Now we’ll move to the NDP and Mr. Prue.

**Mr. Prue:** Last year, when I sat around, a great many people came and talked about homelessness, and there

ended up being nothing in the budget—nothing for the poor, nothing for children who were poor, nothing for autistic kids, nothing for families in desperate need, nothing for housing. I hope that there are a few more open ears this year because, really, it was the most brutal budget I can remember, going back even to Mike Harris days.

You have talked about increasing social assistance rates. How much do you think they need to go up in order to get people to the poverty level? I'm not asking for them to be rich; how much, to get to the poverty level, will they have to go up?

**Ms. Wodzinski:** The shelter portion of an Ontario Works or Ontario disability support program cheque would minimally have to equal what they're paying in shelter. And that might be another misnomer. You might feel in your large communities that only Toronto is dealing with these large rents. Single-bedroom units in Sarnia run between \$450 and \$550 a month, and they go upwards of \$900 and \$1,000 a month—and these aren't nice units; these are just affordable housing units—for a three- to four-bedroom unit.

I'm suggesting, then, that the shelter would almost need to double, and then, and only then, would they not have to go into their basic personal needs to ensure that they continue to have a roof over their heads.

**Mr. Prue:** You're talking \$520 to \$1,000.

**Ms. Wodzinski:** Yes, back where it was when it was reduced.

**Mr. Prue:** Of course.

The cost of shelter is one thing. The cost of food: The average welfare recipient spends \$2.12 a day on food. We heard the very sad tale today of people in our homes for the aged who get \$5 a day for food. Our prisoners are the best off of all; they get nearly \$10. I've been on the welfare diet, and I ate on \$2.12 a day for 12 days. It's pretty brutal. What do most of these people do? You can't eat on that.

**Ms. Wodzinski:** No. They spend their time in food banks, and doing without. I'm not sure, because many of the people on Ontario Works are people who are ill and can ill afford to not be appropriately fed on a month-to-month basis. Working in this field, we can all cite examples—and I'm sure you've all heard them over and over again—where people, because they've had to pay the rent to save eviction, have little or no money left over to feed themselves and their children. God knows—the basics like toilet paper; they just do without that.

**Mr. Prue:** In terms of public housing, assisted housing, we all want more to be built. But I would have to suggest to you that if you go to some of the larger cities, and probably in Sarnia as well, the housing that exists is in such a bad state of repair, having been forced down from the province to the municipalities which have no money to pay for it: literally millions upon millions—in Toronto, they say \$242 million—to bring the housing to code, never mind building any new stuff.

I know you want both, but which one should the government take priority over—repairing that which we

already have or building new stuff? They don't seem to be doing either.

**Ms. Wodzinski:** In Sarnia, if I have to pick between the two, building new because we have such a scary shortage here. But I know what you mean about the disrepair. There really needs to be a twofold solution to it, but in Sarnia we just need the units, period.

**The Chair:** Thank you for your presentation.

#### COMMUNITY LEGAL ASSISTANCE SARNIA

**The Chair:** I call on Community Legal Assistance Sarnia to come forward, please. Good afternoon. You have 10 minutes for your presentation. There may be up to 10 minutes of questions following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

**Mr. Andrew Bolter:** I'm Andrew Bolter. I'm executive director of Community Legal Assistance Sarnia.

**Ms. Karen Mathewson:** I'm Karen Mathewson, community legal worker at Community Legal Assistance Sarnia.

**Mr. Bolter:** Like I said, I'm the executive director of a community legal clinic in Sarnia. We're a non-profit corporation governed by a local board of directors. The mandate of our five-person law office is to provide services to address the unique needs of the low-income community in Lambton county. We assist the poor with disability appeals, welfare appeals, landlord and tenant issues, employment insurance issues and human rights matters. We also have a mandate to engage in law reform, community development and public legal education.

Like most people who work in the social sector dealing with poverty on a day-to-day basis, I wish I could put myself out of a job. Just in terms of numbers in Lambton county, last year 1,200 people came to our clinic for help. Legal Aid Ontario estimates that there are over 14,000 people in Sarnia-Lambton living in poverty. The County of Lambton Homelessness Plan, 2003-05, found that 43% of the Sarnia population earned less than \$20,000 per year. In Ontario, two million people live in poverty. That's 390,000 children. As the previous speaker said, we're seeing an increased usage of food banks, utility banks and emergency shelters. I would estimate that 35% of our clients have mental health issues, many of which are undiagnosed. What these numbers don't show is the economic cost of poverty, and what I want to do is focus mainly on the health costs of poverty.

#### 1410

Last summer, I heard a talk by Dennis Raphael, who's an associate professor at York in the school of health policy and management. His recent study, called the Social Determinants of Health, provides a chilling account of how public health policy in Canada is widely missing the mark. I urge each member of this committee

to review this book before making any budgetary recommendations. I have a copy that I'm going to give as a gift to the committee.

What Raphael shows graphically and convincingly, with ironclad scientific data to back it up, is that growing up in poverty is by far the biggest determinant for health problems later in life. Astonishingly, income level is a greater determinant of future health problems than behaviours such as smoking, diet and physical activity. In fact, smoking, diet and physical activity are minor health determinants in comparison to income and poverty.

Raphael writes, "Income is a determinant of health itself, but it is also a determinant of the quality of early life, education, employment and working conditions and food security. Income is also a determinant of the quality of housing, need for a social safety net, the experience of social exclusion and the experience of unemployment insecurity across the lifespan."

There are numerous studies that he cites that indicate that "income levels during early childhood, adolescence and adulthood are all independent predictors of who will succumb to disease."

"Low-income children show higher incidences of just about any health-, social- or education-related problem, however defined."

As Raphael points out, there appears to be a policy vacuum by our governments in regard to the social determinants of health analysis.

"Federal program spending as a percentage of GDP is now at 1950s levels, and government policies have increased income and wealth inequalities, created crises in housing and food insecurity, and increased precariousness of employment."

We reap what we sow. That's the refrain that comes to my mind over and over again.

What about the number I quoted, the 390,000 children growing up in poverty in Ontario, where we have more food banks than McDonald's outlets? What are the downstream health care costs? Not only is this a moral failure, but it is also a public policy and economic policy failure.

I can go into the societal costs of children growing up in poverty in terms of social exclusion, children of families who have disabled parents or parents who are under-employed, or even that group of parents who are over-employed. They're working several low-income jobs and are being forced to neglect raising their children so that they can put food on the table. What is the cost of that?

Think about youth crime, which appears to be reaching epidemic proportions. Frankly, the best way to deal with crime is to ensure that no child suffers social exclusion because their parents happen to be poor. Public policy in this province does not factor this in.

In reality, the budget process, of which this committee is a part, is a social policy process. What we're asking is that, when you write your report, you look seriously at recent studies such as Raphael's, which reveal the failure of public policy in this province and country to address

the proven causes of what is driving up the costs of health care. This committee should address this disconnect in its report.

In our view, the evidence is in: Money spent to assist low-income Ontarians will save countless health care dollars. Let's start with child poverty now and take a little less time to pay down the deficit. There are at least 390,000 reasons to do this, and I don't think we can afford not to.

At a community forum in Sarnia in 2003, a mother spoke to us about struggling to raise her child. She said:

"My son and I go out every night for a walk. While we are walking, we look for pennies, dimes, whatever we find on the ground. We have a jar, and we are saving it for a year, and then if there is something that he wants, we are putting the money into the jar so he can get something for Christmas, like a snowboard, which I can't afford for him. It's amazing, because it's such a big deal for him to find a penny. Where some kids would walk right past it, he thinks it's really neat. It's a big deal for him. Now, if I told social assistance that, they'd make me claim it, probably."

I will leave you this thought: Without addressing the real causes of health problems, building more hospitals in order to improve our society's health makes about as much sense as building more prisons and increasing minimum sentences to reduce crime.

Now my colleague Karen Mathewson will talk about some things that the Ontario government can do right now to address this issue of child poverty.

**The Chair:** You have about two minutes left.

**Ms. Karen Mathewson:** I have about two minutes. I'll have to be brief.

We do congratulate the provincial government on some of the changes that they made to social assistance recently, because they have gone some ways to help. Those include: abolishing liens on homes of Ontario Works recipients; exempting incomes and assets of up to \$5,000 for individuals in receipt of Ontario disability benefits; and allowing people to keep registered education savings plans for the children without them being included as income and assets.

However, we're concerned that the provincial government continues to claw back the national child tax benefit. Right now, a person on social assistance may get around \$134 a month per child from the national child tax benefit supplement; \$110 of that is clawed back. A person on social assistance, a single-parent mom, may receive \$527 a month maximum to cover shelter costs. The average cost of a one-bedroom unit in Ontario is \$780. A family of two adults and two children who are in receipt of Ontario Works will receive \$631 a month maximum to cover their basic needs.

Our local Lambton county health unit did a food basket study back in 2002 where only 66 items were put in the basket, as per the guidelines set by the Ontario government. After buying just basic necessities in terms of food—that didn't include pre-packaged frozen meals, any candies, any sweets and extras—the amount of

money that this family was left per person per week was around \$6.40. That \$6.40 was supposed to, and is supposed to, cover toilet paper, medicines, toothpaste, deodorant, transportation—those other basic necessities of life.

We're asking the provincial government to increase social assistance rates for Ontario Works and Ontario disability support program recipients. We're also asking the provincial government to stop the clawback of the national child tax benefit supplement. We're aware that the supplement monies that are clawed back are being put into investment and reinvestment programs for children. We know that about \$400,000 comes to our community, to Lambton county, out of the supplement, but a big part of that—over \$100,000 of that \$400,000—is used to support our food banks, our emergency shelters and our soup kitchens. I suggest that that if money were left in the hands of the people whom it rightfully belongs to, they wouldn't have to be accessing the food banks, the emergency shelter and the soup kitchens.

Again, we're asking for an increase in social assistance rates, a stop to the clawback of the national child tax benefit supplement, and also we'd really like to see transportation monies put into our community. We're a large rural community. Many people in the rural areas of our community and even in the outskirts of our city of Sarnia have no access to buses, because they don't go there. People can't access the very services that the supplement that is being held back from them is being used for.

1420

I'm working with a lady right now. She's a single-parent mum, disabled; is raising five teenage boys, four of whom receive the supplement. They take \$440 a month away from her to put into these investment programs for children. She cannot access the programs because she doesn't have transportation, and she can't access a lot of the programs because her children are too old to qualify for the programs. Give her the \$440 a month, and she's going to be able to help her children a lot more. We would like to see some transportation dollars from the provincial government put into our rural communities so they can have access to bus transportation.

Thank you.

**The Chair:** Thank you. We'll begin this round of questioning with the NDP and Mr. Prue.

**Mr. Prue:** After Mike Harris cut the 21% and then didn't increase the rates, and then with no increase last year from the Liberal government, welfare recipients are said to be about 35% behind where they were in 1995. How much increase are you looking for in this year's budget for welfare and ODSP recipients, particularly children? We have to make a recommendation. Should we say 35%?

**Ms. Mathewson:** Thirty-five per cent sounds good as a start. Okay.

**Mr. Bolter:** I would agree, but at the very least, return to the original rates before the cut. If it has to be less than

35%, put people back where they were seven years ago. It's not going to help a lot, but it will be a start.

**Mr. Prue:** Even the 3% they gave the first year was a start, but after giving nothing this year, the people are actually worse off today than they were under Mike Harris. That's pretty sad.

In terms of the clawback, I think this is the most disgraceful thing I think we have ever done as a society. The have-not provinces of Manitoba and New Brunswick have ended the clawback, but Ontario, who has lots of money, doesn't seem to be able to do it. If this government could only do one thing, many have suggested that that's the one thing they do: if they don't have money for the rates then at least end the clawback so that the federal program designed to alleviate poverty can actually work for the people for whom it's intended. What do you say to that?

**Ms. Mathewson:** You have a tough job.

**Mr. Prue:** They have a tough job. I'm the critic.

**Ms. Mathewson:** You have a tough job, that is true. That's true. Ending the clawback is going to help families with children. It absolutely needs to be done. We have to put that investment into our children, and that's a big way to do it. But I'm concerned that if there's only one choice, that's going to leave thousands and thousands of disabled people in our province who don't have children at the same rates they're at right now, and they need to have an increase in those rates. I'm going to be bad and I'm going to say I want both.

*Interruption.*

**The Chair:** Order, please. Thank you.

For the committee, I was wrong on the rotation. It should have begun with the official opposition, so we'll do that now with Mr. Hudak.

**Mr. Hudak:** No problem. Thank you very much for the presentation. In 2005, Ontario reported an increase in social assistance recipients in the province as a whole. Do you know if that was the case in the county and in the city?

**Mr. Bolter:** An increase in numbers?

**Mr. Hudak:** An increase in the number of people who depend on social assistance.

**Mr. Bolter:** I haven't heard that. I don't know if that's the case in Lambton county or not.

**Mr. Hudak:** In terms of the services you offer, is there anything anecdotally that you've seen an increase in demand for?

**Mr. Bolter:** Certainly housing; loss of housing mainly due to the increased cost in utilities. It's a huge problem. People are losing shelter because of the cost of hydro and gas.

**Mr. Hudak:** I think any good social policy will also do its best to help people move from assistance into the workforce. One of the challenges those on social assistance face is a high marginal tax rate. A lot of benefits will get clawed back when you move into the workforce; health care benefits, for example. Secondly, the wages aren't always great when you're starting out. Do you have any suggestions in helping people move into the workforce on a full-time basis?

**Ms. Mathewson:** In August 2005, the provincial government changed the legislation for Ontario Works recipients who are moving into the workforce to continue their health benefits for a length of time so they can make that transition. That was a really good initiative that the provincial government took on, so we would like to see that continue.

**Mr. Hudak:** Does that go for six months or is it until they reach a certain income level? What's the trigger point for when they lose the benefits?

**Ms. Mathewson:** It's three months, and it can be extended to six months. It's not just that you're at a certain time point and then you're cut off. I think the person's situation, where they're employed, is going to be looked at. There is discretion there on behalf of Ontario Works workers to see if extending health benefits is going to help maintain that person in the workforce. Because lack of health benefits, as you know, in the workforce at minimum wage jobs sometimes leads people to quit those jobs because they've got to get the medications and health benefits for themselves and their children.

**Mr. Hudak:** Absolutely. One of the challenges that I think all members here at the committee have faced in their constituency work is people who are applying for disability benefits and finding it very difficult to qualify, or the time frames involved. Are you still encountering that in your work? Is there any advice you have for the committee on improving that process?

**Mr. Bolter:** Yes, definitely, the length of time. The big barrier is the forms, the complexity of the forms. Physicians have no interest, generally, in filling them out. They do a bad job. So when we get to a hearing, the whole case is thrown out on a technicality because they didn't check a box on a form. The medical profession needs to basically focus on what it needs to be doing in supporting patients. We're finding there's no interest in filling out any government forms, whether they're Ontario Works forms or ODSP forms. It's frankly a disgrace.

**The Chair:** Now we'll move to the government and Ms. Di Cocco.

**Ms. Di Cocco:** Thank you, Karen and Andrew. I appreciate that you came to make the submission to this committee, because I think the issue is very important.

Certainly we've talked about this before, Karen—about the clawback and moving to address that inequity. That is something that is certainly not acceptable to me personally. I know we're working to try to address the two-pronged problem now, which is that we have services that are being funded by the dollars of the clawback, plus reinstating the dollars to the families that require it. When you do the math, it adds up to about \$400 million plus; around that figure. We're just trying to deal with how you maintain those services and then how you restore the clawback. I know there's certainly a lot of discussion around trying to get that addressed and moving forward in a positive way towards getting a resolution to that.

I asked the question of the other presenter, and maybe you can provide advice, because it's a two-pronged issue. You've got the responsibility of society to deal with and help those who cannot help themselves, and then you've also got the individual responsibility of those who can help themselves and how you empower them or provide the opportunities so they can also help themselves. Then you can end up being able to put the resources where they're needed and you've got people getting on their two feet.

I really would like some advice on that because I know that it's about providing—a lot of the argument is that there's more money needed for the households. I understand that. I grew up in a very poor household. I know what that is and I know what my parents had to do to try to get us fed and clothed. They had a lot of life skills that saw us through that. So I understand what that notion of poverty is when it comes to dollar income coming into a family.

**The Chair:** Thank you.

**Ms. Di Cocco:** Just the question, if they could give any advice.

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**Mr. Bolter:** I think, to break that cycle, you've got to deal with children in poverty today. Children in poverty today do not do well in education, they do not do well in terms of social exclusion, they do not do well in terms of health and, frankly, they grow up disenfranchised and unconnected to society. It's a Catch-22: You can't raise a child if you're somebody who can't work. And a lot of people on Ontario Works, like the previous speaker, can't work. They can't find work and it's not their fault; it's just the nature of the way they grew up. They have all kinds of barriers to employment. Like I said, 35% of our clients probably have undiagnosed mental health issues. They don't attach to the workforce as a group, yet they have children. What do you do? Do you take the children away from them or do you help them support their children so at least their children can grow up with some opportunities?

That is why you've got to get money back into the doors of the families and not have a thousand agencies dealing with the downstream problems created by children growing up in poverty. That's why Raphael's analysis is ironclad. If you don't do that, what are the costs down the road? On a pure economic analysis, it makes sense: Get money back into the family and don't worry about—the people who are going to reconnect to the workforce, do. Nobody chooses to live on social assistance in this province.

**The Chair:** Thank you for your presentation this afternoon.

#### SARNIA-LAMBTON HOME BUILDERS' ASSOCIATION

**The Chair:** Now I call on the Sarnia-Lambton Home Builders' Association to please come forward. Good afternoon. You have 10 minutes for your presentation.

There may be up to 10 minutes of questioning following that. I'd ask you to identify yourself for the purposes of our recording Hansard.

**Mr Matt McEachran:** Good afternoon. My name is Matt McEachran, and I am the president of the Sarnia-Lambton Home Builders' Association. First of all, thank you for allowing me to talk to you today. I also thank you for coming to Sarnia. It's a small, little town on the edge of Ontario, but we're glad that you guys came to hear what all of us here have to say.

As I mentioned, I'm with the Sarnia home builders' association. It's a volunteer position. I've been involved in the residential construction industry for eight years now, and I'm currently general manager of Bluewater Country, a retirement community here in Sarnia. Over the past eight years, our firm has built about 150 homes in Sarnia.

The Sarnia-Lambton Home Builders' Association is the voice of the residential construction industry for this region of Ontario. Our association includes just over 30 companies involved in all aspects of the industry: trade, suppliers and constructors. Together we employ about 150 people directly, and are an important component of the local economy. Our local association is also one of the 31 that form the Ontario Home Builders' Association.

The Ontario Home Builders' Association and the Canada Mortgage and Housing Corp. are forecasting a very healthy 75,000 housing starts for 2006. Renovation spending is also very strong across the province, and we're expecting another good year this year as well. Locally, we had 201 new housing starts and expect 2006 to have less starts, but still to be a pretty strong year. In short, I think that residential construction is one of the bright spots of many in Ontario's economy. There are a few barriers that we in Sarnia would ask for your help with in addressing.

One of them is development charges. We've heard some talk and discussion about possible changes to the Development Charges Act. Apparently, there are thoughts about changing the act to allow additional infrastructure and services to be included as costs that we pass on. We would like to voice our opposition to this. Housing is the highest-taxed commodity in Ontario, after alcohol and cigarettes, so the OHBA tells us. That's an unfortunate fact that seriously impedes the ability of our membership to provide affordable housing.

We also support the Ontario Home Builders' Association request for a development charges peer review process. This would be an independent and transparent third party to resolve disputes between municipalities and the building industry regarding the method by which development charges are calculated. The process should be funded through an amount collected on a per-unit basis in the development charges, so again would hopefully be self-funded, not a further burden.

Another issue we had was the underground economy, and I know this is a big one as well for the provincial government. We're facing a lot of pressure from the underground economy as we try to compete as legitimate

renovators and constructors. Unscrupulous workers hurt the reputation and competitiveness of legitimate builders, and they cheat governments out of apparently over \$1 billion per year in taxes. So we would ask the province to continue to work with industry to seek ways of encouraging and enticing customers to utilize the skills and services of legitimate and honest renovators and contractors.

The Ontario Home Builders' Association has worked with the Ministry of Labour on these and other issues. The Minister of Labour believes that mandatory Workplace Safety and Insurance Board coverage for all independent operators and executive officers of companies will capture a large portion of underground activity. Our membership couldn't disagree more. We feel that really the principal reasons many individuals and companies choose to operate underground, so to speak, is because of overregulation and excessive taxation. These difficult issues need to be addressed if we're actually to make progress on this problem. We don't claim it's going to be an easy solution, but we think we should attack what really is the main problem.

Just one specific suggestion: WSIB and the Canada Revenue Agency are working together on a few issues to try and track down some of the people who are operating underground, which we're all for and think is great. In perhaps a minor note, WSIB and CRA have different definitions of what exactly an independent operator is. That's one area where we think that if the WSIB and the CRA could work together and come up with one working definition and simplify it, a lot of individuals would be not as intimidated to come forward and register as independent operators and get the proper paperwork and get on with operating legitimately.

The third issue that we wanted to talk about was residential fire sprinklers. It's our understanding that private member's Bill 2, An Act to Amend the Building Code Act, has reached or already passed second reading. We feel that this bill should be defeated and really not be wasting any more of the government's time and taxpayers' money. The Sarnia-Lambton Home Builders' Association doesn't support what would be a pretty significant increase in the cost of housing, especially when so many consumers apparently don't want to pay for it. Again, it's compounding the problem we have with not enough affordable housing.

Furthermore, we feel that as a society—I think everybody sees ads in the paper with firefighters trying to encourage people just to change the batteries in their smoke detectors now. If we can't get people to do that, we think it's going to be nearly impossible to get people to maintain a sprinkler system in their home, especially when it is very likely they're going to end up having to pay somebody to do it for them. We support both hard-wired and battery-operated smoke alarms installed in every home. We feel it's just as safe and far less costly.

The last item we wanted to talk about was skilled labour. In Sarnia, we're feeling the crunch. It's not as pronounced here as in other parts of the province, to be

totally honest, but it is becoming more of a concern. Informing and educating the public about opportunities available in the construction industry and fighting back against some of the negative stereotypes associated with skilled trades is a pretty big challenge that our industry is trying to cope with. Careers in the trades have traditionally been considered as secondary options for many students. Our membership would like to encourage the development of co-op programs at the high school and college level that would bring students on to sites and provide hands-on experience at an early age in construction and safety practices.

In conclusion, I just want to thank everybody for their attention and extend an invitation that in the next budget we can show that we can work together and maintain what I think is a strong industry in Ontario. Hopefully, everybody would agree that that's something we want to promote and maintain, and not get too greedy on either side, as home builders or suppliers or as government. We just want to keep it thriving. Thank you very much.

**The Chair:** We'll begin with Mr. Prue.

**Mr. Prue:** I'll cede, in order to be fair to my Conservative colleague, and get back in rotation the next time.

**Mr. Hudak:** We're very sensitive about time and the pecking order.

Thanks very much for the presentation on behalf of the Sarnia-Lambton Home Builders' Association; you make some very good points. You're right: The private member's bill is active. It has passed second reading, so it's before the Legislature. Whether it's called for third and final reading debate and a vote, we don't know.

You do raise some concerns about the increase in cost to a home and the maintenance costs to keep that active. Can you give me an example of what it would cost to install for a typical home in the Sarnia area, and then for regular maintenance?

**Mr. McEachran:** We haven't done any research here in Sarnia. The Ontario Home Builders' Association did a study of a few different places and came up with an average between \$2,000 and \$3,000. It might be a little less in Sarnia if the homes are a little less, but that's probably a reasonable number.

**Mr. Hudak:** And ongoing maintenance for a home sprinkler system?

**Mr. McEachran:** To be honest, I don't know. I'd probably have to ask a sprinkler company. I know that where I operate, we have a clubhouse and we have to have an annual inspection done on it. Whether that would be required for homes—I would certainly think, if not every year, then every two or three years would be my guess.

**Mr. Hudak:** I think any good government economic policy would encourage home ownership: pursuing that Canadian dream of owning your own home and backyard or garden—what you like—or a condo if you live in the city. What advice do you give the committee to encourage home ownership and help young people buy their first home?

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**Mr. McEachran:** That's a good question. I think, really, that a lot of good has been happening already. What's been going on in the province has been good over the last few years; it's cooling off now. To be totally blunt, I would say the biggest thing is, let's not both get greedy and kill the goose that's laying the golden eggs.

**Mr. Hudak:** How would we strangle the golden goose? What are you concerned about?

**Mr. McEachran:** My personal opinion is that there's already a lot of taxation on houses, as I pointed out, and a lot of overregulation. The first step is, let's not get any worse. Let's not do more of those two things, and let's try to keep consumers buying homes. That generates a lot of economic spinoff for everybody.

**Mr. Hudak:** Another debate we hear quite a bit in the home building industry is about the OMB: whether there should be OMB reform and, if so, what kind. Do you have a lot of issues with the OMB in Sarnia and Lambton county, or is it running pretty smoothly? What's your advice?

**Mr. McEachran:** To be totally honest, that wasn't one of the issues our members brought up. I think, by and large, we might have disagreements from time to time, but things generally run pretty smoothly in Lambton county.

**Mr. Hudak:** Do I still have time, Chair?

**The Chair:** Thank you. We'll go to—

*Interjection.*

**The Chair:** Do you want back in?

**Mr. Prue:** We'll be back on track next time.

**The Chair:** All right.

**Mr. Prue:** I'm just trying to do it right. It's not complicated; it's easy.

**Mr. Hudak:** It's very structured.

**Mr. Prue:** Yes, structured.

I agree with some of what you said, but I have to tell you that I consider Bill 2 absolutely essential—although it's not my bill, I did speak to it in the Legislature back then—and I am astonished and somewhat appalled that you would oppose it. This would add about a quarter of 1% to the cost of a new house. How many people are not going to buy a house if it's a quarter of 1% more in cost?

**Mr. McEachran:** Actually, that's a good question. If I had known you spoke on it, I would have read that speech beforehand. Basically, there's a good study—I'm not sure if you guys have this. The OHBA made a presentation to the Minister of Finance's pre-budget consultation process; I'm not sure if that's you or somebody else. They hired an economist to do a study to calculate exactly how much revenue and how much housing will stop for every \$1,000 increase on average in the GTA. Specifically in Sarnia, I would say that would be even more severe, because our house prices are less. At my own company, we try very hard to keep costs as low as possible, because we believe that the higher prices go, the fewer houses we'll sell. Do I have a number per \$1,000? I don't.

**Mr. Prue:** Okay. The firefighters and the fire marshal were there, and they explained how much money it was going to save and how many lives it was going to save. Have you calculated that in?

**Mr. McEachran:** No. I'd like to see the hard-facts evidence. I've heard studies that say the opposite: that smoke detectors on every level, which I believe is the law now in Ontario—in my opinion, at least one of them should be battery-operated so you don't burn your house down with candles. I don't know that a sprinkler system is going to save more lives than that. I also don't know that an inactive or ineffective sprinkler system that hasn't been maintained is going to save anybody's life, but it will create a false sense of security.

**Mr. Prue:** The fire marshal also said that the failure of those systems is one per 100,000.

**Mr. McEachran:** Again, I would ask, were those systems properly maintained or were they ignored by homeowners?

**Mr. Prue:** No, that's one per 100,000 once installed. I just don't know where you're coming from with this, because it's diametrically opposed to the real facts. Also, the flashpoint in a fire: We have firefighters killed every year who walk into a fire. The flashpoint is usually eight minutes; with a home sprinkler system it's about 20 minutes. So the incidence of firefighters dying would go way down too. Do you have a position on that?

**Mr. McEachran:** No. First of all, I'm not saying that home sprinkler systems wouldn't save any lives at all; I'm saying we need to look at the entire picture. As far as firefighters, I've got to be honest, that's truthfully a point I hadn't considered. I would like to consider, again, how many people will die when they don't maintain their system and assume it's going to work. A smoke detector without a battery isn't going to save anybody's life, and a sprinkler alarm system that's not maintained because somebody didn't want to spend \$100 a year to pay somebody to come in and maintain it won't save anybody's life either.

**The Chair:** Thank you. Now we'll move to the government.

**Mr. John Wilkinson (Perth–Middlesex):** Thanks for coming in, Matt. We appreciate it. The housing industry is a huge economic generator for this province. You're absolutely right: It's a question of balance and making sure we have balance in regard to tax policy, and have the conditions where people are getting ahead, because when they're getting ahead, they're always getting new houses, and we like that.

The development charges thing is somewhat new to me, so I'll make sure we pass that along to the appropriate people. I hadn't heard that before.

The underground economy: You're absolutely bang on. There are people not paying taxes, so that you and I pay more, and that's not fair. But I appreciate the suggestion about making sure the WSIB and CRA are together on the same page instead of being at cross-purposes.

In regard to the fire sprinkler issue, houses with sprinklers pay a lot less home insurance as well, so there

is a reduced operating cost to the consumer if they do that. We had a great debate at Queen's Park about that, and every fire chief in the province was there, personally or in spirit, in support of that. I think we need some refinement on that. The home builders, I think, need to look at that.

In regard to skilled labour—that's my question—we're doing a lot to try to promote gold-collar jobs with our young people, that there are great careers in the skilled trades where you can make a wonderful living for you and your family. I know that OYA, the Ontario youth apprenticeship program, is supported by the home builders. What are you doing specifically in Sarnia-Lambton to try to spread the gospel of skilled labour as a wonderful career? Are you working with the school boards on that?

**Mr. McEachran:** Actually, it's an excellent question. That's one of the things we really just came up and addressed. Rather than just sitting around and complaining, we are trying to make constructive progress on it. We haven't actually taken our own advice yet and started working on it locally with school boards. This was probably the first time, when we sat down to do this list, that it really came on the radar in a major way.

**Mr. Wilkinson:** Some of your peers are doing that. I know they've been doing that in the Perth county area, working with the school boards: the Ontario youth apprenticeship program coming out in grades 7 and 8. Kids are learning how to solder and do CAD and create things—getting that message out. I think if you ask the parents of grade 5 students, "Where is your child going after high school?", 80% say university, although only about a third will. So we have this tremendous parental expectation about university, and we need to change the opinion of parents about these great gold-collar jobs that are out there for the asking, and we just don't have enough people going into those fields. Anything you can do to help us with that would be greatly appreciated, because it helps build our economy.

**Mr. McEachran:** Actually, it's a good idea. To be honest, I hadn't thought of grades 7 and 8—that young—as a place to start.

**Mr. Wilkinson:** There's a program in Perth and Huron counties. They're doing that.

**Mr. McEachran:** That's a good suggestion.

**Mr. Wilkinson:** It's a great idea.

**The Chair:** Thank you for your presentation.

#### ONTARIO SECONDARY SCHOOL TEACHERS' FEDERATION, DISTRICT 11

**The Chair:** I call on the Ontario Secondary School Teachers' Federation, District 11, to come forward, please. Good afternoon. You have 10 minutes for your presentation. There may be up to 10 minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

**Ms. Wendy Anes Hirschegger:** My name is Wendy Anes Hirschegger, and I'm the president of the Ontario

Secondary School Teachers' Federation, District 11, Thames Valley. I'm pleased to be here on behalf of the Ontario Secondary School Teachers' Federation, District 11, Thames Valley, to make a presentation to the 2006 pre-budget hearings. Thank you for the opportunity. I will begin my presentation with a preamble and then make specific recommendations for your consideration.

OSSTF, District 11, Thames Valley, continues to appreciate this government's focus on education and its support of teachers and education workers. After eight years of the previous government's attempts to discredit public education and the very teachers and education workers who were to implement that government's ill-considered reforms under ever-decreasing education funding, many of the initiatives of the first two years of the Ontario Liberal government have come as a welcome relief. That said, eight years of damage done to public education and ever-increasing needs and costs cannot be rectified in only two years, so there remains much to be done and much to be repaired. My presentation will focus on these areas in the local context of the Thames Valley District School Board and the secondary school teachers and other education workers who are represented by OSSTF, District 11.

Recommendation 1: Funding formula benchmarks continue to fall short of actual costs and needs and must therefore be updated and have built-in cost-of-living and inflation increases.

The funding formula generates the funding for the operating costs of the board. However, they have been so seriously underfunded for so long and have not yet been brought up to reflect cost-of-living and inflation increases that many of the funding lines continue to be underfunded, even though in the last two years there have been modest increases. In particular, benefit costs continue to rise dramatically, beyond even inflation, and this puts huge pressure on budgets and compensation packages.

In addition, a considerable problem exists in Thames Valley around declining enrolment. At present, this board has many more schools open than the funding formula supports. Furthermore, the board is in a declining enrolment situation. At the same time, the government requested a moratorium on school closures, so the board must continue to operate those schools.

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Not only does the Thames Valley District School Board have the second-largest number of excess pupil places in the province, but the pupil places it does have are in the wrong areas. There are some schools filled to bursting in high-growth areas, and there are others which are half empty in other areas. A long-term accommodation study commissioned by the board from C.N. Watson and Associates recommended the closure and/or consolidation of quite a number of schools in some areas of the board, and the building of additions or new schools in others. These recommendations are being studied by the board of trustees and the senior administration in the development of the capital plan. In the meantime, however, the result is that staff and resources are shifted from

larger schools to smaller ones or that smaller schools get fewer staff, resources and budget. In either case, all are stretched much too far.

Let me give you a concrete example of what happens when this is done. In Thames Valley, we have 29 secondary schools and one grades 7 to 9 school serving high school students. In order to have a qualified teacher-librarian available to teach informational literacy and research skills every period of the day all year, each school would need 1.33 full-time equivalent teacher-librarians. Contractually, one full-time teacher-librarian is assigned to the library for six of the eight periods over the course of a school year. Therefore, for 30 schools, Thames Valley would require 40 teacher-librarians. However, the funding formula only generates one full-time teacher-librarian per 909 full-time equivalent students, so for Thames Valley's total secondary student population, the funding formula generates only 27.67 teacher-librarians.

As a result, only three very large high schools have a teacher-librarian for all eight periods over the course of the year; four high schools have a teacher-librarian for seven of the eight periods; 12 high schools have a teacher-librarian for six periods; three high schools have one for five periods; three high schools have one for four periods; and three high schools have a teacher-librarian for only three periods out of the eight.

Given the fact that a well-staffed and well-stocked library is critical to literacy development and enhancement and to the education of all students, here is an example of a benchmark factor seriously in need of updating. Every high school, regardless of size, should have a teacher-librarian available for every period of the day.

Recommendation 2: The education funding formula should be based on the actual number of credits students take instead of the average of 7.5 credits per student.

While it is true that as of 2005, the government moved the funding for additional credits from the teacher compensation grant, where a board could apply for funding for up to 7.5 average student credits to the foundation grant, it also kept the average number of credits that are funded at a maximum of 7.5. This will continue to impact negatively on school boards since, in most boards, students take an average of more than 7.5 credits. In the Thames Valley District School Board, secondary school students take an average of 7.7 credits. On the surface, this doesn't sound like much of a difference. However, if 7.7 credits were used, the funding formula would generate over 38 more full-time teachers for the board. If those teachers can't be hired, the only other thing that can happen is that class sizes go up. Neither situation—not enough teachers or larger class sizes—is good for student learning and student success. If the board hires the teachers anyway, then the money comes from other parts of the budget, possibly short-changing other areas.

Students take more classes for a wide variety of reasons. Some students take more courses beyond the required number for graduation in order to have a wider

range of post-secondary options. Others need to retake a course they have failed. Still others wish to upgrade courses in order to have a better chance of post-secondary admissions. Some don't feel ready for post-secondary education at only 17 years of age. There are many good and valid reasons why students take more courses than necessary, but boards are being penalized by inadequate funding as a result when the funding is based on a lower average number of courses than students actually take.

**Recommendation 3:** The education funding formula needs to be modified to include dedicated funding for generating school support staff to ensure adequate levels of professional student support staff, plant support staff and office, clerical and technical support staff who are directly employed by school boards.

The funding formula does not generate enough support staff positions, nor is the funding that is allocated for those positions restricted for use in those areas. As a result, when a board is looking for places to take funding from to cover shortfalls in other areas, it is from these areas that it is often taken, leaving schools with fewer professional personnel such as psychologists, speech-language pathologists and attendance counsellors, and fewer secretaries, custodians and technical support staff.

This has two negative effects on the school system. First, the workload of those remaining goes up, and often some of their duties are downloaded to teachers. Second, there are fewer adults in the schools. Let me give you some examples. If two custodians must do the work previously done by three custodians and there aren't fewer classrooms to clean and they have the same number of hours, it follows that they are spending less time cleaning each classroom or the time elapsed between cleanings is longer. In either case, this negatively affects the learning environment of the students and the working environment of the teachers and other education workers. Or similarly, where there are fewer secretaries, some of the work they used to do—typing exams, photocopying, mark entry, for example—is downloaded to teachers. This adds to the amount of paper-shuffling teachers have to do, taking them away from more useful work such as lesson planning, assessment and evaluation or providing additional assistance to students outside of class.

In both cases, these situations mean that there are fewer adults in any given building, and that gives rise to more potential for behaviour problems among students. With safe schools being a priority for teachers, education workers, administrations, the government and the public at large, it makes no sense to have fewer adults in a school. The higher the number of adults in a building, the less likely it is that there will be problems with bullying, violence and intruders. Video cameras are sometimes helpful, but nothing can replace adult presence in a building in order to maintain a peaceful and safe atmosphere.

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

**Ms. Hirschegger:** And this is about half the length it was last year. Okay. I'll go fast.

**Recommendation 4:** The government needs to re-establish funding levels for students over the age of 21 and to support adult English-as-a-second-language and literacy courses in schools operated by district school boards.

The government report Ontario Learns: Strengthening Our Adult Education System, indicates that improving and enhancing adult education has far-reaching and long-term benefits to all aspects of society. Page 11 of that report refers to an OECD/UNESCO report which found that "adult education and training can contribute directly to the goals of higher performance for underachieving students in the K to 12 system when the adults in their lives gain the language, literacy, and numeracy skills that they need to effectively participate in their children's education." Given that this is the case, we should be doing everything possible to provide and expand adult education opportunities for the communities served by this board and across the province, but in order to do so, the funding for adult education must be increased.

**Recommendation 5:** In terms of special education funding, the government needs to increase the SEPPA grants as well as revise the special education funding model so that it reflects actual incidence rates and has a built-in generator which accounts for inflation.

In the Thames Valley District School Board, an area of particular concern is the effect that declining enrolment is having on funding. Even though the overall population is declining, the number of students needing special education support but who are not in the "high needs" category is not necessarily declining correspondingly. Merely to maintain the services that the board provides at present means that money has to be diverted from other areas or taken from reserves. In the preliminary budget for 2005-06, the TVDSB estimated a shortfall for special education of nearly \$2.2 million.

**Number 6:** One area where the government could realize significant savings in order to offset the needs for increased funding in other areas is to eliminate the Education Quality and Accountability Office and its expensive tests. Sampling could produce valid results to assist educators with reviewing curriculum and identifying problem areas. The classroom teacher remains the most reliable person to assess student achievement and to provide remediation.

**The Chair:** Thank you. I think we will move to the questioning now. You have your points on record, though. Thank you very much. We'll move to the government. Mr. Arthurs.

**Mr. Arthurs:** You may have a chance to finish the complete presentation. I'm going to jump to near the end, and that's item 6. It's the recommendation to eliminate the Education Quality and Accountability Office and the expense related thereto. Recognizing that the government wants to ensure that there are results, we do results-based planning. We want to ensure that the outcomes of activities in a whole variety of areas, whether it's health or education, are measurable and have positive outcomes. So simply eliminating it and hoping that the system will

provide good outcomes I don't think is a viable option. What kind of recommendations would you make as an alternative to ensure that we can adequately measure the outcomes and ensure that they are positive outcomes?

**1500**

**Ms. Hirschegger:** As I indicated, the same results can be achieved through sampling rather than every student, every test. The government needs to ensure that the curriculum is doing the job that it needs to be doing and that the students are able to learn the curriculum. These tests are one-day or one-occasion snapshots. A far more reliable measure of student achievement is the ongoing assessment and evaluation that students get in the classroom. There are also still the national and international tests, which show that Ontario students continue to perform very well in those areas as well.

As I mentioned in my report, one only has to look south of the border to see what ridiculous lengths standardized testing is taken to in the United States under the No Child Left Behind Act to see that these kinds of tests just distort what's really going on and what's really worthwhile in classrooms.

**The Chair:** We don't have time for another question, so we'll move to the official opposition.

**Mr. Hudak:** Thank you very much for the presentation this afternoon. I just want to say at the outset, and I mean it with respect, that I do find the sort of screedish nature of the preamble a little bit disconcerting. Even if I disagree with my colleagues from time to time, I do think their intentions are honourable. I wanted to register that concern.

There's been a couple of recent announcements by the education minister that have not been well received by the general public, and I'm curious if OSSTF has a position. The first is the proposal to not allow students to have a driver's licence if they don't stay in school till the age of 18. Particularly those who come from rural areas like Lambton county, for example, may find that difficult. The second is the suggestion to increase trustees' honoraria; some media outlets have speculated up to \$50,000 for school board trustees. I'm wondering if you had a concern about either of those two policies.

**Ms. Hirschegger:** OSSTF doesn't believe that withholding a driver's licence would be beneficial. There are many students who don't drive or don't wish to learn to drive, and many students who need to be able to drive in order to take care of their families or for a wide variety of things: engage in extracurriculars, for example, after school, things like that. I do note that a similar bill had been introduced by Wayne Wettlaufer of Kitchener-Waterloo, one of the ridings there, as, I believe, a private member's bill in one of the previous sessions. That was for truancy. We didn't support that then either. We think students should be encouraged to stay in school by using good programs rather than withholding a driver's licence. The Thames Valley board has a couple of very good programs in the Destinations and Reconnecting to your Future programs, which are especially designed to re-engage students in the school system, make them want to

be there and achieve a diploma and the skills necessary, whether they're going to apprenticeships, skilled trades, colleges or universities, whatever their goals are.

As for the trustees, the trustees have an absolutely huge job. Watching the trustees in my board—I go to the board meetings almost every time and they work a tremendous amount. They have reams of stuff to read and process. So I think indeed a greater recognition of that in some way is worth considering.

**Mr. Hudak:** An EQAO test—I appreciate the point you've made—not one that I agree with. But is there a level of standardized testing that you think is appropriate in our schools, or should there not be a standardized testing regime that's province-wide?

**Ms. Hirschegger:** I don't think there should be a standardized testing regime at all, no, because students are so very different all over the place.

A recent example from the Ontario secondary school literacy test, I believe from last year or the year before, had a passage talking about subways. Students in northern and rural areas who don't know what a subway is thought it was a sandwich shop. It's very hard to develop something that has validity and meaning to all students across our variety of situations, whether they're urban or rural. There are students from diverse backgrounds. I still believe that with a good curriculum, good teachers who are well resourced can do a far better job of anticipating and evaluating student performance than standardized tests.

**The Chair:** Thank you. Now Mr. Prue of the NDP.

**Mr. Prue:** First, back to the standardized tests. I'm totally empathetic with you, but it seems that the public has an appetite for these. I don't understand why parents think this is good. I see them opening them up the page to see where their kids are at, whether the school meets expectations or not, and I can tell them in advance before it's even published. Those schools that are in the rich areas in my constituency are going to be at the top and those that are from the underprivileged areas are going to be at the bottom. It is absolutely of no value whatsoever. Am I right?

**Ms. Hirschegger:** I would tend to agree with you, although I think we have high-performing schools in every area, and it speaks to the level of commitment of the teachers, the education workers and the administrations in those schools. They are trying to mitigate against the very factors that might traditionally hold them back, and I don't think standardized testing will do that. As for why the public has an appetite for them, perhaps they just don't understand what they really show. Maybe it's a touch of competitiveness, too.

**Mr. Prue:** I suppose, but it does cause problems within my community because people come into my office—and I can't do anything about it—and say they want their son or daughter to go to this school over here and not the one that's closest to them because they feel the education there is inferior. When you explain, no, that the board is putting in extra money, they're putting in extra resources, they understand there are problems, that will not assuage their fears at all.

**Ms. Hirschegger:** I think if they would go visit the schools, principals and teachers and take a look at the resources that are in the schools, they might have their fears allayed in some respect. It's partly our job to educate the public too, I think, on the matter of standardized testing and what it can and can't show. And maybe real estate agents don't do us a whole lot of favours either when they use the rankings to—

**Mr. Prue:** Sell houses.

**Ms. Hirschegger:** Yes.

**Mr. Prue:** How much would we save if we abolished the EQAO?

**Ms. Hirschegger:** Information I have from the provincial office indicates possibly up to \$50 million.

**Mr. Prue:** And that could go into other lines of education.

**Ms. Hirschegger:** Absolutely.

**Mr. Prue:** "This board has many more schools open than the funding formula supports" and has "a declining enrolment." Whenever boards and, I guess, governments attempt to close down schools, there's a huge community uproar. Not only are they losing a resource but their kids have to travel farther, usually by bus, and there's a whole community against this kind of stuff. Yet you seem to be indicating that it's probably a preferable situation to build bigger and better schools. Or are you going the other way and I'm reading it wrong?

**Ms. Hirschegger:** That was, of course, using the information I had. I think what we really need to do is ensure that schools have the funding and the personnel and the resources they need to keep them open. Certainly there comes a point at which a school might become just not viable: Too few students and you can't get the breadth of program or that sort of thing. But in many of the areas of our board, we have one-high-school communities, and closing the school would have an economic impact far beyond the fact of simply closing the school and having the students ride a bus elsewhere. We can do a lot of things in terms of enhancements of programs, but all of that takes money. It's using artificial formulae to fit situations that very rarely are the average that is causing the problem.

**The Chair:** Thank you for your presentation.

1510

#### LAMBTON COLLEGE OF APPLIED ARTS AND TECHNOLOGY

**The Chair:** I'll call on Lambton College to come forward, please. Good afternoon. You have 10 minutes for your presentation. There may be up to 10 minutes of questioning following that. I would ask you to identify yourself for the purposes of Hansard.

**Mr. Tony Hanlon:** Good afternoon. My name is Tony Hanlon. I'm president at Lambton College. Welcome to Sarnia. I've been here about four years, so I'm actually having a bit of a flashback. I did my job interview here and it was about 15 people who sat around a table, so if I start to break out in a sweat, you'll understand.

You will be receiving or probably have received a submission from the association of colleges of Ontario, so my presentation is a little more general in context and my recommendations are really one, and we'll get to that at the end.

As I think you know, this is a critical time for Ontario. There are dramatic shifts taking place in our workforce today, and I've identified four primary factors.

One is the global challenge from economic powers that are emerging, such as Brazil, China and India. I was recently in China. They refer to themselves as a developing country. I think they're hoodwinking all of us. They're way beyond a developing country.

There are also rapid changes in technology that are making many of today's job skills obsolete. To give you an example of that, at our college we have a process simulation lab. Some of you, or at least your children, may be fans of *The Simpsons*. The last thing you want is Homer Simpson running a chemical process plant. It could be quite catastrophic. We have a lab at our college that trains process engineers; it's actually a four-year training program. We just purchased new software to keep up with the technology: \$40,000 for one piece of software. We have to do that to ensure these people are ready to hit the workforce.

There are a number of skill shortages due to a growing economy. I know you've heard from other parts of the province where plants are laying off and so on, but that certainly isn't the case in Sarnia-Lambton. We also, as you probably have heard many times, are facing a number of retirements coming up in the near future. To put that in context for you, we know that in the Chemical Valley, 40% to 50% of their workforce is going to change over. At Dow, for example, the average age of their workforce is 54—again, highly skilled people. I've only been at Lambton College four years, and 40% of my faculty has turned over due to retirement. So this is real and happening.

There are also investments by competing jurisdictions such as the US and Europe, and I could wax eloquent for quite a while about what some other provinces are doing, but I'll leave that out of today's remarks unless you have questions later on.

So there is clear evidence that Ontario's prosperity is at risk. Having said that, our local major employers—chemical processing, petrochemical manufacturing and auto parts—are all facing significant skill shortages in the coming years. Lambton's ability to attract or retain industry is dependent on many factors, but two of them are an educational infrastructure and a skilled workforce. That comment also applies to this province as a whole, and I'm sure you're hearing that as you tour around the province.

While in some parts of the manufacturing sector many high-paying jobs throughout the province are being cut, locally our manufacturing sector is investing billions of dollars in new or updated technologies and infrastructure, and they need a workforce to make sure that technology and infrastructure function well and are profitable. These

plants and the secondary industries that service them are challenged by the need for a highly skilled workforce, while wrestling with the reality that the majority of their workforce is composed of baby boomers set to retire.

We now have an existing workforce that will need new training and new skills. We have new generations of young people who often don't have the necessary skills and training to make a meaningful contribution in today's high-tech economy. Strengthening Ontario's competitive edge must become a public policy priority—for business, educators and for the government.

Ontario's colleges have been leaders in trying to assess the scope of this challenge. In October, we launched a province-wide consultation called Pathway to Prosperity, and we're examining the workforce challenges for the 21st century. We're still compiling the data. You will be getting a report on this later, but we can tell you that employers, industry, unions and economic development officials are worried. They're worried that 50% of our young people have not completed a formal education that goes beyond high school. They're worried that we do not have a comprehensive strategy for retraining our existing workforce. So here are my key points:

As you prepare your 2006 budget, I urge you to continue the vital theme that highlighted the 2005 budget, and that is to continue to focus on the education and skills training of our workforce and provide reasonable access for people throughout Ontario. Higher education and skills training must be a priority for everyone. I think you heard from the Ontario Chamber of Commerce earlier, and certainly they have it on their set of recommendations.

As you look at the funding for post-secondary education, I urge that you do it in a strategic way. While all education adds value, more funds should be directed toward what drives and grows our economy: The sciences, technology, trades, health professions and applied research with commercialization potential need focus and attention.

Locally, due in part to the province's investment in post-secondary, skills development and applied research, Lambton College has been able to offer new programming that begins to address the pending workforce needs, the new economic directions that the city and county are pursuing, and we have partnered with local industry on a number of initiatives, including commercialization projects, which I know is on the agenda for the current Premier. We also welcome, as a college, the addition of the UWO research park and look forward to collaborating with them in the future.

Mr. Wilkinson has left the room, but he did have a question to a previous speaker, and I would like to address that, because it shows what we are trying to do as a college around skilled trades. His question dealt with, what do we do to attract more young people into the skilled trades? We just launched last week a mobile skilled trades lab, which is a tractor-trailer 55 feet long with 10 workstations. It's a partnership with the separate school board of education. We brought in a private sector partner, Canadian Tire, who put up the money for the

tools, and the Sarnia-Lambton training board, who put money on the table to outfit the trailer. This trailer is going around the counties of Lambton and Chatham-Kent and is targeting grade 7 and 8 students and providing them with a hands-on, real experience so they can see these trades. As many of you know, very few elementary schools have shops anymore, so this is our way of addressing that.

In summary, probably if you reflect upon the day, our community leaders are working hard to grow and diversify our local economy, and Lambton College sees itself as being a key player in that. Our community success adds significantly to the province's prosperity. We trust that our comments are helpful and constructive. I'd be glad to answer any questions that you may have.

**The Vice-Chair:** Thank you for that presentation. I'd certainly like to see more information on that trailer.

We go to the official opposition. Mr. Barrett.

**Mr. Barrett:** Thank you for that presentation. So much of the challenge across Ontario is continued economic development. As you indicate, there's a big world out there—Brazil, India and China—and the pace of change is rapidly accelerating.

I think of an institution in Sydney, Nova Scotia, the University College of Cape Breton—pretty tough economic times there a few years ago; the coal industry has probably helped out a bit now in that part of the world. That particular institution is obviously involved in teaching and training, but from my understanding in meeting with them, they also were out in the community. They rolled up their sleeves and, in a sense, went far beyond their mandate of just teaching or instruction or skills transfer and were very actively involved in disseminating the knowledge that so many of their staff and instructors had to work with the community. Do you see a greater role for that in the future, not only in the community college system but also the university system, given the expertise that lies within many of your staff?

1520

**Mr. Hanlon:** Absolutely. I think that's a responsibility community colleges and certainly universities have. I think the example of the University of Western Ontario coming to Sarnia and establishing a campus, specifically targeting applied research and commercialization projects—we're in the early days of that. But certainly the expertise they will bring and the partnerships that can happen with the college and the private sector, particularly with the chemical plants in the valley; some new technologies that are emerging in biotechnology; and bringing in the agricultural components of our area—those are all extremely important.

**Mr. Barrett:** So many of the presentations last year before the standing committee on finance and economic affairs were from universities and community colleges. This year, not so much, I think because the Rae report has come out. Whether that was linked, I don't know. With the work that Bob Rae did, was there any indication at all about a broader role for the expertise from these institutions? I'm thinking more of assisting those

communities that are perhaps not handling rapid change as well.

**Mr. Hanlon:** I think the role of a community college is outreach. For example, here at Sarnia–Lambton, the economic development corporation’s strategic plan around diversification called for development of alternative energies. So they worked with us at Lambton, and we have developed a three-year alternative energy program to assist them in that movement and to start to develop a labour force that actually will hit the workforce in 2008. So we’re getting ready for that. We’re also partnering with them on some hydrogen projects. Again, that’s something that probably would not have happened if there hadn’t been a community college. We see a role for the University of Western Ontario to play when they come to town through the research part. You can take that example and replicate it in a number of communities, whether it’s northern Ontario or other parts of southern Ontario.

I think the other role is that for communities that don’t have a university or a college, it is our responsibility to reach out to those communities, especially a one-industry town that may be going through a restructuring in the workforce and needs redevelopment or adjustment.

**Mr. Barrett:** That’s quite heartening.

**The Vice-Chair:** Thank you. We’ll go now to the NDP.

**Mr. Prue:** I wasn’t going to ask this, except that you almost got into it in the last line of questioning. Probably the most depressed communities would have to be the aboriginal communities in the north. There is very little opportunity for people to gain an education by staying there. They usually have to leave and then go back. Oftentimes, what they learn is of very limited value.

In almost every community, they have what is called a contractor’s house. That’s where somebody comes from outside to do the work in the community. Some of the communities had difficulty re-shingling a roof, had difficulty understanding the connection of a pipe. Someone stole a pipe and they had to move out of the house because it was no longer functional. Is there something we can do? Is there something your college can do or the government can do in line with the colleges to train young people in those communities so that they can be of service to the community? Because I really think bringing in outside contractors every spring is not going to ever develop the potential.

**Mr. Hanlon:** Absolutely, there is a role for the colleges to play. I think, as you probably know from your travels up there, it’s a very complex issue. To me, there’s a shared responsibility between agencies, government and the chief and the tribal councils in those areas in that we all have to take some level of responsibility. You almost have to start right down in the elementary school system, in classes that they have, and raise the standards and the quality of the education that those young people are getting to give them a higher level of success when they go into either college, skills training or university.

The major problem is that when these kids leave the reservations, or even when we go in and deliver on site in

a reservation, they don’t have the academic prerequisites. We’re almost setting them up for failure. There’s not an easy answer to this one. It’s not simply that Lambton College goes in and does carpentry training. A lot of preparation work would have to occur and so on. But again, it’s almost going back to that elementary school level, investing more there and holding everybody who’s involved accountable, because over the years there has been quite a bit of money invested, as everyone knows, but we haven’t got the results that everybody is expecting.

**Mr. Prue:** But if the government were to try to change the way it’s done—because a lot has been invested, with negligible results—and came to the community colleges like Lambton, as an example, and said, “We want to reinvest. We want you to take the time to do it right, to go into the community, to upgrade, to get them ready, to train them, to make them useful and workable in their communities,” I’m sure the community colleges would jump at such an opportunity, would they not?

**Mr. Hanlon:** Yes, they would. But we would want to do that in partnership with the local aboriginal government and with the local boards of education. The only way these types of initiatives can be successful is to have those types of partnerships and to have people sign off on their accountabilities—who’s going to do what and how you are going to measure success—and then stay with it. There are examples, particularly in the north, where colleges have been successful. I think Confederation and Northern College do a lot of work with their aboriginal communities. So while there have been a number of projects where the results have not been what you would expect, there have also been some where they have been quite successful. So it’s looking at those and how we build on those success stories.

**The Chair:** Thank you. Ms. Di Cocco for the government.

**Ms. Di Cocco:** Thank you very much, Tony, for coming before this committee. I have to say that I want to thank you for all the work you have done over the past four years as CEO of our college. There certainly have been some interesting times for you, I know, on many fronts.

In your submission, you talked about—and I think the government certainly agrees—our competitiveness, that our ability to get into the 21st century on this global economic stage that we’re on requires a well-educated, well-trained population, if you want. That’s the reason we certainly are investing more dollars than ever before into not just primary and secondary but post-secondary education as well. As you know, the Premier was in China. I believe they were there for about 10 days. They also noted that some of the elementary schools in China are using some of our curriculum. I don’t know if he mentioned that. I know that Lambton College also has a presence in China as a satellite. Could you just provide us a little bit of information on that?

**Mr. Hanlon:** Sure. Actually, Lambton College has almost as many students registered in China as we do

here in Sarnia–Lambton. We have three partnerships with three universities in three different cities in China, and we have over 2,000 students registered. We deliver business management curriculum and management information systems curriculum. As you probably know, the Chinese are very interested in the North American market. They're very interested in our business practices and in our culture. So we, as a small college, have been recently successful over there. I was there last fall and oversaw three graduation ceremonies. But an interesting little fact came out at one of the government meetings we attended. In our submission as the Ontario college system—I think everyone around the table would be somewhat in agreement with this—we would target that we would want 70% of our secondary school students to go on to post-secondary. The deputy governor of the province, in the city of Changchun, which I think has around 12 million people, stood up at a meeting we were at with about the same number of attendees and said he was very proud because as of September 2005 they now had 70% of their secondary school students going on to post-secondary education. So that's the type of thing that we're up against.

Part of why Lambton is there is also to bring students over to Sarnia–Lambton. We want to expose our students here to what's going on globally, and one way of doing that is to expose them to other cultures; and also for the city itself, as part of a strategy they're looking at to attract more immigrants to the area. So that's why we're there.

1530

**The Vice-Chair:** We have 30 seconds.

**Ms. Di Cocco:** If there is one thing that you think the government should hear about small colleges, what the need for small colleges is, what would it be?

**Mr. Hanlon:** I think it's the question that came earlier: How do the colleges help develop a skilled workforce; how do they partner with industry and with economic development and local government to ensure the workforce stays skilled? Most small towns have a major issue with youth retention, and we play a vital role in that to ensure that there is a breadth of programming that will allow students to stay in their home area if they want. We also provide an economic stimulus, because 40% of our student population comes from outside the county of Lambton. If you take a rough figure of \$10,000 a student, that's about \$14 million that comes into the city. Some of you probably have kids in post-secondary, and \$10,000 is on the low end. I know that when I write the cheques for my children, it's a lot more than \$10,000.

**The Vice-Chair:** Thank you very much for the presentation, Mr. Hanlon. It was, I think, one of the best we've had from the colleges in the two years I've been on tour. It gives me hope for where we're going.

#### ONTARIO FLUE-CURED TOBACCO GROWERS' MARKETING BOARD

**The Vice-Chair:** The next presentation is the Ontario Flue-Cured Tobacco Growers' Marketing Board; Chris

VanPaassen, vice-chair, and Harry Vergeer, a director. Would you come forward, please? You have 10 minutes to make your presentation. Please state your name for the purposes of recording Hansard.

**Mr. Chris VanPaassen:** Thank you, Mr. Chairman and committee members. I'm Chris VanPaassen. I'm the vice-chair of the Ontario Flue-Cured Tobacco Growers' Marketing Board. With me today is Harry Vergeer. He's a member of our board and he farms near West Lorne.

This committee has seen representatives of our current board, and our predecessors before us, a number of times. Many of our past presentations from this board and our farmers were focused on tobacco taxation and our concerns that increasing tobacco taxes were driving tobacco use underground, thereby hurting our market and our communities.

That is still the case. Illegal tobacco products are being used in increasing numbers all over this country. Smugglers, buoyed by the high margins because of tax rates and weak penalties, have made cigarettes their product of choice, putting cheap cigarettes in the hands of young people. Unfortunately, the problem is spiralling out of control.

Today, I want to focus on new ideas from our farm community. Our farmers have thought long and hard about our future in Canada, and we have lost confidence that we can keep our farms and our communities together much longer. What was once a slowly declining but relatively stable business has turned into a disaster. Crop size is at an all-time low, imports are increasing faster than ever as manufacturers cut prices in this high-tax environment, and our farmers are going broke.

In short, farmers are bearing the brunt of both tobacco control policies and the corporate response to those policies. Today, governments are collecting more tax revenue from the sale of tobacco products than ever before: \$9 billion in 2005 alone. Tobacco manufacturers continue to be profitable. However, tobacco farmers are facing economic ruin. Local communities are facing social upheaval: businesses are closing, schools are threatened and people are fearful about their future. We've tried to make this thing work. Governments, at times, have as well, but unfortunately, under the current set of circumstances, tobacco production is no longer a viable option in Canada.

What is the solution? A universal exit plan for Ontario tobacco producers.

Governments and government-funded tobacco control advocates have waged a war on tobacco for years now. It has been a tough, aggressive campaign to denormalize the tobacco industry and tobacco use. That campaign has been successful, and tobacco farmers bear the brunt first. We have been beaten. Now we need a plan for life after tobacco production in southwestern Ontario. Why don't we just grow something else? We hear that question all the time. Tobacco farmers have made incredible efforts to diversify their cropping over the years: ginseng, sweet corn, potatoes, asparagus, peppers—the list goes on. Unfortunately, other farmers already produce these crops,

and just a handful of tobacco farmers entering any of these new markets presents a problem for those who are already there. It doesn't mean that we should discount other agricultural solutions, but it does mean that there are no easy answers. However, one thing is clear: If it is government and society's position that everyone would be better off without us, then the first thing that needs to happen is to get us out of tobacco production.

Our farmers have their life savings invested in tobacco farms, most of it in quotas and specialized machinery. To get them out of tobacco production requires a focused, targeted, fair and equitable plan. That plan needs to be set in motion now.

From our perspective, we have put forward five key guiding principles to accomplish this. They are as follows: Ontario flue-cured tobacco farmers need a full exit plan; the exit plan should be done over a defined time period; the program that is put in place needs to be universally accessible to flue-cured tobacco farmers; the plan needs to include a fair and equitable payment to flue-cured tobacco farmers that recognizes losses in their investment in tobacco production, the lost earnings, their debt levels; and, due to their reliance on a tobacco economy, additional community economic development will also be required.

Many countries in the world have undertaken anti-tobacco campaigns similar to Canada's and have included as part of that strategy an adjustment program for tobacco farmers which provides a fair and equitable exit from tobacco production. In the case of Australia, a tobacco exit program was put in place in the mid-1990s. Its goal was to reduce the size of the domestic industry by offering an attractive tobacco quota buy-out that most Australian tobacco farmers took.

In the European Union in 2003, an industry restructuring plan was established to phase out tobacco subsidies over time, thereby encouraging tobacco farmers to exit tobacco production and, where applicable, move into production of other farm products. In essence, the EU proposes to continue paying the tobacco subsidies but not requiring the farmer to produce tobacco to receive them, thereby providing the farmer with a disincentive to produce.

In the case of the United States, an agreement was reached between government and tobacco farmers to buy out all the US tobacco quotas. The program was put in place in late 2004 and is funded through a levy on the manufacture of tobacco products for sale in the United States. The cost of the program is \$10 billion over 10 years, with equal yearly payments made to farmers. Each farmer can choose to exit the industry or can continue growing. All farmers were required to relinquish their tobacco quotas. Thousands of these farmers have left the business already, and it is expected that a substantial number will follow in the years ahead.

Last spring, the federal government, Quebec and Ontario put in place the tobacco adjustment assistance program. This program was designed to help a percentage of tobacco farmers leave the industry, thereby

also benefiting those who remain by allowing them to grow a slightly larger crop. It was appreciated as a first step toward resolving this issue. However, while this program was needed to avert economic disaster, throughout the process of putting the TAAP program together our board advocated that a more comprehensive and proactive solution was required.

In early December, we went to our farmers and told them that we were proposing going down this course, and we have had overwhelming support from our membership. Since that time, we have worked hard to inform candidates running in the federal election of our situation. We were able to secure support from politicians of all stripes and commitments to work quickly to bring resolution to this matter.

But that also requires participation and strong leadership at the provincial level. Nearly all tobacco that is grown in Canada is grown in southwestern Ontario. In addition, Ontario has designated itself as a leader in tobacco control initiatives; to use the words of the Premier and the health minister, "to fight a war on tobacco."

This is not purely an agricultural issue. It is driven by the broader government policy. It requires interministerial response. It requires commitment and fortitude. We are optimistic that the provincial government will meet these challenges. The first step is to put a process in place for discussion, a forum to set objectives, parameters and timelines. Fortunately, before the federal election, the previous federal ag minister and Minister Dombrowsky both agreed to do this. The new Conservative government has said that they will do the same. These commitments are very helpful. Now is the time to turn commitment into action. We need to sit down, hammer out a plan and implement it prior to this spring.

#### 1540

The uncertainty in our community is boiling over. Communities, financial institutions and our farmers are watching with anxiety. They want to see governments, manufacturers and farmers solve this thing once and for all.

Our message to you is this: We aren't going to swim against the tide any more. If people want tobacco out of Canada, so be it. But we need a fair and equitable way to exit this business. No more Band-Aids and no more half-measures. A universal solution for all Ontario tobacco farmers is an absolute necessity. Thank you.

**The Chair:** Thank you. We'll begin this round with Mr. Prue of the NDP.

**Mr. Prue:** Thank you very much. At the time of the debate on the last bill banning tobacco in public areas, the minister made a great deal of the fact that a huge subsidy was going to be paid to tobacco farmers. It certainly helped to convince me to support the bill. I believe the amount was \$250 million. I can't remember exactly how much money, but there was a lot of money involved in that. Do you remember that, or am I mistaken?

**Mr. VanPaassen:** I wish I would have been in line when those cheques came out.

**Mr. Prue:** I don't think the cheques have ever come out, but a commitment was made.

**Interjection:** Fifty million.

**Mr. Prue:** Oh, \$50 million. I'm told it was \$50 million.

**Mr. VanPaassen:** Last year, through the tobacco adjustment assistance program, the provincial commitment was \$50 million, \$35 million of which went to the tobacco farmers exiting the industry and \$15 million into a community transition fund.

**Mr. Prue:** How many years is that supposed to last, or was that a one-year commitment?

**Mr. VanPaassen:** The TAAP program was a one-time program between the federal government and the province of Ontario and the province of Quebec.

**Mr. Prue:** This is the budget committee, the finance committee. How much will it cost for this full exit strategy you're looking at? I didn't see a dollar figure here, and we always want to see one, you know.

**Mr. VanPaassen:** Our first real act is to get that commitment, to sit down at the table at the federal level, the provincial level, the marketing board; to get in that room and find out what road we're going down. We've laid out some general principles of an exit plan over a defined time period. We haven't got into the discussion on a price tag and who should pay for it yet, but we're hoping to enter into those discussions very soon.

**Mr. Prue:** We now, of course, have a new government, and I suppose sometime early next week we'll have a new agriculture minister. So we're going to have to wait at least to see who it is. Have you had any indications from the Ontario government that they're willing to continue the process they began with the previous Liberal government?

**Mr. VanPaassen:** Yes, we've had commitment from Minister Dombrowsky. I think we have a meeting scheduled with her next Tuesday. We have met with Minister Peters and Dave Levac, and with Mr. Barrett and Mr. Hardeman as well, who represent the tobacco-growing districts, which are the majority of our producers, along with any other MPs. We're trying to continue this process and keep it moving along.

**Mr. Prue:** So what you need from this committee, then, is just for us to say, "Please continue the process." At this point, that's what you're asking us. You don't need anything else from us at this point.

**Mr. VanPaassen:** Well, we'd take a big cheque, but we'll settle for getting the process going.

**The Chair:** Now we'll move to the government.

**Mrs. Mitchell:** Thank you, gentlemen, for coming out and making a presentation today. As you both are aware, I'm the parliamentary assistant to the Minister of Agriculture, Food and Rural Affairs. I just want to make a comment, and then I want to go into a question.

Part of the Minister of Finance's announcement of the increase on a carton of cigarettes—there have been additional resources that have been part of that, which have been assigned to convictions. It's my understanding that convictions on contraband are up by 35%. I know that

has been a concern, so I just wanted to get that on the table today.

My question: You've spoken about the \$35 million in here, but talk to me about the \$15 million and how that has worked in the communities, looking at transferring the economics. Where are you with that?

**Mr. VanPaassen:** I have to apologize; I forget the official title of that program. We call it the transition dollars.

**Mrs. Mitchell:** I do too. I can't remember the official name, but we're both talking about the same thing.

**Mr. VanPaassen:** Yes. I think the committee that approves the projects met last week, and they've approved two projects. They're just going through the process of it. One was to establish new peach orchards. A possible one they're looking at is a climatic study in Norfolk and Elgin counties to develop some potential cropping patterns that could be established there, comparing them to the Niagara Peninsula, with the micro-climates. That process is just starting to move forward. They've accepted a lot of applications, but they're just starting to go through the approval process.

**Mrs. Mitchell:** So the process is in place and is working now. It's just starting to unroll.

**Mr. VanPaassen:** Yes.

**Mrs. Mitchell:** I guess "unfold" would be the better word, wouldn't it?

I want to say to you too that I will make sure the minister receives this information and what you are looking for. I had hoped you could attach a dollar figure that I could include in the report, but I just want to make you aware that I will make sure Minister Dombrowsky receives this as well.

**Mr. VanPaassen:** Thank you.

**The Chair:** Now we'll move to the official opposition.

**Mr. Barrett:** I want to thank the tobacco board. I've had trouble accepting this. I've certainly had a lot of phone calls from the people you represent. I've talked to a lot of people, and we all recognize that we did lose this battle and it is over. On the financial side in Norfolk county alone—the one I represent—one of four or five counties involved with tobacco, we've lost five new car dealerships. You guys are not buying trucks; you're not buying anything. The debt load of people I've talked to is very significant for farmers who have no income right now. From many I talk to, I hear \$750,000. Obviously the banks are worried; the Farm Credit Corp. is very worried about this.

Mr. Prue raised the issue of what you need from this committee. I do commend members of this committee. Was it last year or the year before when the members put forward and passed a motion supporting moving forward with the \$50 million in assistance? I'm heartened to hear the communication directly to Minister Dombrowsky. She has met—she certainly agreed last fall to sit down with representatives of tobacco farmers. I guess my question is, what else would you like this committee to

do as far as trying to assist the Ontario government to basically put you out of business?

**Mr. VanPaassen:** You've touched on the first step. That anxiety that's in the communities and within the financial institutions: We need very quickly some path, some direction that we can all agree to head in to try to stabilize those communities until the bigger picture is totally solved. If we get a direction to calm down the financial institutions, then we can proceed with discussions on working out the details. But that first step, again, is the urgency of the matter to keep those communities growing. You well know that more than half of the tobacco producers are in Norfolk county. A lot of the economic activity in all of Norfolk county stems from that tobacco industry, and it's creating instability in all the communities.

**Mr. Barrett:** At a minimum, I would hope that members of the committee support Minister Dombrowsky in agreeing to sit down with the farmers. I know it's important to health—this is health driven, and it's also driven by finance. At a minimum, I would ask this committee to support a meeting or a series of meetings and then, down the road, we would get the federal government involved.

**Mr. Harry Vergeer:** I think the important thing for everybody to understand is that when the board took the initiative to announce, not only to Canada but to the world, that the growers in Canada were throwing their hands up and saying, "We've had enough; we can't fix this anymore," for all intents and purposes we set something in motion that cannot go back. We're into a funnel, and it's going around and around. We don't know how it will end up, but we have taken the final step for our growers. We need support from everybody to understand that the farmers in Ontario and Canada are done.

**1550**

We can no longer live in an environment where the viability—this tobacco business as we knew it has changed forever. The economics today and the way people who choose to use tobacco products—and there's still 20%, whether we agree or disagree. I don't smoke. I wish nobody smoked, but that's the reality. You had better come to grips with where they're getting their products, because again, this announcement is putting in place an opportunity for young people. This thing is designed to hopefully convince young people that smoking is too expensive. Unfortunately, what you're doing is letting people access \$2-a-pack product today. We know where it's coming from—everybody in this room knows where it's coming from—and there's no mechanism to stop it.

As much as I understand what is going to happen to the growers—I understand it; I respect the fact that the government's responsibility is to look after its citizens because of what tobacco products can do. I understand that. But by the same token, by pricing it where they're pricing it, our kids today have access to some of the cheapest tobacco products in years. You've got to understand that. When a product today in a zip-lock bag is

worth \$2 for 200 cigarettes and the stuff in the store is \$8 to \$10 a pack, you don't have to be a rocket scientist to figure out where the kids today are going to get their smokes. They've got to look at this and they've got to come to grips with the real problems of tobacco.

**The Chair:** Thank you for your presentation.

#### SOCIETY OF ENERGY PROFESSIONALS

**The Chair:** Would the Society of Energy Professionals please come forward? Good afternoon. You have 10 minutes for your presentation. There may be up to 10 minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

**Mr. Dale Lane:** My name is Dale Lane. I'm a member of the Society of Energy Professionals and a lifelong resident of Ontario. I came here today to identify issues affecting many people and businesses across the province that should be considered when drafting the provincial budget. As I see it, we have the perfect economic storm developing on Ontario's horizon, and preparations should be made for it.

The first element of the perfect storm coming to Ontario is the strong Canadian dollar. For years, many businesses in our country and province have enjoyed the benefits of a relatively low Canadian dollar in global markets, which has made Ontario- and Canadian-produced goods extremely competitive for American and international buyers. Unfortunately, that is no longer the case today, and should be factored into the provincial budget to assist companies that are struggling because of the high Canadian dollar. With robust demand for Canada's energy supplies in global markets, which are expected to remain strong for some time to come, the Canadian dollar shows no sign of retreating to more traditional levels.

It's hard to pick up a paper these days and not see stories of Ontario-based plants shutting down, causing many people to lose their jobs, with the strong Canadian dollar being cited as a factor in the closings. In many cases, the work is being transferred to operations of the parent company in the US.

Just this past Saturday in the Sarnia Observer was the story of Rubbermaid Canada, in business since 1910, closing down its Watford, Ontario, operation. The plant closure will result in 50 people losing their jobs and their work being transferred to Jackson, Missouri. For those who may be unfamiliar with the area, Watford is a small village about 30 minutes east of here, south of the 402. Mayor Todd Case of Watford compared the 50 jobs lost in their village as equal to 1,000 jobs being lost in a large city. In the same paper was the story of 325 people working at the Woodstock plant of John Deere, who were told they would be out of a job when their work is transferred to Iowa.

Another factor in the perfect economic storm coming to Ontario, which should be considered in the provincial budget, is the increasing cost of electricity. Numerous job

losses have been announced by companies citing increased electricity costs as a factor in plant closings. Two examples are again to be found in southwestern Ontario. From the Globe and Mail last June was the story of Calgary-based Nexen, saying Ontario's high electricity prices made operating its Amherstburg plant too costly and, with no end in sight, was shutting it down, with the loss of approximately 20 jobs. Dow Canada cited Ontario's energy policies as a factor in the relocation of approximately 25 jobs to Midland, Michigan. Officials from the company stated concerns about the impacts of government policies on the reliability of future electricity supplies as being a factor in the decision.

While the two previous examples may not have provided a convincing case that increasing electricity prices should be factored into the provincial budget, announcements from the forestry and automotive sectors should be. Announcements from the forestry and automotive sectors do not include job losses in the tens or hundreds, but rather in the thousands of jobs lost. When spinoff jobs are factored in, the number is easily in the tens of thousands of jobs lost. Most of these are well-paying jobs that, on their own, could support entire families across the province. The announcement of 1,200 jobs being eliminated at Ford of Canada's St. Thomas assembly operation was described as devastating for employees there. These job losses were in addition to 1,100 job cuts announced last fall at Ford plants in the Windsor area. An even more troubling announcement concerning Ontario workers was last fall's announcement by GM to eliminate 3,900 jobs at three of its Ontario plants. While announcements of major job cuts in Ontario by Ford and General Motors might be tempered by Toyota's plans to build an assembly plant in Woodstock, they point out that many Ontario plants no longer enjoy a competitive advantage over plants in the US.

Smaller in numbers but perhaps more devastating for the communities involved were announcements of mill closings in northern Ontario. Thousands of jobs have been lost because of these mill closings across Ontario, and, when spinoff jobs are considered, job losses in the forestry sector will likely be in the neighbourhood of 10,000.

For these reasons, the increasing cost of electricity in Ontario should be factored into the provincial budget to help companies stay in the province, providing good jobs for residents of Ontario.

The last element of the economic storm coming to Ontario, which should be factored into the provincial budget, is the increasing cost of natural gas. The cost of natural gas has been increasing for some time, and in fact set two record high prices in 2005. The chart on the following page shows the volatility of natural gas pricing for two recognized delivery hubs in North America.

While the price spike from September 2005 to US\$12.70 per MMBtu was the result of hurricanes disrupting natural gas production in the Gulf of Mexico, the price spikes from 2001 to approximately US\$9 per MMBtu and this past December to US\$13.95 per MMBtu

were the result of low storage inventories and market fears that supply would not keep up with demand. The high prices in 2001 forced Canadian fertilizer companies to shut down and import cheaper fertilizer products from Russia. In fact, since 2001, about 20% of North American ammonia capacity has been shut down or relocated because of high natural gas prices. In the US, approximately 40% of fertilizer capacity was shut down at the beginning of 2001 because of high natural gas prices.

Like most commodities, the price of natural gas is determined by supply and demand. Unfortunately, for the last several years, Canadian supply has been stubbornly flat while North American demand has increased. To try to put the North American natural gas supplies in perspective, as stated in the Ontario Power Authority's Supply Mix Advice Report, almost 50% more natural gas wells were drilled in Canada in 2004 than in 2003 but generated only a slight increase in production. To add further context, the number of wells drilled in Canada in 2004 was approximately 16,000, representing almost 44 natural gas wells drilled every day of the year across the country.

While it would be true to say there is no current shortage of natural gas around the world, the same would not be true of North America. In their report on natural gas deliverability 2004-06, Canada's National Energy Board states that for much of this decade there has been "an extremely close balance between supply and demand." The report goes on to say that tight market conditions "have been contributing to high and volatile natural gas pricing." The chart on the following page, presented to the Canadian Council of Energy Ministers this past September, illustrates the competitive pressure North America natural gas users are facing, and in fact, we have the highest prices of natural gas in the world.

The chart, on the following page, shows the problem of North American natural gas supplies, or the lack thereof. The fact that approximately three quarters of the world's natural gas is contained in Middle Eastern countries and the former Soviet Union is a concern. While Canada may have abundant natural gas reserves, it is of little consequence with the free trade agreement we have with the US. The agreement requires Canada to offer our supplies of natural gas for sale to the US at the same domestic price. Depending on the estimates used, Canada exports between 40% and 50% of our natural gas production to the US, which accounts for only 15% of their demand. With these figures, it's obvious the price of gas in North America will be set in US markets, not by Canadian industrial use or residents of Canada trying to heat their homes in the wintertime.

#### 1600

Natural gas needs to be recognized for the valuable resource it is. Not only is it used for space heating, water heating, cooking and residential applications, it is also used in industrial processes to provide the base ingredients for plastics, fertilizer, antifreeze and fabrics. Natural gas is consumed in the pulp and paper, chemicals, petroleum refining, stone, clay and glass, plastic,

and food processing industries. Natural gas is so valuable that the president of Dow Canada said that using it to make electricity rather than more profitably for petrochemicals is “akin to using a \$100 bill to light a candle for dinner.” Some also feel it is too valuable to use in the tar sands to produce oil and describe it as turning gold into lead because a clean-burning fuel is being used to produce a dirty-burning fuel.

The prices of petrochemical feedstocks are also a major concern to the local petrochemical industry, employing thousands of Sarnia-Lambton residents. Because of limited supply, local petrochemicals will be competing for natural gas supplies with other large users of natural gas like electricity generators. Because of the captive market natural gas electricity generators enjoy with the contracts they have signed, they will be setting the market price for natural gas use in the province. Not only will this lead to new record-high prices for natural gas, it is likely to lead to new record-high prices for electricity, both domestically produced and imported.

Another segment of Ontario that deserves consideration in the upcoming budget is the elderly and those on fixed incomes. The pressures of a high Canadian dollar, increasing electricity prices and increasing natural gas prices will affect this segment the most. I’m specifically concerned about my 78-year-old mother, who has lived in the same modest house for the last 43 years in Windsor, now surviving on her old age pension and a survivor’s pension from my late father. It would be a shame if increasing energy prices, rather than her physical condition, forced her out of her home.

In closing, I would urge you to consider the effects that the high Canadian dollar and increasing energy costs will have on the businesses and people of Ontario when the provincial budget is set. Thank you.

**The Chair:** Thank you. This round of questioning begins with the government. Mr. Arthurs.

**Mr. Arthurs:** Dale, thank you for the presentation on behalf of the Society of Energy Professionals. We’re moving into an era where we’re obviously exploring and implementing a variety of energy strategies to provide a reliable source over a period of time—more reliable than it has been in the recent past; that’s the obvious objective. But we know there are going to be cost drivers related to that. Apart from fixing energy prices, what are some of the things we can be doing, from your professional point of view, to ensure we have long-term reliability?

**Mr. Lane:** I think a diverse energy supply, including things like windmills. They’re good. The price of them needs to be recognized, but they’re a good, clean energy source. Let’s not put all our eggs in one basket. The reality is that even if we wanted to, the province couldn’t run entirely on nuclear power, because the way the load changes during the day, the nuclear units cannot follow. These new natural gas plants that are being planned also cannot follow the load completely. So there will be some combination of generation sources required to meet demand in the province.

**Mr. Arthurs:** I’m thinking that demand is going to be a continuing challenge.

**Mr. Lane:** Yes, it will be.

**Mr. Arthurs:** What about solar? We’re not talking a whole lot about it, although we are talking about solar as a renewable option. Can we drive the prices down through incentives for solar production?

**Mr. Lane:** I don’t know if it’s a matter of driving the prices down. I think using natural gas will drive the prices up so that solar is competitive. The high price of natural gas is making wind extremely competitive economically. For any generation or energy source, all the factors need to be considered. So while solar power may be environmentally friendly in its end use, the hazardous chemicals used in its production need to be considered. Just like natural gas: The methane in it that’s 20 times as potent as carbon dioxide as a greenhouse gas needs to be considered. The hydrogen sulphide in it that’s removed at the well needs to be considered too.

**The Chair:** Now we’ll move to the official opposition.

**Mr. Hudak:** Thank you, Mr Lane, for your presentation. It does read as a sad litany of manufacturing job losses in southwestern Ontario and across the province. Sadly, we were in the north, in Timmins, when Bowater announced the closure of its Thunder Bay plant, which is a new, efficient facility. Then, the next day we learned about the John Deere closure in Woodstock that you just mentioned.

While there has been positive job growth on the services side in Ontario, it does fall behind the average of the other provinces. As you point out very well, these are well-paying manufacturing jobs. A strong manufacturing industry should be the heart of Ontario’s economy, not something that we’re shedding. I do worry about the hydro policy, which I think is misguided and dangerous. It’s just going to exacerbate that situation.

The government members say, “We’re exploring options for other hydro supply.” Are there other jurisdictions that are getting out of the coal business altogether and going to areas like solar and wind instead?

**Mr. Lane:** Not that I’m aware of. I had the opportunity to attend a conference in Calgary last week on clean coal, and in fact jurisdictions around the world are embracing it, spending millions and billions of dollars to use coal more cleanly. But, unfortunately, it’s not an option for Ontario.

**Mr. Hudak:** The minister—and I think the Premier too—has said there’s no such thing as clean coal. Are they misguided or is there a misunderstanding?

**Mr. Lane:** I really wouldn’t want to comment on that. I can only tell you what I heard at this conference last week, where research around the world—in fact, Environment Canada has developed Canada-wide standards for mercury removal while burning coal. So I think that says that, from the federal government’s point of view, burning coal is a necessity and you do have to capture as much mercury as you can from it, and they

have developed these Canada-wide standards as a guide for people to follow.

**Mr. Hudak:** When you're at a convention like the one in Calgary and you're speaking with energy professionals from other provinces or states or countries, what do they think about Ontario's energy policy to shut down the coal plants?

**Mr. Lane:** They laugh.

**Mr. Hudak:** They laugh?

**Mr. Lane:** They laugh.

**Mr. Hudak:** That certainly is going to have a pretty detrimental impact on investment in the province, I'd imagine, for new manufacturing.

**Mr. Lane:** I believe it would.

**Mr. Hudak:** The other important issue associated with this that we heard about today in Sarnia, and your presentation talks about it, is the spinoff impacts of depending on natural gas and the impact on the petrochemical industry, which uses it for feedstock, for example. Would you care to go into a bit more detail about the other impacts, the unintended consequences of depending on natural gas as a fuel supply?

**Mr. Lane:** The contracts aren't published, but my understanding of the contracts that have been signed with these natural gas generators is that they just pass on the cost. So back in 2001, when the price got too high for fertilizer producers, they just went and bought their fertilizer product from somewhere else because it was cheaper, and that helped limit how high the price of natural gas got. Because electricity is a different product than fertilizers, the sky's going to be the limit. These generators will just offer electricity and, as long as Ontarians are using it, the price will just keep going up.

**The Chair:** Thank you. We'll now move to Mr. Prue of the NDP.

**Mr. Prue:** The costs are a worldwide phenomenon, but particularly a North American phenomenon, as you correctly pointed out. You haven't talked much about solar energy. I know that photovoltaic cells aren't really the answer because they don't produce enough electricity, but solar energy can produce a great deal of heat. I know in my own house I took out my gas-fired pool heater—I have a pool—and I put in a solar one that gets so much hot water in that pool I have to turn it off, because it produces too much. It costs absolutely nothing; not one cent. I know you could put all the hot water in everybody's house, I know people on top of apartment buildings are now including it. Should we be insisting

that new buildings have that kind of stuff to harness the energy of the sun, even if it's only for heating hot water?

**Mr. Lane:** Absolutely. I agree.

**Mr. Prue:** But there must be other things. That's just one that I've done in my own house. There must be so many things that can be done like that. Should we be insisting that energy efficiency and energy recapture is what's done?

**Mr. Lane:** Yes. Energy efficiency will go a long way to help Ontario meet its demand of electricity and conserve natural resources. Efficiencies of things like small motors can be increased, I understand, by using larger wires in them. It makes them more efficient but also makes them more costly. There are things like that that can be done. Absolutely, government should be doing everything they can to encourage increased energy efficiency.

In Europe, some power plants burning coal have a thermal efficiency of around 90% because they use the hot water used in the process in the plant for district heating. Again, it would avoid natural gas or electricity or some other form of space heating in the homes that are taking advantage of that. So we do need to increase our energy efficiency around the world, really, and I think Europe is probably a good place to look for examples.

**Mr. Prue:** We had a gentleman who came in and made a deputation to us, I believe it was yesterday, about the little tiny turbines that can be put even in a creek or a river that would produce enough electricity for a house. If you had a river, you could just put one of these in and it would produce enough electricity for your house, even for two or three houses. Should we be insisting that these be put in all of our rivers and streams that have a flow?

**Mr. Lane:** I guess there's a balance between the natural environment, but in general, yes. I don't know how much of a contribution they can make. Ontario's demand on a high day would be in the neighbourhood of 25,000 megawatts. The new plant that's been announced for Niagara Falls—I think they've played with the units a little bit—it's good for about 180 megawatts, by my calculations. These small units have their place. If they can offset other sources, they're great. I think we have to be practical about how much energy they can supply, but they do have their place.

**The Chair:** Thank you for your presentation.

**Mr. Lane:** Thanks very much.

**The Chair:** We are adjourned.

*The committee adjourned at 1611.*







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