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Wednesday 5 February 2003

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Mercredi 5 février 2003

**Standing committee on
finance and economic affairs**

Pre-budget consultations

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

Consultations prébudgétaires

Chair: Joseph Spina
Clerk: Katch Koch

Président : Joseph Spina
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Wednesday 5 February 2003

Mercredi 5 février 2003

The committee met at 0902 in the Prince Arthur Waterfront Hotel and Suites, Thunder Bay.

PRE-BUDGET CONSULTATIONS

The Chair (Mr Joseph Spina): Good morning. The meeting of the standing committee on finance and economic affairs will come to order here in Thunder Bay.

A couple of announcements before we proceed with our first delegation: to remind all the people in the audience we do have simultaneous interpretation for anybody who needs or requires that service. If you need one of these just ask the clerk or the staff and they will get a piece of equipment for you.

Second, to the members and staff, check-out time has been extended to 12 o'clock only. They're understanding that if we're done at noon then we can go down and check out right after noon, but they'd like us out of the room by noon, if possible.

Last but not least, the bus will be outside to pick us up at 3:15 and the flight is scheduled to depart at 3:45 for arrival in Ottawa at 6:20.

CONFEDERATION COLLEGE

The Chair: We shall begin our presentation. Our first presenter this morning is Confederation College. Please state your name for the purpose of Hansard. You have up to 20 minutes. Any time left over from your presentation will be used for questions and answers. Proceed, and welcome.

Mr Ian McCormack: Thank you, Mr Chair. My name is Ian McCormack and I'm the vice-president of community development at Confederation College here in northwestern Ontario. I'd like to thank you and your colleagues around the table for an opportunity to participate in this pre-budget consultation. With me today, and they will reintroduce themselves when they speak, are Mr Ray Williamson, who is a leader in our business community and involved in the home builders' association, and to my left is Olaf Smith, who is a student leader in our community and the president of our student union at Confederation College.

Again, I'd like to welcome all of you here and I hope that while you're here you'll enjoy the beautiful geography and the people and hospitality of northwestern Ontario.

What we'd like to do over the next 15 minutes, and each of us will carry about five minutes of the presentation, is tell you a little bit about who Confederation College is, what we do and what we mean to the community of northwestern Ontario. We'd like to leave with you two key, critical messages. One is the importance and the significance of applied education and learning in the northwest and the role that Confederation College plays in that in the support of the economic health and social health of our region and our communities; second, another message in terms of the requirement of appropriate and timely operating funding to support those activities.

We're very proud of the fact that 89% of the students in northwestern Ontario who choose to go on to a college of applied arts and technology come to Confederation College. We're equally proud of the fact that roughly 78% of those students, upon graduation, continue to live and work in northwestern Ontario, therefore making a significant contribution to the economic health of our region.

Thirty-five years ago the province of Ontario showed significant leadership and creativity when they created the community college system, and it's a system based on its success that has been replicated around the world. Today, 35 years later, Ontario colleges appear to be the poorest funded in Canada, and small and rural colleges like Confederation, which incidentally serves a geographic area the size of France, have been even more negatively impacted by a funding formula which has transferred grants to the growth areas of the Golden Horseshoe or the greater Toronto area.

Recent improvements to the northern and rural grants help, but do not compensate for the basic grant inequities. I should say that we're very pleased with the recognition of rural and remote colleges in last year's budget, or should I say this year's budget, but the unfortunate reality is that those dollars are used to basically maintain and keep the lights on and do not allow us to extend the work that we do locally further into the region.

We're certainly appreciative of partnerships with the province in terms of the strategic skills initiative and SuperBuild dollars that we're currently using to create our Aviation Centre of Excellence and our forestry centre of excellence, but it does not impact the day-to-day operating needs of our college and our faculty and our staff, and most important, our students and the business community who do benefit at the end of the day.

Northwestern Ontario, in order to be successful, in order to maintain its economic health, needs a vital college to contribute to the regional development, and it's not served well by current policy. Confederation College is a college that means many things to many communities, and initiatives such as our forestry centre, our Negahneewin College of Indigenous Studies and our Aviation Centre of Excellence are population- and sector-specific. But one of our other realities here in the north-west is to be a college of access. The communities that we serve throughout this huge region, including approximately 30 to 35 communities that you can only fly to north of the 50th parallel—their students and their learners have tremendous access needs in terms of getting into post-secondary education and therefore achieving the training and educational needs so that they can make a positive impact to their communities.

In terms of the impact of the current funding formula on Confederation, by the 2002-03 budget year Confederation College has lost \$10 million in total to the funding formula since 1991-92, and over that period has grown by 5%. If the formula had been different and had been changed to a fixed share, the grant this year would have been \$2.6 million higher than it is actually today. This budget year, when we started out a year ago, we were struggling with the elimination of a \$1.6-million budget deficit.

We'd like to underline that it's not the result of government funding reductions that are having an impact on our college's operating reality, but it's a result of the funding formula, which in simple terms penalizes colleges such as ours that work in a geographic and demographic region like northwestern Ontario, that cannot keep up with the growth in the colleges in the GTA. The funding formula that exists today does not support the work of rural and remote colleges.

With that, I'd like to turn it over to Olaf Smith, who will speak to this issue from the perspective of one of the groups who are why we get up in the morning: the students of Confederation College.

0910

Mr Olaf Smith: I was asked today to come and speak to you from a student's perspective on how the quality of education is impacted by the amount of funding that the college receives.

First of all, I'd like to touch on the resources that students utilize for their education. I've been to the regional campuses that Confederation has in the west part of Ontario. I've travelled over 1,500 kilometres to visit with these students to see how their education is matched with mine, which is in Thunder Bay. There is a great difference in the resources that are available to them, whether it be the library resources or the IT resources. This is just something that shouldn't happen. If a student in the region is getting an education and it's the same program that I'm in, they should have the exact same education and should have the exact same resources at their disposal.

Another issue facing students nowadays is the teacher-student ratio and the use of sessional faculties. The college is almost forced into a position to utilize these sessional faculties, or part-time faculties, to help provide the education that students need. To give you a small insight into what this means, a part-time faculty would be invited on campus who would probably have the knowledge base in a particular field and who would be able to teach one or two courses. This faculty member may not have teaching experience. For instance, I've had a class with a sessional faculty who was very well versed in the knowledge that he was presenting but who did not have the teaching skills. Unfortunately—or fortunately, depending on how you want to look at it—everyone in the class received an A because of the teaching style and just the situations that happened throughout the class. If this was a full-time faculty, they would have had time to prepare for classes, to adequately spend time with the students and to ensure that the students actually learned what was being taught to them as opposed to just a shotgun effect and giving the students all As.

Another thing is that with this new teacher-student ratio growing to probably one teacher for every 22 students, there are many more demands on the faculty's time. Therefore, the students are getting somewhat cheated out of faculty time if they need help in being successful in their studies.

Another issue facing students is the services that are provided to students. There is also a ratio of 24 students for every support staff worker who works at the college. There are students who aren't successful at college because they don't have the adequate services provided to them.

I'm just here today to point out that there are solutions to these. As a member of the College Student Alliance, the Confederation College Student Union has actually helped in the development of a funding paper called *Quality: A Moving Target*. This is available at their Web site. Unfortunately, I didn't get copies for you today. It outlines recommendations the government can do to adequately fund the college system and ensure student success and ensure that the colleges are running smoothly.

I'd like to thank you for this time. I will turn it back to Ian.

Mr McCormack: Just before I introduce Ray, there are a couple of other comments I'd like to make.

In this year's budget, the colleges were recognized in terms of increased funding for rural and remote activities. It was very interesting to note, though, that of the 24 colleges which exist in Ontario, 16 of them were deemed rural or remote in terms of the work they do. I do feel I need to say on our college's behalf that the reality we face here in northwestern Ontario in terms of dealing with the true ruralness and the true remoteness in terms of the students and the communities and the people we serve is very, very different than most of the other 16 colleges that did receive some of that rural and remote grant.

Just to quantify the funding issue in terms of relative numbers—and you may or may not be aware of the ACAATO position paper that came out a couple of weeks ago in terms of college funding—a secondary school student is funded to the tune of roughly \$6,700 per year, per-unit funding to that school. If that same student chooses to go to a community college, the per-student funding that that individual attracts to the community college is roughly \$4,300. If that student chooses alternatively to go to a university, that student is funded to the tune of roughly \$6,800. So there's a significant difference in the value that we put on our students if they choose to come to a community college as opposed to the value that's attached to them when they attend a university or a secondary school.

With that, I'd like to introduce Ray Williamson. Ray, perhaps you could say a few words about who you are.

Mr Ray Williamson: I'm Ray Williamson and I'm secretary of the Ontario Home Builders' Association, so I'm down in southern Ontario quite a bit. We are one of the largest employers of people in Ontario. We have over 200,000 members, 3,500 companies. I have 20 years in that business. I was member of the year. I'm here because I have a lot of concern about the direction Thunder Bay is travelling in. I have three boys and I love them. That's why I'm here, because I think unless we do something economically, it's not going to be able to sustain my kids when they get old enough and they will move, like the thousands of other people who are leaving, the out-migration of leaving rural Ontario.

My little crystal ball can only fit two little things—and I'm not a public speaker, so I have to apologize for how I'm addressing this. But there are two things that I see. One is education and the other thing is opportunity bonds. I'll clarify both of those situations, and tax incentive zones.

Education: we can't afford to cut education any more. The college is a community college, and geographically, as Mr Gravelle said yesterday on the news, our land mass is 87% of Ontario. What I have to say is that we don't enjoy the benefits of our colleagues in southern Ontario, because you can go to pretty well any of the colleges and universities down there within a five-hour radius—you can hit all of them—whereas in Thunder Bay, Confederation College, you're 17 hours away from that core. When you say "benefits," the thing is, it's value through association. The industry leaders down there support a lot of—like, funding for sponsorships, for even doing presentations for students, is a lot more easily accessed down in southern Ontario than we have here, plus the college is serving the aboriginal communities, the diversity of education and implementation of their programs. It's a lot more costly because of where we're located.

I applaud this government because they do put programs on like this, and that's self-analysis. You're always looking at how you can improve yourself. The communication skills between the ministries are good. We just need a little bit more implementation of some of the findings a lot quicker.

Again, in our industry we're finding a huge shortage of skilled labour. The average age of a carpenter is 27. I don't have to read this because I can feel it, I see it every day. The average age of a bricklayer is 55. In Alberta and a lot of the other provinces they're addressing that shortage. They start at the grade 5 level to start bringing them up. Again, the college is a very important tool in the delivery of that mechanism. We need tools to work with when we're building houses and delivering our end. The home building industry only responds to demand; it doesn't create it. It can sustain it, but we need help in sustaining that economic drive. We rely on colleges, especially Thunder Bay in this area.

That brings me to the other point. We're not really booming here. We need industry. Everybody always turns to the resource-based community and says, "OK, guys, come on. Let's pick up the speed. We need more guys." Then you have Bowater talking about laying off another 140 people. We had this scare with the elevators just a little while ago, and they're just getting out of there. There were 5,000 people working there; now there are 300. Bowater had 3,000 people at one time. Now they're at around 1,000 people.

0920

They've done their job and they continue to do their job, but we need other industry and we have to start turning to the knowledge-based industries to sustain our growth and to redevelop it. Even though my colleagues are promoting and supporting opportunity bonds, that will not work in northern Ontario. It will not work because what happens is—you're more apt to sustain it in sustainable communities. So you've got a boom. It's just busting at the seams down in Toronto, the work is just incredible, and they're looking at ways to sustain that. Opportunity bonds work in that direction, where tax incentive zones are immediate. They'll happen now. What you have to do is create this as a regional zone. You can't break it up. Just as the college is a regional college, this has to be a regional zone, and the funding has to be appropriate, relative to the areas that we're covering. When you get into tax incentive zones, if we can tap into that by getting knowledge-based industries or other industries to complement what we have here, I can see that there is going to be a good future for our area.

I just don't want to see anything happen to this area and I think what the government has to do is have confidence, again, in the leadership. If you go into a tax incentive zone and you do a pilot project like they've talked about, you create a winner and you're going to create a loser. When you go back to a small community and say, "We didn't win," that sets that community back milestones. So I think we have to address it as a regional issue.

I'd like to thank you for the opportunity of being here.

Mr McCormack: In closing, Mr Chair and committee—and thanks to Ray and Olaf—we would like to say that we're very proud of our role in economic development and the support of our communities here in

northwestern Ontario. We're very proud of the role that we've played in ensuring that there are registered practical nurses in Geraldton and that greenfield mill operations such as Trus Joist/Weyerhaeuser in Kenora—we supported the pre-employment training and successful start-up of that facility. We're very proud of the fact that we built strong partnerships with business and industry—that's one of the reasons why Ray is here this morning—and we're very proud of the fact that we have student leaders such as Olaf in our midst who go on to be leaders in their communities.

We're very proud of the fact that this year the college professor of the year is here at Confederation College. As well, the university and college librarian of the year across Canada is here at Confederation College. We're very proud of the fact that we've worked very, very hard to serve our communities—business, industry, the public sector and the students and learners—and we look forward to working with government to ensure that we have a funding formula that supports those operating activities on a day-to-day basis.

The Chair: Thank you. That leaves us about 20 seconds for a very quick question from each caucus. We begin with Mr Christopherson. You're pretty close to the line but I'm going to allow this since we have a bit of time.

Mr David Christopherson (Hamilton West): Thank you for your presentation. Congratulations on those two honours. That's quite significant.

I just want to touch on briefly that you say the funding formula has transferred grant to the growth areas of the Golden Horseshoe. Fair enough. The Golden Horseshoe, from this vantage point, is looking like they get everything. We've heard from a couple of other community colleges down there—in my own riding, for example, Mohawk—and they're in the same predicament. Can you explain to me how there's an unfair disadvantage, notwithstanding the geography, which affects where we are in a most obvious way?

Mr McCormack: In simple terms, if we don't keep up with the growth of the fastest-growing colleges, we're penalized. Given the demographic and population realities of our region, it's a goal that's probably unattainable, to keep up to that growth.

The Chair: We move to the government side. Mr O'Toole, 30 seconds.

Mr John O'Toole (Durham): It's nice to see you again, Ray. I do see you a lot in Toronto, advocating for the north. I commend you for that. I also appreciate all of the things you said, Ian, in terms of the importance of the college, whether it's the skills portion, the linkage, the partnerships within communities. Your message was heard yesterday in Sudbury and it was certainly heard last week in Toronto. I believe the double cohort—the minister's commitment to post-secondary is there. Let's hope it works out for the colleges, because I do believe, for all the reasons you've described—

The Chair: Question, please.

Mr O'Toole: —is a very important part of it. The question is, do you think we're on the right track?

Mr McCormack: Based on what I've heard and seen and the positive messages in the short 18 months that I've been at Confederation, I believe we are on the right track in terms of, first, looking at the role that post-secondary education plays in Ontario. The proof will be in the pudding, with a funding formula that reflects our reality and the context in which we live and work.

Mr Michael Gravelle (Thunder Bay-Superior North): I will be quick. I think you deserve congratulations for the remarkable successes you've had at Confederation College, considering the cutbacks and the challenges with the funding formula and a variety of things. It's tremendous.

Very quickly, may I ask you, what is the one thing you would like to see in the provincial budget that would impact most positively to meet those challenges you've talked about in your presentation today? If you can do that, it would be useful to hear that.

Mr McCormack: We're certainly supportive on the part of ACAATO's position to increase the per student unit funding by roughly \$1,300 per student, per year.

The Chair: Thank you, gentlemen, for a good presentation. Ian, since the last time I saw you, you have now embarked on a new career. I wish you success. And I'd be remiss if I didn't acknowledge that also present here today is President Patricia Lang of the college. So welcome and thank you for your presentation.

Mr McCormack: Thank you, Mr Chair. It's good to see you again too.

LAKEHEAD ELEMENTARY TEACHERS OF ONTARIO

The Chair: Our next presentation is Lakehead Elementary Teachers of Ontario. You have up to 20 minutes for your presentation and questions and answers. I would ask that you would clearly state your name for the purpose of Hansard when you speak. Welcome.

Ms Christina Lofts: Thank you for the opportunity to share our ideas with you. I will introduce my co-presenters: Stuart McNabb, first vice-president, and Sharlene Smith, vice-president. I am Christina Lofts, president of the Lakehead Elementary Teachers. We represent 530 members in the Lakehead.

Rozanski agreed with what teachers and parents have been saying for years: that the Conservative government has starved the public education system to a point where it is in desperate need of a substantial reinvestment of funds.

Since 1995, this government has set out to create "a crisis in education," and developed a funding formula that did not provide school boards with adequate funds to run the education system. As a result, teachers have had to face increased class sizes and workload, along with decreased support.

The one-year fundings that the government recently announced in response to Rozanski are not enough.

Boards and schools need a measure of predictability in funding.

The Lakehead Elementary Teachers agree with the findings that were stated in *The Schools We Need* report by the Ontario Institute for Studies in Education of the University of Toronto. A strong education system requires vision, governance, coherence, evidence, support for teachers, feedback and implementation, and adequate and flexible funding.

The millions of dollars wasted in advertising by this government should have been better spent on resources to the classroom and the recognition of the hard work of the teachers within the public education system. Staff morale is low because it would appear that the government does not publicly recognize the teachers' accomplishments. Teachers are dedicated, hard-working employees who love their jobs and their students. Teachers bring learning to life. Teachers work with parents to help children succeed. Everyone is expected to do more with less. Money is wasted on advertising, which leaves teachers feeling demoralized. Redirect this money to the classroom, or at least celebrate the hard work and dedication of teachers.

Shared decision-making, open communication and respect for employee input encourages a positive climate of collaboration for both the ministry and educators. ETFO is willing to work with the government to enhance education and to help problem-solve issues. The public still supports public schools, but people are concerned about funding cuts. We recommend that this government stop all advertising and redirect the money to support the students in the classroom.

0930

Teachers perform one of society's most important jobs: they shape young minds. Our future voters, taxpayers, Prime Ministers and Premiers are sitting in elementary classrooms right now. They are students today, developing into citizens responsible for the society we leave to them tomorrow. Every day, elementary teachers invest in that future. They invest their time, their energy, their own money and their expertise into our young people. It's time this government invested in elementary teachers.

In this time of teacher shortage, the government needs to make teaching an attractive alternative for our university students. Boards face a challenge in recruiting and retaining good teachers because starting salaries for new teachers are lower than starting salaries in other professions that require similar skills.

We recommend that the funding formula fully recognize increases in inflation and enrolment and that the overall funding for public elementary and secondary schools be increased immediately to reverse the cuts to funding that have been made since 1995.

By giving a tax credit to families who send their children to private or independent schools, much-needed money is taken away from the public education system. A well-funded public education system can meet the needs of all parents and students. Public schools continue

to struggle with the inadequate financial support they receive from the public education funding model. The tax credit for parents who send their children to private or independent schools, when fully implemented, will cost the province \$300 million or more, based on current enrolments. All students deserve a free, fully funded, fully resourced public education system. We recommend that the tax credit for private or independent schools be eliminated and that the funds be redirected to public education.

Ms Sharlene Smith: A good education system has many components, not the least of which is its teachers. Elementary teachers are on the front lines of education every day. We see the children who come to school hungry, frightened or hurt. Not only do they teach young students how to learn, they identify difficulties early in a child's education to ensure that the students can get the extra help needed to secure the best chances for success in later years. What did your new funding model do? It eliminated teachers, it eliminated programs, it eliminated the resources for early identification of those special-needs students.

A further casualty of the funding model is the loss of specific valuable programs and their teachers, such as instrumental music, industrial arts, family studies and teacher librarians, to be partners in action with the classroom, to help meet the expectations of this new curriculum. Consequently, elementary teachers are left to implement nine curricula, in larger classrooms, with more special-needs students. Despite these increased demands, administrative support has been reduced, special education support has been reduced, new report cards have been implemented and documentation requirements are escalating.

Without textbooks, resources and materials, teachers are spending more hours searching for age-appropriate materials in order to deliver an effective program. This requires time and effort in addition to the normal classroom expectations. As part of their regular routines, teachers continue to liaise on a daily basis with parents and outside agencies. The expectation is that elementary teachers do all this with a level of support significantly below that given to our secondary colleagues.

Why are teachers spending so much time typing report cards? The Lakehead board acquired a program to help us reduce the time we spend typing report cards. The stress and additional personal hours outside the instructional day of up to 60 hours per set of report cards, three times a year, has put a strain on the health of teachers and their personal time with families. This is compounded by the additional personal hours spent creating resources and materials, and providing extracurricular activities for students. On average, a teacher spends 2.7 hours per week participating in extracurricular activities for their students.

Research on class size overwhelmingly points to the importance of smaller classes in elementary schools. Student achievement improves in smaller classes, learning problems are more easily identified, remediation can

occur early, when it's most beneficial, and the integration of students with special needs is more successful with classes that are kept smaller. Studies show that students who are in smaller classes in elementary schools benefited throughout their entire school career.

The restrictive space limitation is coupled with the mandated average increase in the number of combined grades now occurring in our schools. In the context of larger class sizes and the rigid grade-specific curriculum, combined grades disadvantage our elementary students and increase the workload of elementary teachers. Teachers have to prepare more lessons. Students now take more work home.

The new Ontario curriculum was written in isolation and there are few common themes with other subjects, even within the same grade. There is a dramatic reduction in teacher-student interaction in combined grades.

What happens in the first few years of a child's life sets the basis for later learning. Children in kindergarten are involved in problem-solving, literacy, numeracy and developing social skills. Adequate funding must be there to ensure they get that fair start in lifelong learning. Investments in early learning bring significant paybacks. James Heckman, a University of Chicago economist, states, "Investing in the very young is the most economically efficient investment society can make." Investments in learning readiness can prevent problems from arising later in school and can thus reduce the need for remedial programs in the future.

If this government wants students to excel, with particular emphasis in grades 3 and 6 due to standardized testing, then it must fund the appropriate supports by providing an infusion of money for textbooks, resources and fewer combined grades in order to build a strong foundation for future learning.

Program delivery not only is difficult because of a prescribed curriculum and split grades, but teachers lack the proper facilities and resources to deliver your expectations. For example, science experiments are often conducted by teachers, and the student's only opportunity to participate is to observe because of health and safety factors or the lack of sufficient resources for the entire classroom.

Your mandated professional learning and recertification program will not produce better teachers. A potential expense of \$50,000 over a new teacher's lifetime is expected for PD, not to mention their personal time. Only a teacher can determine his or her professional needs.

An analysis of stress-related long-term disability claims by the Ontario health insurance plan shows that Ontario teachers have a rate of 15 claims per 1,000 insured members. This compares unfavourably to the industry's overall standards of a range of five to eight claims per 1,000.

Therefore, we recommend the following:

That preparation time for public elementary teachers be funded at a rate no lower than the 200-minute standard set out in Bill 160;

That teachers receive at least nine professional development days during the school year;

That professional development be adequately funded;

That teachers are highly qualified professionals, able to determine their own professional development needs without the imposition of mandatory recertification;

That elementary schools should be staffed with specialist teachers such as music, library, guidance;

That there be two formal reporting periods per school year;

That there be adequate funding provided for textbooks and resources for all classrooms;

That class sizes in junior kindergarten not exceed 15, senior kindergarten not exceed 18, or combined junior and senior kindergarten not exceed 15;

That maximum class sizes in grades 1, 2 and 3 be no more than 20 per class and maximum class sizes for grades 4, 5, 6, 7 and 8 be no more than 21 per class;

That junior and senior kindergarten programs be mandated and fully funded by the government and that junior and senior kindergarten programs be taught by teachers who hold qualified certificates in Ontario.

Mr Stuart McNabb: Special education: parents, teachers and school boards have been telling the government for years that early intervention in programs for students with special needs are dangerously underfunded. Underfunding in these programs hurts vulnerable young children. Learning exceptionalities must be identified as early as possible so that extra support can be provided to that special-needs child and their parents as soon as possible.

The elementary teachers believe that the role of the special education teacher—the facilitator—should be one of providing direct service to children. What it has become is one of filling out forms and using just the correct ministry jargon in order to successfully snag funding. Without the funding, programs will not exist, as there will be no money to support them.

These forms require hours of time to complete correctly. Often, the ministry changes the forms or it changes the criteria mid-year and the forms have to be redone. Special education teachers, trained in filling out these forms—experienced form-filler-outers—are then used as checkers to ensure that the not-so-experienced have filled them out correctly.

The elementary teachers believe that the time would be better spent working directly with children, attempting to help them acquire much-needed skills. Time and money spent in a child's early years will save taxpayers money later when they get older and find a decent job.

ESL for non-English-speaking Canadians: at the Lakehead District School Board we have a large number of First Nations students who come down from their reserves in the north, some having very limited exposure to school and some who are ESL students. These students do not qualify for ESL teaching support. The elementary teachers believe that special education programs and ESL grants for non-English-speaking Canadians should be mandated and fully funded by the provincial government.

0940

Funding for elementary students: money that has been taken out of the elementary system since 1995 is needed in elementary schools for everything from custodians to keep the buildings clean to more books, more computers, more educational assistants, expanded libraries etc.

The funding model funds pupil spaces at a lower level for elementary students than for secondary students: 100 square feet per elementary student and 130 square feet per secondary student. Space within a school that is calculated by the ministry as teachable space sometimes realistically cannot be used or cannot be used for instruction to students 100% of the time. As a result of these calculations, schools are being closed and science labs, computer labs, libraries, special ed-rooms and music rooms are being lost along with some very valuable programs and specially trained teachers.

Very young students are being forced to spend long periods of time riding to and from school because their smaller, less efficient neighbourhood school has been closed in favour of a large central school utilizing less space to accommodate large numbers of students in larger multi-grade classes. Elementary students are being shifted into empty high school spaces, creating grades 7-to-12 schools, which elementary teachers believe is not pedagogically sound or safe.

We believe that a school is more than a building. It is a key element in the lives of our children, our teachers and our communities. The elementary teachers believe that elementary funding should be increased, real caps should be placed on elementary classes and adequate funding should be put in place for textbooks, lost programs and resources.

Ms Lofts: The document you have before you contains our recommendations and the rationale and some concrete examples of what we've been talking about.

In conclusion, Rozanski stated that funding should be "maintained at a level that will allow boards to meet the province's education objectives and on conducting regular reviews to update the benchmark costs in the formula."

If this government continues in this direction of under-funding and cuts, we will end up with an impoverished public education system, fractured communities, and students and adults who will not have the intrinsic motivation to be active participants in a changing world.

We do not believe in a two-tier system of publicly funded education. Our commitment must be to a public education system which emerges strengthened and enhanced. It must be accessible for all students, and equal opportunities for success must be available for all. The issue is that there must be adequacy of funding. Public education must be protected. Public education is perhaps the most important investment a province can make: a public investment in each child, society as a whole and the future of all its citizens. It takes an entire community to raise a child. Strong public education reduces costs to taxpayers in the long run by providing healthy, vibrant

communities. It reduces the stigma of poverty and replaces it with skilled workers in the workforce.

The Rozanski report of 33 recommendations confirms that the educational system is in a financial crisis. The report of the education task force of 2002 puts the ball clearly in the court of the provincial government. It validates the concerns that have been raised about the adequacy of the provincial funding formula. It makes clear that funding adequacy cannot be a one-time thing and it begs the question of transition from the current formula to Rozanski's enhancements. Now the focus shifts to the government of Ontario. The education system is in a financial crisis caused by the inadequacies of the funding formula. The need for new cash is immediate and long-term. The millions of Ontarians who are welcoming Rozanski's recommendations are waiting. Elementary teachers want our system to be the best that it can be. Investment in elementary students is the most successful financial strategy in today's world and tomorrow's economy. It is the right thing to do. We challenge you to do the right thing for the public education of this province. Thank you.

The Chair: Thank you for your presentation, folks. Even with the leeway that we permitted, you are two minutes over the time. So that will not allow us any questions. We appreciate your input today.

There is a presenter here but they're waiting for another individual. So what we will do is recess until 10:20. You might want to use that time to check out.

The committee recessed from 0945 to 1020.

The Chair: The meeting of the finance and economic affairs committee will come to order. Before we have our first delegation, Mr Gravelle, you have a point of order?

Mr Gravelle: Yes, thank you very much, Mr Chair. I wanted to seek unanimous consent from the committee to allow some time for a group that was just informed about the committee being in town. The Thunder Bay Literacy Group would like to make a very brief presentation. I'm hoping the committee will agree to let them make perhaps a 10-minute presentation at noon today.

The Chair: Any comment from any other committee members?

Mr Beaubien: Agreed.

Mr Christopherson: Agreed.

The Chair: It's agreed. If you'd contact them, please, Mr Gravelle, we'll have them right at 12 o'clock for 10 minutes.

Mr Gravelle: Thank you very much. I really appreciate the co-operation. They'll be very grateful.

THUNDER BAY CHAMBER OF COMMERCE

The Chair: We'll now move to our present delegation that has come forward, the Thunder Bay Chamber of Commerce. We would ask, please, that you clearly state your name for the purposes of Hansard. You have up to 20 minutes. Time left over from that presentation will be used for questions and answers. Welcome.

Mr Eric Long: Thank you, Mr Chairman. My name is Eric Long. I'm the chair of the board of the Thunder Bay Chamber of Commerce. On my left, your right, is Larry Price, a member of the team who has been working on this, and Charla Robinson from the chamber of commerce as well. Thank you for allowing us to make this presentation. It's an exciting opportunity that we have been working on and that we'd like to talk to you about. We have it on the screen up there as well as in your material as we go.

Larry is a member of the chamber's protective services training task force. He is a past member of the Ontario Provincial Police Association and has worked in this field for several years. Larry has resided in and around northwestern Ontario for over 30 years. He is currently involved with law enforcement training in Thunder Bay.

This morning we're going to be presenting an outline to support the necessity of a protective and emergency services training centre located here in Thunder Bay.

The vision for the protective and emergency services training centre is to be a multi-faceted, long-term initiative with the following priorities: strong community-regional partnerships with Thunder Bay and northwestern Ontario; specialized training and education facilities for emergency and protective services organizations; and a single access point for education, training, certification and research.

The structure would be a modular, full-service complex that would offer space for classroom training, structures for specialized certification training, a research facility for investigative and specialized practical policy development, and a central location in Thunder Bay, with facilities outside in the region as well.

We envisage the Thunder Bay and regional campuses of the training centre to include these things: classrooms and distance education; crime scene simulation; a law library; a firearms range; a training simulation cell block; residences for trainees; a fitness centre for physical development; laboratories for fire training, crime scene identification, specialized computer technology and ambulance training.

This centre will also provide specialized training through off-site outdoor complexes for fire services in the areas of fire tower, industrial fire complex, high-speed driving—I'm not sure if that's good or bad, but being on the 401 lately, that's where the training should take place—and marine, and for police services including a long-gun range, search and rescue, biathlon park and snowmobile park. Specialized training would be available for police, fire, emergency, corrections, security and other enforcements.

Police training will include First Nations, Ontario Provincial Police, Royal Canadian Mounted Police, municipal police and military. Fire training will include First Nations, municipal, volunteer, airport, industrial and Ministry of Natural Resources.

I might just suggest to members, if you're having a hard time following the book, that the screen is co-

ordinated to be tied in with my remarks. It might make it easier.

Corrections training will include correctional centres, district jails, probation and youth centres. Emergency training will include ambulance, paramedics, emergency measures, and mines. Security training will include the airport, casino, alcohol and gaming, private and industrial security teams. Other enforcement could include customs officers, Ministry of Natural Resources, Department of National Defence, bylaw enforcement and immigration.

The economic benefit of this project would have a significant impact on our region. It is our conservative estimate at the moment that over \$5 million is being spent annually on training services in northwestern Ontario. Regionalized training in northwestern Ontario would be more cost-effective for the organizations involved than is the centralized training, which is currently available in southern Ontario. Jobs will be created and maintained here in northwestern Ontario. Training is closer to home and dollars will stay here in our community. To send people down to southern Ontario for ongoing training is both time-consuming and very expensive. It is our belief that having something here of a regional nature will encourage more people to do it, it will be more cost-effective and, in many ways, will draw people to this community as opposed to the GTA, where things are busy enough and full enough with activities going on as they are.

Construction of a new training centre of this magnitude would also have significant benefits to both Thunder Bay and northwestern Ontario. It would facilitate ongoing training and development in northwestern Ontario to meet mandated standards. It would provide cost-effective access to training for emergency service organizations. There would be increased efficiency of administration and training and ongoing development of research and investigative expertise. It's our belief that that training coming here would in fact spur research and investigative expertise in this region, which would benefit not only the region but the entire province.

It would also improve public safety by providing coordinated, multidisciplinary training exercises for first response teams and provide opportunity to offer pre-entry training as a career choice. It would increase the rate of retention of young people in northwestern Ontario, which is an issue that we're dealing with all the time. It would also create and maintain consistent high-performance safety standards for First Nations, volunteer emergency services, business and industry.

There are several challenges which we are currently facing in this region; however, with this training centre, they can become opportunities for growth in the north.

The increase of mandated performance standards means increase of training costs. In every area where mandated training and performance standards are being set, that's more training that has to be done. Standards for performance in emergency services have changed and increased in number, requiring organizations to commit resources to training to meet those standards. Many of

the mandated courses are available only in training centres in southern Ontario. The related travel and accommodation costs erode overall training budgets. It is more time-consuming, costly and disruptive to send trainees from northwestern Ontario to southern Ontario training centres.

For those of you coming to Thunder Bay today, that's a big step. But for our First Nations people, for example, coming from Fort Severn or wherever they might come from, it's a big jump just to get here, and then to head on down to Toronto or southern Ontario for training is a big exercise.

Many mandated training programs are offered infrequently or not at all because of a lack of specialized structures or facilities. There are a number of mandated training courses for which the current training needs are not adequately met because of lack of the specially designed structures or facilities. Some mandated training courses are only available at training centres in southern Ontario. These courses include vehicle and room fires training. Thunder Bay Fire and Rescue needs a fire tower in an isolated location. Thunder Bay police, Ontario Provincial Police and Thunder Bay reserves would use a similar structure for rappel exercises.

Hazardous materials are relevant to both fire and police services. First aid and CPR training are relevant to both fire and police services, as are rapid deployment, target practice and live fire hostage rescue, K-9 unit training, and seasonal training with year-round needs. The severe weather conditions of Thunder Bay and the region during winter limit the type and amount of some certification training courses that require specialized facilities.

Although all emergency services in Thunder Bay have access to space suitable for classroom training within their own facilities, many times the space is not available for all training programs. The space is often used for meetings and working areas for staff.

A dedicated training area for all emergency services would eliminate this problem. Thunder Bay police, Thunder Bay fire, OPP, and the RCMP have need for additional classroom space, with storage space for equipment. Many courses are either conducted in a hotel at additional cost, or in a space that is unsuitable and therefore compromising to the training itself. Sometimes courses are not conducted at all because of the lack of appropriate space.

1030

Recruitment and retention are compromised. Young people who wish to enter selected emergency services as a career option currently need to travel outside the region to participate in basic training requirements. They are at a severe disadvantage in comparison to candidates nearer the training centres because of time away, travel and accommodation costs. Youth migration and skilled professional retention is further compromised because of a lack of a pre-entry training program in emergency services, which is part of our program.

Volunteer firefighters do not meet all standards. There are a number of volunteer firefighter organizations

throughout the region that do not meet all the required standards because of a lack of opportunity to provide necessary training. Although some training needs can be met on-site, in their communities, many more needs could be better serviced in a training centre that included a fire tower.

There is a lack of opportunity for coordinated first response team training. First response teams, which include fire, police and emergency measures services, are required to respond to events such as disaster relief, dangerous spills, hostage situations and search and rescue. They do not have sufficient time to practise co-operative exercises because of cost, inconvenience and limited human resources. A multipurpose emergency services training centre would provide a cost-effective location for coordinated training, with all the necessary equipment and facilities included.

Many emergency service employees participating in training programs are from the region and require affordable accommodation and food services. A training centre would have to provide such services during the week and on weekends.

Injured workers in emergency services incur high WSIB costs. A cost-effective strategy for injured emergency service workers supported by WSIB could be providing them an opportunity to participate in mandated training programs. A dedicated training centre with an open intake for courses would be necessary to implement this strategy.

Large numbers of employees within major industries are not adequately trained in mandated safety or emergency response courses because of a lack of suitable space and lack of time to coordinate a consistent training program.

First Nations emergency services training needs are not presently being adequately met. First Nations communities have similar training needs and requirements for emergency service provision. Larry will relate to an incident possibly that he came upon recently about the whole challenge of First Nations people obtaining proper training.

The emergency services training for First Nations has emerged as a critical responsibility throughout the region. There are seven First Nations communities throughout our region for which the protection programs are provided to volunteers. The training is delivered on-site and usually include the basis of firefighting, ventilation training and pump operations. However, there are many specialized training courses that are not and cannot be offered on-site that could be made available at a training centre here in Thunder Bay. The training centre would have all the necessary equipment, especially the fire tower, as well as skilled trainers to ensure that the aboriginal firefighters are fully prepared and certifiably trained in all areas of fire protection.

The Ontario Provincial Police have developed a high level of expertise in snowmobile and winter survival training. These specialized skills can be offered to all emergency services in the province and extended to

officers from the upper Midwest United States as well. A training centre could coordinate the marketing of such a program.

Related market training opportunities: market opportunities exist for other training groups and industries. The forest sector is one example of an emergency service first response training need. There are over 1,000 front-line workers who need access to emergency services training to meet mandated standards.

Both Thunder Bay Fire and Rescue and Thunder Bay Police Service have developed innovative diagnostic and testing techniques. Ongoing research for the development of investigative techniques and preventive measures would be a necessary function of a multipurpose emergency services centre.

Changes in the Occupational Health and Safety Act have brought more businesses and organizations under regulated coverage. Many of these organizations do not even realize that they have mandated emergency service response needs to meet WSIB and provincial workplace regulations.

Thank you for your time. We're extremely passionate about this. This is a concept that's been incubating for a while and the chamber of commerce, along with other members of the community, has been taking the initiative to bring this back up again. We think it's a very worthwhile thing that we would be very appreciative and certainly would encourage this government to take a look at and support.

The Chair: Thank you, Mr Long. That leaves us with about two minutes per caucus. We begin with the government.

Mr O'Toole: I just want to comment. The other members may want to say something. I appreciate the presentation. It's extremely important to coordinate—that's the whole deal here—resources and training. We've had a presentation from the college as well as the university today, and there are resource issues there as well. Has the training centre worked out a plan of collaborative learning, earning and whatever with respect to the existing education infrastructure? I've always felt that universities and colleges—not to be critical; I didn't design the system, nor did they—aren't used adequately. About at least a third of the year they're vacant—not because of their desire to have them vacant, and there's a lot of growth in summer school and evening school, and that's appropriate. Could you find that to be an advantage: to coordinate the use of capital and realize the economics and the synergies you've described in your presentation?

Mr Long: I'll let Larry Price look after that one.

Mr Larry Price: Yes, we agree wholeheartedly with you. We were looking at the infrastructure that's in place already, as well as what we have in northern Ontario, such as Contact North. We've also been looking at similar projects. There's one in Ottawa, another one in Niagara, Durham, as well as the Oakville training centre and the Justice Institute of British Columbia.

Mr O'Toole: So have you struck a meeting or a coordinated working group?

Mr Price: Yes, we do have a working group.

Mr O'Toole: So you're way down the line, then. You have a business plan proposal, clearly.

Mr Long: We have a business plan that should be ready by the end of this month. It's going to come from a variety of sources, but now the chamber has sort of added their impetus to this—and naturally, I'll take credit for that—in terms of pulling this together, but municipal people, the OPP, the Thunder Bay police, the fire services and Confederation College have been a part of the group that's working on this right now.

The Chair: Thank you, Mr O'Toole. We move to the official opposition.

Mr Monte Kwinter (York Centre): Thank you very much for your presentation. I don't think there's any question that a facility of this type is needed for this region. I want to follow up on Mr O'Toole's question, because before he started that was my question. It would seem to me that Confederation College was here complaining about their particular inequity, that because of their size and their critical mass, they weren't getting the same kind of funding that colleges were getting in southern Ontario. This would seem to be a perfect fit. I have no idea of their physical capability; I don't know how big their campus is and whether they could accommodate this, but it would seem to me that if you could coordinate this with Confederation College so that you get the economies of scale and you get the ability to utilize their plant to the extent that it will be of help, plus whatever additions, it would probably be a lot more saleable, because what you're really doing is a win-win situation: it helps Confederation College and it would certainly help you. Have you got any kind of ballpark dollar figure of what you're thinking the facility, as you envision it, is going to cost?

Mr Price: Yes, I do. The Algonquin site in Ottawa was \$15.5 million. We're also looking at the site for the Oakville training centre, and it was \$1.3 million. Also possibly a residence, which we were talking about, bringing people in: we're looking at approximately 1,000 police people and approximately 1,000 fire people as well, so there's a possibility for a residence. We had a figure on that as well. The long-gun range, which has been knocked around lately here in the city, would be \$0.5 million, and a distance education area would be \$0.4 million, which includes 25 sites out in the region to deliver.

The Chair: Very quickly, Mr Gravelle.

Mr Gravelle: It's just a great concept, I think, and it's one that is needed. But I did want to just alert you to the fact that the township of Schreiber is moving forward and trying to get a municipal employees training college going. I presume you're aware of it. I think there could be some overlap on this, and I would hope you would be talking to Mayor Krause and working with him, because I know he would be very excited about this. I just wanted to be sure you were aware of that.

Mr Long: I know Bob Krause very well, and I would hear about it if we didn't include him in this conversation.

The Chair: Thank you. We move to the NDP.

Mr Christopherson: Thank you for your presentation—interesting concept. To what degree are you looking at replicating services that are currently provided at places like the Ontario Police College and Bell Cairn? The OPP has their training centre. There's the fire college. Those are centralized training facilities. How much of that are you looking at replicating in the north versus providing specialized training that is unique to the north? That is, First Nations, policing or emergency response procedures would be entirely different than in my home town of Hamilton.

1040

Mr Price: Just to give you some idea, I went on the Internet and pulled up the different courses held at Ontario Police College down in Aylmer. This year, there are 167 courses being held through the Ontario Police College. Here in Thunder Bay, there are three provided by them.

Mr Christopherson: Fair enough. But my question was, how much—you mentioned correctional officers in this, I believe, didn't you?

Mr Price: Yes.

Mr Christopherson: OK. Bell Cairn is the centralized training centre, the residential centre, for comprehensive training for correctional officers—at least it was in my time. Rob, I think it still is? Yes. So I was wondering, are you looking at replicating the training there or are you talking about specialized training? I know I don't have a lot of time. If it's replicating it, my experience has been that centralization and decentralization are neither good nor bad automatically. It depends on the circumstances, like public and private. If you're talking about replicating it—

The Chair: The question.

Mr Christopherson: —we would have to look at the comprehensiveness of it. You'd have to duplicate everything, duplicate the number of trainees, duplicate the equipment, versus specialized, which I have to say at first blush makes a lot of sense. I'm not going to say a lot more sense, but certainly a lot of sense. Can you give me a sense of that?

Mr Price: There are standards that must be kept up to date and certification which must be kept up to date, and that's what we're looking at generally for corrections, from what I understand. I have the background in the policing field. I know Bell Cairn, and we have met with the folks from corrections here as well.

Mr Christopherson: Are you looking at a northern OPC? Is that what you're looking at? Or, again, is it specialized? I'm trying to get a sense of exactly what you're proposing.

The Chair: A quick answer and that'll be it.

Mr Price: OK. We could bring instructors up from Ontario Police College. They would like that, probably, to keep the standards high, and to be duplicating their services down there. They're having a hard time getting enough people through the college to provide the province with officers.

The Chair: Thank you, Mr Long, Mr Price and Ms Robinson. We appreciate your time.

LAKEHEAD UNIVERSITY STUDENT UNION

The Chair: Our next presenter is the Lakehead University Student Union. Please come forward. I would ask that you clearly state your name for the purpose of Hansard. You have up to 20 minutes. Any time left over will be used for questions. Welcome, and proceed when you're ready.

Mr Glendon Tremblay: We'll just need a few minutes to set up.

The Chair: You don't have to worry about turning mikes on or off. The staff will do it automatically.

Mr Tremblay: We're ready to start whenever you want to take your seats again.

The Chair: Proceed. I would ask also, as a courtesy, that if any meetings take place, they might go to the back of the room or outdoors. Thank you. Go ahead, gentlemen.

Mr Tremblay: My name is Glendon Tremblay. I'm the president of the Lakehead University Student Union. To my left is Daniel Mackie. He's the vice-president of finance for the Lakehead University Student Union. I'd like to thank you for giving us the opportunity to come and speak to you this morning.

As I'm sure you're all very aware, in the upcoming election especially there is going to be a great deal of talk about post-secondary education on the verge of the double cohort and in the middle of a crisis in post-secondary education. A number of the issues we'll be bringing forward today are of the utmost importance to the future of this province.

We weren't quite sure of the format of this meeting, so bear with us if it's not precisely what you saw earlier this morning. Otherwise, we will go ahead with our presentation as it is.

I guess what I'll say as a precursor is that we're going to be speaking not only on behalf of Lakehead University students at points, but also as post-secondary students in this province, because I think there are a number of issues that are connected, obviously, but some of them are more specific to Lakehead University. We're going to give you our presentation, called Plotting the Course—Education: The Road to a Vibrant Future in the North.

A quick overview of what we're going to be talking about is, first, "A Walk Down Memory Lane." We're going to be taking a look at the last 10 years in post-secondary, just to set the scene for the rest of the presentation. Following that, we're going to take a look at the current state of post-secondary as we see it right now. Some of the rough spots along the way and some of the difficulties that students are facing right now will be covered in "Speedbumps." "The Northern Route" will take a specific look at institutions in the north, like Lakehead University. "Down the Road" will be a slight look into the future to see what projections are looking

like. “Paving the Way” will be a look at what some of the benefits of post-secondary education are to the province. Finally, “The Road Less Travelled” will be a list of recommendations that we would hope you would take into consideration during this meeting. So we can get rolling with that.

A Walk Down Memory Lane: taking a look at post-secondary in the past little while, we can see that tuition has gone through an increase of 126% in the past 10 years. That, as you most likely know, is way higher than the rate of inflation over that same period.

Student debt has soared to \$25,000, on average, for a four-year program. People walking out of there are saddled with a huge debt. This number is somewhat skewed in the sense that there are a great many students who are living at home and not really going into a great deal of debt. Their zeroes take down a lot from this number. I do know a number of students who are upwards of \$30,000 and \$40,000 in debt after a four-year program.

There has been an increased demand for post-secondary education. The workplace is now demanding, for the most part, that employees come in with a post-secondary education.

There has been \$50 million in the unfunded basic operating grant for Lakehead University over the past 10 years, and we’ll get to that a little later on as well.

Some of the things we can take a look at more specifically with Lakehead University here are—and I apologize for the size of these—on the left, you can see a chart that is looking at the percentage of tuition revenue making up the basic operating grant for the institutions. As you can see, across the board, as we get more to the right, the white part of the bar is tuition. You can see how it’s increasing over the years, and provincial funding is decreasing in the bottom part.

1050

Across on the right-hand side, the chart is just showing what percentage of students’ tuition fees is going toward basic operating grants of the various institutions. Lakehead is the fourth from the left. You can see it’s quite high, one of the higher ones in the province. We’re at about 43% of our tuition fees going to the operating budget for the university, whereas in previous years the provincial government stated that 35% would be the highest it would allow. And you can see that in other institutions it’s gone far above that.

This is kind of a disturbing chart to take a look at: the current model of BIU funding. You can see the envelope that we were given a number of years ago, back in 1990-91. Actually, I guess it was established in 1986, but we have since grown a great deal at Lakehead University and you can see both our moving average and our actual BIUs are much higher than the envelope is allowing for right at this time. With the double cohort coming in next year, obviously there’s going to be a great increase. This has meant that approximately 25% of our students—one in four—are not being funded, and that forces the university to do much more with much less.

Right now we have a number of issues going on currently in post-secondary education. First and foremost, the double cohort is on its way in next year. There are a number of issues surrounding that regarding classroom spaces, faculty members, instructors and residences, and whether every willing and qualified student will in fact have a spot in post-secondary. So as the double cohort is coming upon us, it’s doubly important and doubly necessary to make sure that post-secondary is properly funded.

There’s a continued increase in demand for post-secondary education. As I stated, over the past 10 years there has been an increase, and it continues today.

Recently, in this past provincial budget, Lakehead University was given part of a northern grant—I think it amounted to \$2.3 million—as sort of a down payment for the unfunded BIUs we’ve experienced over the years. That is still \$1.5 million short of funding of our students that we need at Lakehead University.

Some speed bumps along the way that we have encountered: increasing need for post-secondary in today’s workplace is at the forefront right now. It’s in demand. In order to have a well-educated workforce, post-secondary is necessary.

Financial barriers to accessibility for post-secondary education is the main concern of students right now. Deregulation has meant that tuition fees have increased up to 700% in some programs. In Ontario, of course, regulated programs are going up approximately 2% per year as well.

Interjection.

Mr Tremblay: Oh, thank you. My apologies. Again, an increased need for post-secondary education.

The Chair: We have the literacy council coming in at 12.

Mr Tremblay: Wonderful.

As I’ve already touched on a little bit, there is \$25,000 in accumulated debt for post-secondary after four years.

Right now, another issue I’d like to bring up is that Lakehead University alone is facing \$35 million in deferred maintenance. This is a province-wide issue that needs to be addressed. Our classroom spaces and hallways are crumbling in some spots and there has been very little attention paid to that.

We have some other issues that we face in the north here. Lakehead, as well as Laurentian and Nipissing, have difficult issues to face because of their location. Away from large economic centres, Lakehead, Laurentian and Nipissing face difficulties with current government funding programs and possible government funding programs such as SuperBuild and the Ontario student opportunity trust fund. These both rely on public-private funding schemes and, being in the north as we are, we don’t have access to a great deal of private dollars. This has been perfectly illustrated in the recent troubles with ATAC funding.

Down the Road—a look at the future a little way: the Minister of Training, Colleges and Universities has stated that enrolment in post-secondary will continue to

increase until the year 2016. So this is not going to be a temporary two-year flux with the double cohort; this is going to be a continual trend over the next number of years. This enrolment increase is due to the rising demand for post-secondary in the workplace. But will every willing and qualified student be able to afford a spot in post-secondary education with the financial barriers that are in place?

Paving the Way to a Vibrant Future: the advantages of having a well-educated population are very well documented. The innovation industry grows. This is very well illustrated here in Thunder Bay with Genesis Genomics, which has come out of research and development at Lakehead University and our paleo-DNA lab. This has led to some, I would say, international acclaim, as I've seen it both on Canadian stations and also from the States on their public broadcasting, taking a look at some of the work that Genesis Genomics has done. It has indeed taken research at Lakehead University and made it into an industry.

Employment rates: I have some numbers here, both employment rates and earning power. It's shown right here, again from the MTCU, stating that after graduation from post-secondary education, namely university education, the employment rate is 96% after six months and 97% after two years. The average annual salary for a student coming out of university after six months is \$34,700 and in excess of \$41,000 after two years. So you have the opportunity to contribute more strongly to the economy, as the last point states there.

The Road Less Travelled—here is where we lay down the challenge, and hopefully you can take it to heart: a firm commitment to the future of Ontario from the provincial government, including full operating grant funding for Ontario institutions; eliminating financial barriers to post-secondary education, which includes ending deregulated tuition fees and rolling back tuition fees for regulated programs, thus making it accessible for students of all income levels to make it to post-secondary education; and finally, to address the current deferred maintenance crisis in post-secondary institutions across the province, and again, especially here at Lakehead University.

That will wrap up the presentation. If there are any questions, Daniel and I would be more than happy to field them.

The Chair: That leaves us about a minute and a half per caucus. We begin with the official opposition.

Mr Gravelle: Thank you, Glendon and Daniel. It's great to have you here. It was a terrific presentation. We don't have a lot of time for questions. Certainly you've hit a lot of important points specific to Lakehead University, and I'd like to have an opportunity for you to amplify on a couple of them.

Clearly the tuition issue is a huge one. I think it's somewhat shocking to discover that Lakehead is paying 43% of the operating funds—and is it Nipissing that's 50%?

Mr Tremblay: Yes.

Mr Gravelle: It's quite shocking. So obviously that has a huge impact. But specific to Lakehead University, what is the one thing you'd like to see in the budget, if I can ask you that? This is what we're here for, I guess: to make those recommendations that you think would actually most likely help Lakehead University specifically, or perhaps northern universities, in terms of the challenges that you are facing. What do you think could make the biggest difference that you'd like to see in the March budget?

Mr Tremblay: Absolutely. As stated in priority number one in "The Road Less Travelled" there, we're looking for basic operating grants. The BIU situation is unacceptable at this rate. The university can't be expected to provide the kind of quality education that is needed for the future of Ontario when they're only receiving funding for 75% of their students. So that has meant cutbacks in programs, faculty and resources. That is not providing a proper university education. If that can be done, and then there is less reliance upon tuition fees, you will see some of the other things I've mentioned in here start to fix themselves.

Mr Gravelle: The deferred maintenance issue—

The Chair: Quickly, sir.

Mr Gravelle: Is that it?

The Chair: Just quickly.

Mr Gravelle: The deferred maintenance issue: it is a big one at all universities, but it is a huge problem, I think. What do you see as the implications of not dealing with the deferred maintenance problems at Lakehead in particular?

Mr Tremblay: We have buildings where we're having to close down wings or various classrooms because they're not safe at this point in time. We had over \$1 million in mould removal from one of our residences a year and a half ago, I guess. There has just been no money put into facility maintenance or renewal. It has all been into projects like SuperBuild where we're constructing new buildings, which is great, but there has to be attention paid to the current structures.

The Chair: We move to the NDP.

Mr Christopherson: Thank you for your presentation. I have just one, I think, rather straightforward question. One of the challenges that faces the north, and has in the past and will probably continue in the future, is trying to ensure that you have the same quality of services, whether it's health care, education, whatever your needs are, as provided in the south. Your peer group: are there students who look at going to the south simply because they think they're going to get a better education than they can get in their own university in their own backyard because of the added pressures that exist fiscally here in the north, or is that not the case? Are the pressures, problems and challenges you face quite similar to those in the southern universities?

1100

Mr Tremblay: I'm going to split that up into two parts. First, we are drawing a great many students from

outside of Thunder Bay. Approximately 80% of our student populace is from outside of Thunder Bay—

Mr Christopherson: From the south?

Mr Tremblay: About 50% from the greater Toronto and Ottawa areas, so that's a large number that are coming up. That, to me, says that we are putting out a quality academic program and schedule that is attracting people up here. I'm sure the geographical location is also a consideration that would draw people up here.

However, we are facing a situation where a great many of our graduates, after they have completed their program at Lakehead, are returning down south. That is definitely because there is a lack of industry up here right now, a lack of jobs.

The Chair: We move to the government.

Mr Marcel Beaubien (Lambton-Kent-Middlesex): Thank you very much for your presentation. As an opening, my daughter did graduate from Lakehead a couple of years ago.

Mr Tremblay: Wonderful.

Mr Beaubien: I want to deal with the dollar-and-cent aspect. You mentioned that the average debt is about \$25,000, and I can see that for some students. But you also mentioned that some of them have debts of \$40,000 after a four-year program. Can you tell me how you can accumulate \$40,000 of debt after four years? What should be the average debt load for a student graduating from university?

Mr Tremblay: The first part—OSAP is granting about \$9,000 and change per year—

Mr O'Toole: About \$9,300.

Mr Tremblay: —about \$9,300, \$2,000 of which is forgiven right off the bat, so you're looking at \$7,000 right there. I do know of students who, unfortunately, don't have good-paying summer jobs and aren't able to do as I had done and make a decent amount in the summer to contribute to my post-secondary. So they are taking all the OSAP that they can get. They may be amassing debts through credit cards or through banks as well, and have managed to run up about a \$10,000 debt per year that they're there. When you start to throw in residence, meal plans, tuition and books, you're looking at \$10,000 to \$12,000 a year to attend post-secondary at Lakehead University if you're coming from out of town.

What should the average student debt after post-secondary be? What should it be? Zero.

Mr Beaubien: Why?

Mr Tremblay: Why? You can take a look at it from two standpoints. One—and I don't have it right in front of me, and I apologize for that—but at some point, I believe in the mid-1980s, it was recognized by the government that education was a right. To create financial barriers to a right in Ontario doesn't seem quite the way to go, and really is not in line with Canadian and Ontario philosophies.

The Chair: On that note, please—

Mr Tremblay: Just to wrap up? OK. Lastly, just to bring it back as well to why it should be zero, the government needs to be making a firm commitment to the

future of this province and this country. If there is the demand for post-secondary, why not make it available to everybody instead of just the upper middle class and the upper class of income earners in this province? A strong, educated workforce is a productive workforce.

The Chair: Thank you, Mr Tremblay. We appreciate your input today, gentlemen, and will take it into consideration.

CREDIT UNION CENTRAL OF ONTARIO

The Chair: Our next presenter is the Credit Union Central of Ontario. We ask, both of you, that you please state your name clearly for the record. Welcome.

Mr Scott Kennedy: Thank you very much, Mr Chair, for having us here. My name is Scott Kennedy. With me is Lea Matyuska. You'll notice we don't have any fancy visuals. I was concerned you'd pick up spelling mistakes, and I know you won't in my comments. We did pass around a printed submission which deals with four topics: the planned merger, collateral mortgages, networking opportunities, and deposit insurance premiums in Ontario. My intention is to drill down a little bit on the planned merger with British Columbia.

I want to start off by saying that we are, unlike most groups, not here asking for money, at all.

Mr Norm Miller (Parry Sound-Muskoka): Nice change.

Mr Kennedy: Yes, nice change. We're here to present what I consider to be a no-cost opportunity for the government, neither financially or politically.

As I said, my name is Scott Kennedy. I'm chairman of the board of Credit Union Central of Ontario, but I'm also the general manager of Superior Credit Union here in Thunder Bay.

To give you some idea of the scope, Superior has five branches throughout northwestern Ontario. We serve the needs of 8,500 residents of this district. I also, by the way, have 38 employees who depend on Superior for a living and they earn over \$1 million a year, and that money goes directly back into our economy. Within the district, we have nine credit unions, 17 branches and 100 employees serving 25,000 residents of the district of Thunder Bay, and you know, I'm sure, from your knowledge of credit unions, that across the province we have 203 member credit unions representing over \$1.5 billion in assets, and thousands of employees.

Why am I telling you this? Simply because I want you to understand that we make a difference in the communities we serve and we make a difference in the province of Ontario. We've had great support from the government in the past, from all political parties, and I appreciate that and that's why I'm here today. You know that we are the only provincially registered deposit-taking financial institution in the province. You also know that there have been changes in the financial landscape at the federal level with Bill C-8. We need changes in the credit union system in order to allow us to continue to compete with those banks, because they are our prime com-

petition. We need changes that will allow us to strengthen our system, so we have the proposed merger, which I'm sure you've heard about, of the financial services arm of Credit Union Central of Ontario and Credit Union Central of British Columbia. It will do a number of things toward strengthening our system and stimulating both growth and opportunity, not only here in Thunder Bay where you've heard the local statistics, but across Ontario.

One example of that growth and opportunity is in the syndicated loan program which we participate in with Ontario Central. With Central's support, Ontario credit unions have placed over \$600 million in small and medium enterprise loans in this province. Those are loans that aren't being made by the banks. Those are loans in communities where the banks are seeking to withdraw and credit unions are staying. If this merger goes through, we'll have access to potentially three times the capital to reinvest in our communities and we'll finally become genuine competition for the banking industry in all facets of it. But we can't achieve that stimulus to our local environments without this merger. We need urgent action now from the government. We need harmonization of legislation similar to other provinces, legislation that binds all member credit unions of Ontario Central to this new merged entity. Binding legislation exists in all other provinces but we've even compromised on that and said not all Ontario credit unions have to join in, but at least those who are members of Ontario Central. I want to assure you that BC has made it clear and their credit unions have made it clear that they simply won't do the deal without the binding legislation. It makes no sense for their members to have to stay in when, if things get tough, Ontario credit unions could walk.

We've been speaking with the government for two years on this topic already. We actually put in a specific proposal over a year ago and we are waiting for a response. The government has said, or the civil servants have said, that they have concerns. We've asked for a list of those concerns so that we can deal with them and put them to rest. We don't appear able to get that list. We simply can't wait any longer. We need this legislative change and, as I said before, there's no cost financially or politically in our view.

I want to touch on one other matter which relates to this, and that is the matter of the sale of the Province of Ontario Savings Office to the Desjardins Group. The government announced that sale a few weeks ago and I want you to know that we are profoundly disappointed that the government has allowed another competitor from another province to come into Ontario, not because we fear competition; that's not the case. It's because home-grown credit unions, your own Ontario credit unions, have been asking for two years for legislative change to allow us to strengthen our system and we consider it unconscionable that this significant Province of Ontario Savings Office transaction was completed so quickly and before ours, and, I might add, without consultation with the Ontario credit union system. So I'm asking you,

ladies and gentlemen, to fix it now. The time for action is now.

1110

We had a special general meeting of our members and over 98% of those there said, "We want the deal to go forward." They said, "We want to be bound by legislation to remain members of OPCO." So I'm asking you to press for comment in the upcoming budget. We need to know that we have the support of the government to move forward and strengthen our system and avoid any political embarrassment that would come without that support. We simply can't let the opportunity go by.

Please, I'm asking you to do the right thing, and that is to ensure that Finance Minister Ecker gives us an irrevocable signal in the budget that she's prepared and the government is prepared to give us the legislation we require. Quite simply, our future depends on it.

I'm going to ask Lea Matyuska to make a brief presentation and then we'd be happy to answer any questions.

Ms Lea Matyuska: I'm Lea Matyuska and I'm the manager of Bay Credit Union. I guess the reason I'm here with you this morning is to bring this down a notch to the actual credit union level and what this merger and what some of the changes to legislation will mean to individual credit unions throughout this province, particularly to small and mid-sized credit unions that quite frankly need to have these changes made.

I'm here as the manager of the credit union and also as the chairman of the local Thunder Bay Credit Union Managers Association and as a delegate to the Northwestern Ontario Credit Union Alliance. Credit unions have had to co-operate together in order to survive in such a tight marketplace out there serving the financial industry.

Scott Kennedy, who's the chairman of Credit Union Central of Ontario, has already discussed with you this morning the reasons why it's imperative that this legislation take place. The board of directors of Bay Credit Union strongly support these changes. They will ensure our survival as well as that of other credit unions in the province. In order to offer service levels that our members expect, at pricing levels that remain advantageous, credit unions throughout northwestern Ontario must network with other credit union systems.

Scott spoke to you concerning the opportunity Ontario credit unions have to merge our operations with those of BC credit unions. At Bay Credit Union we could never have offered integral services such as bill payment via telephone banking and Internet banking without the assistance of credit unions in British Columbia. We've already been networking with other credit unions in other provinces. Just one of the reasons our board of directors supports this merger so strongly is that more and more of our members have come to rely on those little debit cards. Ask yourself how often you're writing cheques versus how often you're using Interac direct payment and whether or not you'd pay over-market rates in order for those transactions to take place, that type of a volume transaction via the computer or via ATM networks or

EFTPOS. The electronic age is upon us in the financial services industry and it's very much a volume-driven pricing model. So we need to have increased transactions, and these types of alliances and mergers will definitely allow that to continue.

Credit unions in Thunder Bay and in northwestern Ontario must be able to remain competitive. One of the ways to make this a reality is to have regulatory changes made that allow this merger to become a reality. We're really frightened about what will happen to credit unions in our small and mid-sized group if this merger does not go through. Scott's already mentioned some of the demands that BC has made. In British Columbia it's mandatory to be a part of BC Central. That's not the case in Ontario. We need to have some changes made in regulations in order to have this go through.

I have worked many years with the legislative review committee of Credit Union Central and have been encouraged by this government's willingness to listen. Changes made via the red tape committee and our new act have eliminated a lot of the duplication in reporting that we've had to do on the management level at credit unions and did open up new opportunities for credit unions business-wise for our province. However, it's time to review this act, and in particular our credit union really cares about section 57 of the act as it pertains to collateral mortgages. That's also important to credit unions particularly in the Thunder Bay market. We need to reduce our liquidity levels and remain profitable by putting more loans out the door. Just to remind all of you, the word "profit" is a different word to credit unions than it is to the banking industry. Keep in mind that all of our profits are returned to the members we serve and thereby remain in northwestern Ontario. The Northwestern Ontario Credit Union Alliance is a group of 10 credit unions from Marathon to the Kenora border. They're unanimously in support of these changes that Scott's mentioned to you this morning.

I also wish to remind you that there are 200 staff in northwestern Ontario in credit unions who are counting on your support, and 50,000 members.

The Vice-Chair (Mr Ted Arnott): We have some time for questions and I'll turn first to the New Democrats.

Mr Christopherson: Thank you for your presentation. The first thing I want to do is congratulate all of the credit unions. You've done a remarkable job of coordinating your efforts. I don't think we've hit a community yet where we haven't had the credit unions come in and make the point, particularly around the issue of the merger. Given that it doesn't cost a dime and is going to reap a lot of goodwill in an election year, I would suspect and hope that there's a good chance you're going to see this in the budget. I think the government members have heard that message loud and clear, and this is one that I think will penetrate and will actually have an opportunity of becoming real.

I wanted to ask just one question, because we've covered so much of the waterfront on these issues. Again,

but not to water down your effect here, it's good to be able to say that in every community we were in we heard this. It's good for us to be able to do that. But I'm interested that in most matters—and it came up already earlier—there's something unique to the way that everything happens in the north. If it's not the weather, then it's the distance, it's the transportation problems. I'm just wondering, does that also apply to the credit union? I noticed you mentioned that you have the Northwestern Ontario Credit Union Alliance. Is that just a matter of, "Hey, we're all close together, let's communicate," or are there, even in the financial world, things that are unique to the north that as southerners we wouldn't immediately see?

Ms Matyuska: The Northwestern Ontario Credit Union Alliance is unique. There are other areas in the province that have tried, and there are loose groupings throughout Ontario in this way. One of the reasons this came into place is because we've tried to develop marketing opportunities that are unique to the north. We've got to be able to rely on each other in order to effectively compete with other financial institutions, such as the major banks, in this marketplace.

Just one of the products we've developed through the alliance is a MasterCard, which is unique to our area and has raised quite a bit of interest in other areas of Canada, actually, called the Care Miles MasterCard. What happens with that MasterCard is that a proportion of the spend on that card is actually donated to health care in the northern communities that we serve. We've done a \$25,000 endowment, just as an example, with the local hospital here. That type of initiative, where you're offering a unique credit card product, could not be done by a credit union like Bay Credit Union with \$19 million in assets. This is something where you've got to get a viable financial group that goes together with the launch of one product. That's just one example of how the alliance has been working.

I think it's safe to say, and Scott could certainly back me up on this, that the Thunder Bay area and northwestern Ontario are known in the credit union system as being able to actually co-operate and communicate together in order to get this type of initiative done.

Mr Kennedy: Thank you for your comments. We of course are aware it's an election year but we believe the province should act on our request for the merger legislation because it's simply good public policy.

The Vice-Chair: I've got to keep moving. The government side.

Mr Rob Sampson (Mississauga Centre): David is right: we've heard this in a lot of other communities. In fact, I think this has been brewing for some time. I've never really understood the opposition, if you will, of some of the folks in finance to this one. Maybe you can give me some indication as to what the roadblocks are that we're likely to face, if and when we bring this back, because I know there are some, but I've never really had anybody tell me what they are. So if you can give me some direction, maybe that will be helpful.

Mr Kennedy: Thanks very much for that question. The two things that come to my mind right now are claims by provincial bureaucrats that this might foster a monopoly in Ontario for Credit Union Central of Ontario and through that to the new merged organization that we're calling OPCO. Nothing could be further from the truth. We are financial co-operatives; we serve the members who choose to own us, and therefore it's impossible, in my opinion, to classify it as a monopoly.

There has been some resistance from the non-affiliated credit unions, those credit unions that are not members of Ontario Central. They're resistant to anything that might ultimately lead them to be required to be members of a group. But we've addressed that by saying that the non-affiliates do not need to participate and, indeed, if you are currently an affiliate of Ontario Central, we will give you more than ample opportunity before this deal closes to back out if you don't see the true benefits of it. To me it's a win-win, and quite frankly I don't understand the attitude of some of the bureaucratic staff.

1120

The Vice-Chair: Mr O'Toole, you have a question too?

Mr O'Toole: Yes. I did the consultation on this with Jonathan Guss and Credit Union Central and have spoken directly to the ministry as well as the ministry people. Like Mr Sampson, who also participated in that, I'm perplexed, because Janet Ecker, before Christmas—Jonathan was in, actually, trying to say that this is a do-or-die situation, and it got locked up upstairs somewhere. I have no idea where.

With respect to section 57, I agree you've got some work to do there to educate the public. They don't understand that whole issue of the collateral aspect of lending. Yet the banks themselves are actually moving further in terms of mergers and Bill C-8 and financial services, so we in government are supportive of the credit unions. In fact the merger of the OSC-FSCO, which was part of this discussion—we've tried to remove credit unions and co-ops from that merger, putting them under the community and business services branch, so that they're not as complex, sophisticated business plans, and cost of operation would be less significant. So keep pressing, keep pushing, and I think you'll find a very supportive response from the government. Why it's being locked up, I wish you could tell me the person's name.

Mr Kennedy: Thank you for those comments. My only response might be that because it's such good, sound public policy, sometimes ministers and politicians have to take actions to override the people below them. It's unfortunate but sometimes it has to happen, and I believe this is one of them.

The Vice-Chair: We'll turn now to the Liberal caucus.

Mr Kwinter: Thank you very much for your presentation. I'm sure you know I have a long relationship with credit unions.

Mr Kennedy: It's nice to see you here.

Mr Kwinter: I'm just delighted at the progression as to what happened from the late 1980s to the present time, because there were a lot of mismatches at that time with loans and deposits. I'm totally supportive of your desire to merge with the BC credit. I think you need that critical mass.

I just wanted to correct something you said about the Province of Ontario Savings Office. There was consultation with the credit unions. As a matter of fact, there's a letter on file that was presented to us earlier in these hearings saying that because of the restrictive legislation affecting credit unions, they would have to pass on it; they couldn't even make an offer. I think that's unfortunate. I think the government could have made some accommodation to correct whatever it is, to allow the credit unions to take over the Province of Ontario Savings Office, because I think it would have been a fabulous thing for Ontario and certainly for the credit union movement. I just want to let you know that.

Mr Kennedy: I appreciate that, and that is correct. If I misled, it was unintentional. Where I was referring to the consultation, it was the requirement that I believe exists in the legislation for the minister to consult prior to approving the charter of any new credit union. I believe the Desjardins Credit Union charter was approved without the minister assessing the impact on the existing credit union system, which I thought would be best achieved by talking with Ontario Central. So I'm sorry I—

Mr Kwinter: No, I agree with that.

The other thing I want to talk about is the collateral mortgage situation. Do the credit unions not have the ability to insure high-ratio mortgages?

Mr Kennedy: Yes, we do.

Mr Kwinter: So I'm not exactly sure why this is a problem. If you can insure to get to a 90% mortgage, and under a conventional mortgage you're only at 75%, you need collateral to exceed that, why can't it be done through an MICC type of operation?

Mr Kennedy: I'll start and Lea can tidy up for me if she wants to. Anything over 75%, we are allowed to go to 95% with CMHC approval. You are probably aware that that costs money; it costs 3%, I believe, of the outstanding balance to go up to that amount. That's not a requirement that the banks have to face. So I have to go to my member and say, "Isn't it great you're dealing with a credit union? It's going to cost you 3% more for insurance premiums. Or you can go to the Royal Bank and do it for no charge." It doesn't seem fair.

Do you want to add to that?

Ms Matyuska: The only thing I wanted to add as well is that it's the restriction that's in the act right now that basically says we can do collateral mortgages in excess of 75% only up to a figure of \$25,000. Twenty-five thousand dollars isn't a lot of money nowadays. That pretty much sums it up. When we're doing a collateral mortgage, we're counting on both real property, usually, and a vehicle as security for higher debt loads. People are simply borrowing more.

Mr Kwinter: Do I have another minute?

The Vice-Chair: I'm afraid you don't, Mr Kwinter.

I want to thank you very much for your presentation. We appreciate your advice.

McCAUSLAND HOSPITAL

The Vice-Chair: Our next group is the McCausland Hospital. I understand a representative of that organization is here with us. Welcome to the standing committee on finance and economic affairs.

Mr Mario Audet: My name is Mario Audet. I'm CEO of McCausland Hospital. I've been CEO for two months. I came up through the clinical side of things. What I'd like to discuss this morning are the Kirby and Romanow reports, more specifically their highlights, the gaps they've created, the northern Ontario perspective on those reports, the very tiny hospital that I manage today and then some closing remarks.

The Romanow report discussed in detail the unsustainability of our present health care system, and that's no news to any manager who is out there. The escalating costs, the escalating demand and the decreased funding for it is just coming to a crunch. It proposes an immediate injection of cash but cautions that we need changes to the system. We cannot just keep putting good money after bad, essentially, into the system.

Primary care reform at the doctor level doesn't mean much for us up here. The four physicians we have in our community are already on an alternative payment plan. They are essentially salaried employees. Over the years, through the implementation of those contracts, a lot of work has been dumped on to the hospital side. We do a lot of initial visits that would have been handled through the physician clinics. So our system has been burdened by the alternative payment plan that's been effectively initiated on the physicians' side.

The physicians really like this. They're able to control their hours more effectively. It has really solidified the number of our physicians. We were down to one physician, meaning that person was on 24 hours a day, 365 days a year. This alternative payment plan has solidified that, but it has caused some ripples in the pond.

The Romanow and Kirby reports also state that we need action, we need true reform. We don't just need to try to Band-Aid the system; we need a true look at it.

With the aboriginal health issues up here there's a clear fight that goes on between the provincial and federal governments. My institution is building a 30-bed long-term-care facility on to our 23-bed hospital facility. We're discussing it at both levels and we're feeling that, and we're a tiny speck on the spectrum. The diabetes and arthritis issues that are faced are simple diseases that have broad ramifications to the system. They're not effectively dealt with in our native population, the one I'm responsible for in my catchment area.

Recently the northwest Ontario health network met, with assistance from the district health council, to discuss the issues of the Kirby report and the Romanow report.

The issues that came out of there are illustrated in the report. The district health council is not an advocating body; they were just co-operating in this aspect.

The challenges of the rural system: you've probably heard those issues this morning about travelling, the cold, the distances and the condition of our roads and so on and so forth.

Health promotion was also a big gap in the Kirby and Romanow reports. Those two reports really centred on what we call the hospital intervention system, not preventive health care, trying to improve the health indicators of our communities.

1130

The health human resources aspect: I believe the average age of the nurses in our institution is about 54. I have three, I think, below the age of 40. I'm going to be facing a dramatic human resources aspect in the near future. Part of the resolution to my high cost of operations is to try to hire new, younger nurses who bring in new blood and so on and so forth and aren't burnt out like some of the ones we have presently on staff. They're not knocking at my door. We're going down to the recruitment tour every year looking for them. They don't want to come up here. There's no incentive for them to come up here. Those incentives have been whittled away through some of the new funding formulas that have come through the central bargaining of the OHA.

Primary care, again, was addressed in the reports but we feel that it has to be done in a manner that is going to be sensitive to all the micro-issues we deal with. If the government takes one approach and tries to implement it across the province, we feel that our small solution in the north—a tiny solution—may have a dramatic impact on our physicians.

I touched on the aboriginal health issues. Our system is not friendly to their cultural needs. We are trying to raise money or solicit money from the federal government to try to make our system more sensitive to their needs culturally and so on and so forth. It's a difficult process. It takes a lot of man-hours for us to do that. I have full staff of four people working for me, and that includes all my human resources, my accounting, my executive secretary and me. I'm the CFO, COO and CEO of the institution.

Technology is a solution to many of these problems. We've just implemented video conferencing equipment in our area. It's very costly because we don't have the economy of scale to be able to get broadband at a reasonable price. That's worked really well and I hope that will continue to be supported by the ministry. It needs to be broadened, it needs to be recognized through our institution. We do approximately two video conferences a week. It doesn't seem like a lot, but through the collective agreement, I have to bring in a nurse for four hours, for one patient. So the economy of scale is just not there. When we put our dollars to how many services and interventions we do, down at the ministry level we look like one of the least effective institutions in Ontario.

Continuity of care and integration: our hospital used to have home care, an ambulance department, speech pathology. We were one of the more dynamic ones, and through the institution of the CCACs and downloading of ambulances to communities we've lost that and we've lost the ability to really bridge the gaps that we used to have. So we are noticing gaps being created by some of those isolations of funds.

The mental health aspect is stressed in the report. I don't come from that sector; I can't speak to it. But what we've seen at the hospital is that we are holding patients under guard because there's no access to the Thunder Bay regional mental forensics department. So it's not the proper care for that person at that time, and to have a policeman in the bed next to you makes the other person uncomfortable. Maybe it's the reality of the time and we need to change the way we look at it, but there are some aspects that need to be looked at.

In home care there has been some movement with the CCACs but it has created some gaps in the way we communicate between the hospital sector and the broader health care system.

We need action. I know that I've put in both sections that Kirby and Romanow said that we need proper action. We need it now. We can't sustain these systems. I'm making decisions on staffing day to day. Last weekend I was called at home to make sure that a housekeeper who was sick could get replaced and I said, "No, I don't have the money in the budget, so just cut back; see what you can do. Call me on Sunday morning." On Sunday morning I got the phone call again. So I'm on call 365 days a year to deal with minute financial issues because we have no flexibility left in our system.

Accountability is a delicate issue. We're doing more accounting than I have ever seen, but I don't know if that has really increased the accountability of our system at my hospital. We are doing some changes at the board level, we are doing some changes at the management level to really start to put some of these checks and balances in place, but if we are expected to deliver a certain amount of care and we're expected to deliver it on last year's budget, as is being recommended by my budget brief this year, there's just so much you can do. There has to be accountability in paying for the service or allow us to cut services to be able to deliver an efficient service.

Long-term care has been a big issue with us. It's been an ongoing issue. Like I said, we're trying to build a 30-bed facility. It doesn't sound like a big thing, but it more than doubles the size of my institution. The Ministry of Long-Term Care redevelopment office specifically wants us to do it within the mandate of \$75,000 per bed. We're probably reaching close to \$300,000 per bed. The funding formula that's standardized across Ontario just doesn't recognize the building cost and the relocation and all of the costs that are associated with capital building up here. The Ministry of Northern Development and Mines used to fund at five sixths, and now I'm looking at 48% funding from them on their expected—but when we

go to the drawings and start tying in our hospital systems to try to deliver a unified system, again, they want to see it isolated, with the funds isolated and the kitchen isolated. They want two kitchens in my facility. It's a 23-bed facility. Those are some of the difficulties we're seeing, and it comes down to funding.

Children's services and palliative care are two of the things in which we're seeing an increase. When a palliative patient comes into my hospital, because they're palliative, they don't need intervention, meaning that that visit will be rated very low on the funding formula. When I report that to the ministry, they say, "Why did you spend money on a nurse for three days of one-on-one care for that person?" They didn't need medical intervention. They needed their hand held and they needed the family to be comforted, and we can't deliver that. I understand that some of the big places are running beyond maximum capacity. I'm seeing that in Thunder Bay. Last month I was down to 25% capacity in my acute care wing, and last year in the same month I was at 120%; I had three people in the hallway. So there is very little for us to be able to manage on the microsystems that we have.

The northern Ontario perspective: I believe we need reasonable access to the reasonable care we deserve. I'm not saying CAT scans in my institution; I realize that's unreasonable. But we're having difficulty in accessing the Thunder Bay Regional Hospital right now because of capacity issues. We're trying to settle for just having access to the diagnostic, because they are a referral hospital. If they could just diagnose the patient and send them back, we'll take them back. We'll gladly take our patients back, but we need a proper diagnosis so we can manage the care properly. The physicians feel very uncomfortable doing a trapeze act without a net. That's essentially what they're doing.

Back to the economy of scale: as I touched on earlier, in videoconferencing, Cancer Care Ontario has now changed their funding formula to a fee-for-service system. We don't see enough to make it cost-effective. Please allow me to cut it out. I just can't continue to provide these services and be able to be accountable for the money.

Human resources and geography: I'm sure you've heard enough about that.

The small hospital system: the way I see it, in the 5,000 catchment area that I have, the hospital should become a one-stop centre for health care. Public health should be affiliated, mental health should be affiliated, and a bunch of the peripheral health care with a big H should be affiliated with the system and not necessarily have all these gaps created because of funding silos.

Isolation of the funding silos: I've just given back my ambulance department. We ran it efficiently for two years, and now I've got to give back \$65,000 because I didn't use it. What a silly way of funding. I wasn't allowed to transfer the money I had in the bank to other operations within the hospital that were not as efficient that year. Secondly, I'm seeing that's going to happen to

our clinical lab, and possibly digital imaging, down the road. The lab is probably going to be isolated from my funding this year and probably will become an isolated fund. I won't be able to transfer those funds over. If I have a person sick for longer than expected in that department, I show a deficit. How can I be accountable when I have no flexibility to move funds back and forth between the silos?

Since I went into health care in 1986, I've seen a migration away from global funding toward fee-for-service in the funding formula. That just has some dire effects on microinstitutions like ours. We just don't have any flexibility to plan, develop and continue to keep up our standards.

1140

Closing remarks: we need action more than money, actually. That's something you're probably happy to hear. We need action on the health care level. We need to address the recommendations of the Romanow and the Kirby reports and the gaps that weren't necessarily looked at in there. I don't know what their original mandate was, but they looked at the hospital health care sector but not the rest. We need an injection of cash to sustain the present system. I've got an operational budget of about \$3 million. I'm going to show a real-money operational deficit this year of about \$300,000, and with depreciation and all that, about \$500,000 because of the inflexibility of the system.

We need to address the northern Ontario issues. I think videoconferencing was a great leap. I think there were discussions around restructuring to try to get a unified health information system across the North Shore. It would be a great thing. All our patients come to Thunder Bay. Put it in Thunder Bay, make it accessible to Thunder Bay or reduce duplication; reduce coming back to Thunder Bay. Change some of the ways that specialists are having to see their patients. I come up here for a specialist's visit: "Oh, you need an MRI." You go get the MRI, you go back to Terrace Bay, two hours away, and then come back two weeks later to hear that there was nothing on the MRI. There have to be ways that can be done through videoconferencing and our family physicians.

The Vice-Chair: Thank you very much for your presentation. Unfortunately our time is up and we don't have any time for questions, but I want to thank you very much. I'm sure that if you want to talk to some of the members privately afterwards, there will be an opportunity to do that.

LAKEHEAD REGIONAL FAMILY CENTRE

The Vice-Chair: I call forward next the Lakehead Regional Family Centre. Welcome to the standing committee on finance and economic affairs.

Mr Tom Walters: Thank you. Can I use the overhead?

The Vice-Chair: Provided we can hear your voice while you are speaking. If we don't, it won't work. You

might want to sit down in that chair to your left there and speak into that mike.

Mr Walters: It looks to me like it's not going to work. I'm not going to use this. I'll just speak to you. You've got the slides.

The Vice-Chair: First of all, please identify yourself for the purposes of our Hansard record.

Mr Walters: My name is Tom Walters. I'm the executive director of Lakehead Regional Family Centre. I was to be here with my board president, Evelyn Bradley, but she unfortunately had a family medical issue she had to deal with, so she's not here and I've been asked to do this.

I'd like to speak with you today to give you some understanding of issues facing the children's mental health sector in Ontario. There are approximately 90 children's mental health centres in the province which serve somewhere in the neighbourhood of 12,000 children and families who are suffering from emotional, behavioural or developmental kinds of issues. We are one of those centres and we face a number of issues we'd like to highlight for you. I'll talk a little bit about the things we've done and a little bit about what kind of help we hope we can get from you.

We belong to Children's Mental Health Ontario and are an accredited non-profit centre. We work within the district of Thunder Bay, which is a fairly huge geographic area. We are one of three agencies in this district that provide services to children and families with mental health issues.

I've highlighted in here the range of services we provide. We're pretty much within the city of Thunder Bay, with the exception of Dilico child and family services, which services mostly aboriginal families. We're pretty much the only show in town and provide everything from an intake and brief service approach to an early intervention and prevention program for children as young as six. We have a child and adolescent treatment program which deals with children and their families from six to 18. We have a clinical court service that provides support to the child welfare and young offender system. We provide three residential homes for intensive treatment of children. We run four day treatment programs, in partnership with the Lakehead board of education. We also have a program we run in partnership with St Joseph's Care Group through the Sister Margaret Smith Centre, which is a new experience. It is a program for children and youth with substance abuse problems and mental illnesses.

We also are a partner with a number of other organizations in delivering rural and remote services through the integrated services for northern children program.

Last year we served over 2,700 families. For us, that has been an increase of 150% since 1995. When I first came to Thunder Bay, which was approximately 15 years ago, we were serving about 1,000 families with a lot more staff. Our example is very indicative of what's happening with a number of children's mental health agencies: we've gotten a lot more efficient and effective

in the way we treat people because we're doing a whole lot more with less. Right now, we have a waiting list of approximately 200 families waiting for help. Across Ontario that's close to 8,000.

We have a wide multidisciplinary staff—I've listed it here for you to take a look at—and our whole focus is on providing a comprehensive model of care for children. We get most of our referrals from sources like doctors, social service agencies, child welfare, young offender services, courts, probation, schools and hospitals, and children over 12 can refer themselves to us. So we are connected to many parts of the system.

I want to point out for you some really key things in terms of interesting facts. There was a landmark study done by Dr Dan Offord from McMaster University when I first came here in 1988. It was an epidemiological study that was done across the whole of Ontario. At that time, 18% of the children in Ontario had a diagnosable mental health disorder. Unfortunately, at that time—and I think the statistics are the same today—only one in six of those children will ever get the kind of help they need. It certainly is true for our organization as well. We feel we're hitting perhaps one in five children who really need the help they should be receiving. I think that's also the same across Ontario.

A study by the Canadian Mental Health Association, Ontario division, found there was an annual loss to federal and provincial governments on the magnitude of \$1.9 billion from failing to treat these children early on, when you looked at years of services that were lost and people being productive citizens. I think that's the key point I want to leave with you.

A centre like ours is really dedicated toward keeping families together, keeping kids in school, stopping them from going into child welfare services and keeping them out of prison. If we're not able to do the work we need to do, then some of these children will cost tremendous amounts of money to the overall system. For example, if we put a child in a young offenders' facility or, if they go on and they're adults, a prison, we're looking at \$45,000 to \$100,000 a year. We estimate it costs somewhere in the neighbourhood of \$2,500 for a family to be working with us for a year. I think the figures speak for themselves.

The current issue we're facing—and I know this is the same across Ontario—is that we're finding an increasing demand for help from our consumers and from the community. The social service network across this province is intertwined, so that child welfare services, schools, doctors, hospitals, children's mental health—if you make a change in one part of the system, it reverberates through the rest of the system. With changes in the child welfare system and their becoming much more tight in their mandate around protecting children, a lot of people have started to come to children's mental health centres for assistance. As schools have cut out special education services, they've come to us for help. As hospitals aren't able to deal with kids in emergency, they refer them to us. We're finding a huge demand—and I've laid out

some of the statistics for you—and we're also noticing that the severity of the problems children are coming in with is getting bigger and bigger. In the pamphlet I've given you, you will see on the back cover some statistics that overview for you the kind of increase in service volumes and the kinds of issues we as a centre are facing. As I said, this is indicative of other centres in the province.

1150

We've also noticed that trying to deal with hard-to-serve children in the service system is increasingly a real problem for us. I can tell you that in the Thunder Bay district there are six children right now who are out of region, at a cost of \$500,000. We're working with the service system and with the ministry to try to bring those children home, to have the services here for them, because all we're doing is sending the problems away, and they come back and repeat themselves.

I have to praise the government on something here; Michael won't like this, but I'm going to do it anyway. This government has provided more money for children's mental health than any government in the 15 years I've been in my job, but they've done it with strings attached and they've done it through a funding formula that particularly biases places like northern Ontario, because it's based on population. Quite frankly, northern Ontario loses out every time when that happens. So we get little smidgens of money to do new projects and they come in little silos, with expectations that we're supposed to report on each of the little silos. We also don't get any administrative infrastructure to cover it: "Just suck it up and find ways to continue to run it." It's going to break down, folks; it's not going to work.

The other thing, and probably the most important perspective for me, is that for the last decade the children's mental health sector and other social service sectors have received a 2.5% increase to their core funding. My costs have gone up 12% to 15%. I have a unionized environment. I recently settled, in September of last year, a collective agreement for three years, and we gave the worthy sum of a 5% wage increase over three years to our staff. We got nothing from the ministry. It's somewhat hypocritical to me when I see government handing out somewhere in the neighbourhood of 10% to 11% to settle their labour issues so they can buy wage harmony with their labour force and giving the health care sector somewhere in the neighbourhood of 11% to 12% so they can buy harmony with their labour force, and we get zip. That's going to break down.

I'm one of the 10 bigger centres across this province. Our organization is faced with making service cuts in the next two to three years in the magnitude of \$600,000—about 10% of our budget—to be able to face the issues we're facing, and there's no money coming. The same thing is happening in other parts of this province. I had a meeting last week with the executive directors of 10 of the larger centres. They're all facing service cuts next year unless there is additional money brought into the system.

While I recognize that governments have to make choices around priorities, if we don't invest in our children and we don't invest in helping them get back on the road to recovery and we don't keep them in school and we don't keep families together, believe me, you're paying the price anyway.

We've also noticed that besides wage settlements we have increasing costs in benefits. We belong to the Hospital of Ontario Pension Plan. That's sort of an anomaly; we ended up birthing from the Lakehead Psychiatric Hospital and kept those benefits, and it's been a blessing in disguise. This year alone, because of the stock markets and everything else, HOPP has announced that we will have to pay an additional \$135,000 on an annualized basis. Where does that come from? Somewhere in my budget.

Across Ontario, we've noticed that in children's mental health sectors there's approximately a 30% differential between our sector, the health sector and the education sector for the same kind of professionals we've outlined here for you: psychologists, social workers and so on. In some parts of this province there's a 40% turnover in terms of staffing, particularly in southern Ontario. In northern Ontario there aren't that many jobs, so I'm not having quite the turnover—ours is about 10%—but I am having key people who have been with us for a long time looking at us and saying, "Do you know what? I can't afford to work for you any more. I'm going to go and get paid what I'm valued and what the market rate is." That's what is driving some of the changes. That's why we settled with our staff and tried to up our rates so we are more competitive in this marketplace, because we were losing psychologists, we were losing social workers, we were losing the people who really are there to give the help.

I'm going to switch forward here. I'm conscious of the time, and I know you folks want to go for lunch.

I've outlined here for you what we have done, and one of the key things we have done is a lot of advocacy at the local level. But we have also worked with our provincial association on a revitalization proposal that is apparently going to Management Board of Cabinet some time this month or in March. It's a \$50-million revitalization proposal, with 60% of it going to the core funding issues I talked about and 40% for new initiative money for dealing with service demands that are there. The kinds of things you can do to help: if you are at all able to push for that proposal to be given consideration, I certainly request that of you.

While I've worked in the mental health field for almost 27 years, I've been a provincial bureaucrat. I was director of mental health services in the province of Manitoba. I've been on the national board of the Canadian Mental Health Association for a decade. I've worked in mental health services all my life. I believe in it passionately and I believe that the greatest kind of investment we can do to work on mental health.

I plead with you to make mental health and children's mental health a higher priority, because these are the

citizens of tomorrow. These are the people who will be leading our country. If we don't give them the help they need, they will become a drain on society and not a help.

Those are my comments. I thank you for the opportunity to meet with you. I'll be happy to answer any questions you have.

The Chair: Thank you, Mr Walters. That leaves us with a little more than a minute and a half per caucus. We begin with the government.

Mr Sampson: Thank you very much for your presentation. As a previous Minister of Corrections, and there's another one across the floor here as well, you don't have to tell me about the issue of children's mental health. I think we saw, or I saw certainly, a lot of the unfortunate results of that in that system.

On the funding formula, I come from an area of the province of Ontario that actually wants us to go to a funding formula that's based upon population. I don't know if you've heard the issue around Peel's fair share task force.

Mr Walters: I absolutely have.

Mr Sampson: Yes, so I say to the members over there maybe that's not the only criterion by which we should hand out money.

Mr Walters: Would you like to hear some others?

Mr Sampson: I think what we need to do is find a smarter way, other than last year's budget plus or minus a number, to allocate money. I'm not convinced that the sole calculation of population, just head counts, is the way to do it either. There has got to be a better way to assess needs and the ability to deliver the services and test whether or not indeed the services are—you can say, "This is what I thought I was going to get for X million." I think we need to be fair to the taxpayer and a year or two years from now, say, "Did you get what you thought you were going to get for \$10 million? Yes or no?" If not, why? If yes, can you do that in other areas of the province that maybe didn't get that? Whatever you can do to help us on a better way to allocate scarce resources, it would be appreciated.

Mr Walters: If I could speak to that, I think there are a number of things that probably need to be taken into account in terms of a funding formula. I believe population should be one of the factors in there. I'm not totally opposed to that. I know the Peel area in particular, with the population increase in relation to immigrants and the corresponding problems that come with that—I've certainly talked to Humphrey Mitchell and there are a number of times he and I have shared all kinds of discussions on that.

You've got to balance it with looking at some things like the risk factors that are there in different parts of the province. I know northern Ontario has substantially higher risk factors when it comes to things like crime rate, substance abuse, so on and so forth. So I think that needs to be one factor.

Another factor that needs to be taken into account—and this would apply to southern or northern Ontario—is geographic size. There are basic infrastructure issues that

you have to address if you're going to run a common service with some basic kinds of things there. A good example is that if you need a district office in Geraldton, which happens to be four hours away from here, and another one in Marathon or Manitouwadge just to be able to deliver services, somehow that's got to be taken into account, because if it isn't, the service system doesn't have the capacity to respond.

The other kinds of things I think you need to take into account when you're looking at this, besides population trends, are basic infrastructure costs. What does it cost to have a building with social workers? Maybe we don't need buildings with social workers. Maybe we need to have new and innovative models that address that in terms of efficient use of funds, and I'm quite prepared to look at that.

We certainly need to be looking at outcomes. I agree with you 100% on that. Are you getting any bang for your buck? Are we making a difference in the lives of any children? If we're not, then yes, you have every right as a government to hold us accountable for why we're not doing that or to give you a better way of doing it. We're starting to introduce some systems now that I think are going to give that kind of data.

The Chair: We're going to move to the official opposition.

Mr Gravelle: Thank you so much, Tom, for coming here and making an excellent presentation. You do extraordinary work, considering the challenges. You're certainly right about the need to factor in regional offices, the children's aid society being a good example. They have regional offices in Marathon and Geraldton, but they don't get funded for them. They actually have to fund them from within their operating budget, which is absurd. So it's something that needs to be addressed.

1200

I want to ask you specifically, though, about the LRFC's deficit. You've had a caseload increase of 150% since 1995. You fought against a deficit for a long time and finally had to incur one; now I understand you have to find a way to deal with that. That strikes me as wrong. The deficit was incurred as a result of the work you had to do to help people. You have a waiting list. How can you do it? Tell me how you can actually take 10% of your budget and cut it back when indeed the needs are increasing. That just seems wrong to me. It seems to me that you shouldn't be asked or forced to do it when indeed the money was spent on services that were being provided to the clients you're supposed to be helping.

Mr Walters: I wish my board member was here to speak to that, because it's the community members on our board of directors who are being faced with making those difficult decisions. I'm basically going to them as an administrator—that's my job—and saying, "If you want to cut, here's where we can cut, and here are the implications"—and there are some pretty serious implications. Because if we cut, and after a while the downloading stops, who's going to pick up the issues that

are there? Who do we say no to? That's the dilemma the board is facing.

The Chair: We move to the third party.

Mr Christopherson: Thank you for your presentation. Certainly, again, this is not the first time this has come up. If not in this round, then certainly I suspect in the next round of prebudget consultations if there isn't money in the next budget to address this, people are going to start using the word "crisis" a lot more than maybe they have. They're reluctant to do that, because that has certain connotations.

Obviously, with a 150% increase since 1995, your caseloads are going through the roof. You also note that 18% of children in Ontario have a diagnosable mental health disorder. One, I wondered if there is any variation to that number vis-à-vis the north. Second, do you face any unique administrative challenges in addressing children's mental health in the First Nations community, recognizing a lot of the cultural differences and sensitivities there?

Mr Walters: Specific to the 18% figure, there was some variability in that study. It ranged from 16% to 20% across Ontario. It was 18% specifically in the north. I think in southern Ontario it was slightly higher, around 20%—so roughly one in five children. It hasn't changed much there.

In terms of dealing with aboriginal children, yes, there are very sensitive issues from a cultural perspective to deal with. In this area—and this is probably one of the other issues that faces northwestern Ontario—there's a separate organization, Dilico Child and Family Services, which provides a broad range of integrated systems, including child welfare, children's mental health and substance abuse treatment. They are doing a good job in delivering culturally appropriate services. At times, we do get some.

The big issue facing us is that when we look at it from a policy perspective, the policy of having some basically separate service systems is supported by the ministry, but the funding doesn't follow. In other words, when we get looked at as a northern region the costs are higher than other parts of the province on a per capita basis. But nobody has factored in the fact that they have decided, on a policy basis, to have separate service systems, to some extent. While I work with Dilico and they work with us, primarily they do that. But that's another issue in the funding formula. If you're going to have a policy that says, "We're going to have the First Nations deliver some of their own services," then cut us some slack on the other side, and don't tell us we're overfunded on a per capita basis, because that decision has been consciously made.

The Chair: Thank you, Mr Walters. We appreciate your input today. That concludes your time.

THUNDER BAY LITERACY GROUP

The Chair: By unanimous consent, it was agreed that we would permit a 10-minute presentation from the

Thunder Bay Literacy Group. Please come forward, madam. You have up to 10 minutes. If you leave any time, then we'll use it for questions. Please proceed. Welcome.

Ms Jean Fairbairn: Thank you very much for allowing me to speak today. My name is Jean Fairbairn. I'm the executive director with the Thunder Bay Literacy Group. I probably won't take 10 minutes, because I just put this together rather quickly. Forgive me if I'm reading.

The Thunder Bay Literacy Group is a non-profit organization and a registered charity which was incorporated 20 years ago in Thunder Bay to address the literacy needs of adults in Thunder Bay and to raise awareness about adult literacy issues.

We provide one-to-one tutoring to adults in Thunder Bay who need upgrading in basic reading, writing and math skills. This is provided with the use of trained volunteer tutors. We also offer small group instruction in our organization to a maximum of eight adults at one time. Instruction is provided by an instructor with the assistance of volunteer tutors. We also offer workshops on clear language and design. We review and edit documents for organizations in the community and elsewhere and provide document readability assessments on a fee-for-service basis to augment our budget.

Our recruitment and training of volunteers is ongoing. People come and go, so this is an activity that we are constantly involved in. Our instruction is learner-centred. Each adult student has an individual training plan that is developed with their goals in mind.

We receive funding from the Ministry of Training, Colleges and Universities for this service, and that funding has been approximately \$60,000 per year, give or take over the last few years; there have been slight changes to that. The \$60,000 a year represents approximately 55% of our annual operating budget. In the past, the ministry used to require a budget with our business plan or our application process. That is not the case any longer. It's a funding formula and costs are not taken into consideration when we submit our business plan.

Letters have been written by our volunteer board of directors and in fact the honourable Michael Gravelle also wrote on our behalf to the minister, requesting funding that would actually be closer to what our program budget costs are.

This is a quote from the letter we received from the ministry:

"The funding allocated to your agency for 2002-2003 (\$60,000) for the level of service is within the literacy and basic skills funding range as charted in the guidelines. If the funding provided covers a 'maximum of 55% of the cost of delivering committed contact hours,' may I suggest that you begin to consider some cost efficiencies, for example begin to explore possible partnerships with other literacy and basic skills delivery agencies in the Thunder Bay area."

Other LBS service deliverers in this area would be the school board, the college; there's a native program, a

deaf program, and a francophone program. I have raised this issue at our literacy service planning meetings that we attend. Unfortunately, no one is in a position to share resources with us; everyone is funded basically less than what the cost of delivery is and some of the programs have had the benefit of the support of the college. They don't have the same expenses that we have in terms of being a stand-alone organization. So, regardless, cost efficiencies have not been—we've explored it but we haven't found the solution in that area.

The ministry provides funding to the three sectors: school boards, community colleges and the community-based sector. We feel that to apply the same funding formula to the three sectors is unrealistic. The community-based sector has costs not associated with the other two delivery sectors. Our focus is on one-on-one instruction. Even in the small group setting it's focused on one-on-one instruction. But we're judged on our cost per contact hour to deliver instruction on the same basis as the college and school board sector, which delivers instruction to large groups with one instructor as opposed to a number of instructors.

The ministry funding pays for 31 salary hours per week in our program. We're open for 48 weeks of the year and 31 salary hours per week are funded. Previously, the organization was staffed five days a week, 35 hours a week, by two staff people. We now have three people working 90 hours per week. The ministry is paying for 31 of those hours and our organization fundraises to maintain the remaining staff hours. It would be impossible for us to deliver our program at 31 hours per week. The expectations of the ministry are fairly high in terms of ongoing assessment and developmental demonstrations that students are making progress. At 31 hours per week we wouldn't serve any purpose whatsoever. We're fortunate to have a committed volunteer base and a committed staff who are prepared to fundraise and augment the funding provided by the ministry because they believe in the service we provide and they believe in its necessity.

The community college base in Thunder Bay does not provide students instruction at the lowest literacy level, which is called level 1; there are five levels within the LBS program. They recognize that students who are functioning at level 1 do not make progress in a classroom setting; they require the low student-instructor ratio in order to make that initial progress. So they refer people to us for that level.

The ministry has consistently said they support delivery by all three sectors, but unfortunately they are using the same measuring stick in terms of, "How many contact hours are you delivering? What is the cost per contact hour?" The school board and the college provide classes five days per week, 25 to 30 hours per week, I think, of instruction. In our program, with volunteer tutors, people meet on a one-to-one basis either once or twice a week for a maximum of six hours per week. In a small group setting, they attend two half days per week; occasionally people come two full days per week. So the

amount of instruction that people are receiving on a weekly basis is considerably different than it is in the other two sectors, and yet the same measuring stick is implied in terms of how quickly progress is being made and how many contact hours are being delivered, when it's obvious that the frequency of instruction is going to impact on the level of progress, as well as the fact that the people we are dealing with, who require the one-on-one and require that low ratio, are generally coming to us at a lower level of literacy skill or because of other issues, such as learning disabilities, that require them to work in a small group setting or on a one-to-one basis.

We're happy that the government has been committed to delivery across the three sectors and recognizes that these three different types of instruction should be available to adults who want to develop these skills, but we'd like to see some change in terms of how those skills are analysed and, realistically, in terms of taking into consideration that frequency of instruction is going to impact on the rate of progress.

In previous years, ministry applications required us to identify what percentage of our operating budget was covered by ministry funding. That question is no longer asked. Unfortunately, it almost seems as though the ministry has now taken the impression that they are funding 100% of our costs, because our volunteer board of directors is required to sign a schedule B, a contract guaranteeing to deliver X amount of services, when the funding only covers 55% of the costs. This, I think, is an unfair request of volunteer members of our board, to sign in advance of having successfully done the fundraising. If they are required to fundraise 45% of the delivery costs and they sign a contract prior to raising those funds, it impacts on our ability to maintain people on our boards.

The Chair: Would you please wrap up, ma'am.

Ms Fairbairn: I guess what I'd like to say is that if the ministry and the government are committed to having all three sectors funded, we would just request that there be some more realistic evaluation of the services provided by community-based programs and the costs involved in delivering them.

Are there any questions?

The Chair: Thank you very much. No, that concludes your time.

Ms Fairbairn: Was that 10 minutes? OK.

The Chair: We appreciate your input and we'll take it into consideration. Thank you.

This meeting will stand recessed until 1 pm.

The committee recessed from 1214 to 1302.

KINNA-AWEYA LEGAL CLINIC

The Chair: The committee on finance and economic affairs will please come to order. We have five presentations this afternoon, and it would be nice to be on time to catch our flight on schedule. Our first presenter is the Kinna-aweya Legal Clinic. Please come forward. You'll have up to 20 minutes, ma'am. If there's time left over

from your presentation, then that will be available for questions. Welcome.

Ms Sarah Colquhoun: Thank you. Good afternoon. My name is Sarah Colquhoun. I'm the coordinator of legal services at the Kinna-aweya Legal Clinic in Thunder Bay.

The Kinna-aweya Legal Clinic is funded by Legal Aid Ontario to provide poverty law services to low-income people in the district of Thunder Bay. We focus primarily on income maintenance issues and tenancy matters. In addition to providing summary advice and ongoing assistance, we do community legal education and law reform work, trying to help our clients find systemic solutions for problems that many face with respect to the social assistance system and housing issues. Those are the two things I'd like to speak with you about this afternoon.

Our clients are for the most part people who are on social assistance. They are struggling to survive on very low incomes. It's a struggle that is becoming more and more desperate.

By and large, social assistance recipients are not a vocal constituency. Because of the demonization of people receiving public assistance, many recipients are deeply ashamed that their circumstances have forced them to rely on welfare or disability benefits. I can't tell you the number of times that people have sat in my office and said, "I know that lots of people cheat on welfare, because that's what I read in the newspaper, but I need this. I can't work right now and I'm not getting enough money to pay the rent and feed my kids." Because of what they hear, because of all the myths about social assistance, they think they are in the minority, whereas in fact they are in the majority. The majority of people on social assistance are hard-working people who are trying to get by. They don't need to be motivated by compulsory work-for-welfare schemes.

In addition, people who are struggling day to day to pay the rent and feed their kids don't have any energy left to be political. They're not in any position to speak publicly about the debilitating effects of trying to cope with not having enough money to pay for basic necessities.

Our office has taken this opportunity to speak on behalf of our clients and on behalf of social assistance recipients, and to urge this committee to recommend an increase in spending in social assistance and housing in the coming budget.

The first issue I'd like to touch on is adequacy of social assistance.

Nobody chooses to be on welfare, on Ontario Works or ODSP. It is an income of last resort, the bottom of the safety net. People aren't using that income because they want to; they are using it because they need to. Program changes in recent years have tightened eligibility requirements to the extent that there are now many people in need, who have no income and no assets, who are still not eligible for benefits. You see them on the streets in Toronto and on the streets in Thunder Bay. Everyone

who is receiving benefits has been pre-screened and screened; they've provided written verification for all the things they have to provide written verification for. They've provided their social insurance card, their health card and their children's birth certificates. They've provided rent receipts or some confirmation of how much rent they're paying and where they're paying it. They've provided their bank records and their income tax returns. They've provided lots of paperwork. They are accepted to be eligible for benefits, and yet the benefits they receive are hopelessly inadequate.

Social assistance benefits payable through Ontario Works do not give people enough money to meet their basic needs. The amount a single person receives is a maximum of \$520 per month. It's not enough to pay rent and buy food, let alone provide for other necessities like clothing, transportation and a telephone. A telephone is a luxury now for low-income people. It's not a matter of budgeting more carefully. There simply isn't enough money in the budget. It's inadequate.

A single person in Ontario gets up to \$325 a month for shelter and \$195 for all other basic needs. The average cost of a one-bedroom apartment in Thunder Bay is \$529 and, as you've heard, it's far higher than that in other areas of the province. But in Thunder Bay a \$529-a-month, one-bedroom apartment is more than the maximum budget for a single person. If you're a single person, you've lost your job and you don't have employment insurance benefits, you can't afford to keep your one-bedroom apartment. You lose your stuff because you end up going to the emergency shelter or you're into a rooming house. Even a room in a rooming house costs more than \$325 a month, which is the most you can get for shelter.

The cost of a healthy diet for a 45-year-old man in Thunder Bay is \$197 a month. I defy any of you sitting here to try to eat a healthy diet for less than \$200 a month. In any case, it's not possible for somebody on Ontario Works because they don't get \$197 a month for food. They get \$195 for food, clothing, transportation, everything other than rent. So it's simply not possible for a single person on welfare to maintain housing and eat a healthy diet, let alone try to look for work, have transportation money to do a job search, produce resumés and have a telephone so people can call back when they're looking for work.

Bear in mind that we're talking about people who are acknowledged by everybody to be eligible for Ontario Works. We should be paying them enough money to maintain a healthy life. The amounts paid for shelter are hopelessly inadequate. I've given you the numbers for single people, and it's just as bad for families. They are hundreds of dollars less than the average cost of housing everywhere in the province.

The rate cut in 1995 was devastating for recipients, and in the seven years since the rate cut there hasn't been any increase, despite steady increases in the cost of living. So there's been a further erosion of the value of benefits. The government line, when they cut benefits in

1995, was that they were going to set the benefit rate at 10% above the average of the rates for other provinces. That number is absolutely meaningless if you don't do any kind of analysis of the cost of living in Ontario, and whether the amounts provided allow recipients to meet their basic needs. It's just a number and it means nothing. The rates should be set by looking at the cost of a healthy diet—and all those numbers are available. The Thunder Bay District Health Unit can give you the amount for a healthy diet for families in Thunder Bay, and that's by actually going out to grocery stores and pricing things. The Canada Housing and Mortgage Corp can give you the average cost of housing in Thunder Bay and everywhere else in the province, and it's far higher than the rate that has been set for Ontario Works.

1310

There have been all sorts of reports outlining the devastating impact of the rate cuts and the devastating effect on families that are trying to subsist on absolutely inadequate incomes. The use of food banks has steadily increased. Emergency shelters are bulging at the seams everywhere in the province. These are people who are temporarily out of work; they can't find work. They're involved in participation requirements through Ontario Works—everybody has to do something for their cheques nowadays. These are people who are complying; they're doing everything they're asked to do. They're trying to find work; they can't find work. They may be temporarily unemployable because of health problems. I could give you many examples.

We had a client who had always supported herself as a waitress. She had health problems. She had to have surgery on her knees. She went on employment insurance and it ran out. She had no other health benefits and applied for Ontario Works. She was told she's going to get \$520 a month. Her rent is \$400 a month. She said, "How can I live on \$120 a month after I've paid my rent?" The answer to her was, "Well, move." Where in the heck is she going to move in a community where the average cost of housing is \$150 more than she's paying? She's only paying \$400 a month for rent. She couldn't move. What would happen to all her things?

People are being driven to desperate straits because of the low rates of social assistance. The first recommendation we would like to make to the committee is that the budget provide for an increase in benefits generally available to recipients of social assistance.

Child poverty: poor children live in poor families, and so obviously increasing the rates of social assistance generally will help deal with child poverty. But something else the government could do that actually wouldn't cost them anything is stop the clawback of the national child benefit supplement. In 1998, the federal government tried to do something about child poverty by increasing the child tax benefit and introducing a new supplement, called the national child benefit supplement, to give low-income families with children maybe another \$100 a month per child to try to meet the expenses of raising those children. The province has taken that

benefit away from the poorest children in Ontario, because it is deducted dollar-for-dollar from their parents' social assistance cheques.

So if you have a single parent with one child and she's working and making \$20,000 a year, she gets an extra \$100 a month from the federal government in recognition of the importance of maintaining a standard of living for children. But if that same parent lost her job and was on Ontario Works and getting less than \$12,000 a year to raise her child, she would not get the \$100-a-month supplement. There's report after report detailing the painful choices made by parents on social assistance: whether to pay the rent or the utility bill, or keeping children home from school because there's no food to send for lunch. Stopping the clawback of the national child benefit supplement would be a simple way for the government to help alleviate the dire poverty in families on social assistance.

Homelessness is increasing across the country, and reliance on emergency shelters has increased in Ontario to a frightening extent. I know this committee has heard from a number of other presenters with respect to the issue of housing and the need for more affordable housing in the Ontario. The long-term goal of affordable, safe, secure housing for our families is dependent on all levels of government developing long-term housing policy. In the meantime, it's important that low-income families be provided with sufficient resources to secure adequate housing. Shelter costs are the most significant item in the budget of most families, including families that depend on welfare. Rates vary across the province, but amounts available to social assistance recipients are inadequate everywhere. The shelter subsidy amounts are simply too low, and they should be increased.

Our legal clinic provides services in tenancy law. Prior to the welfare rate cuts in 1995, having a client who was being evicted from subsidized housing for nonpayment of rent was rare. Unfortunately, we now see it every month. At the Ontario Rental Housing Tribunal there are people who are facing eviction from subsidized housing. They can't manage to keep their rent current because there's been some kind of emergency or something has happened and they've had to redirect their rent money to some other payment—to fix the fridge or buy new shoes or pay a utility bill—and there isn't enough money in the budget to scrimp and save and catch up. There just isn't enough money; there's no way to catch up. There are dozens of families in Thunder Bay and thousands across the province who have been evicted from their housing for relatively low amounts of rent arrears that they simply can't catch up on, and there's such a shortage of affordable housing. There's a high vacancy rate in Thunder Bay—we're very fortunate—but it's in high-rent housing. People on social assistance simply don't get enough money.

The recommendations with respect to housing are to increase the shelter subsidy amounts for Ontario Works and also to fund new social housing and rent supplement programs, as has been outlined in other submissions

you've heard from the Ontario alternative budget and the Toronto Disaster Relief Committee, among other presentations I'm aware of.

We have some recommendations with respect to issues of violence against women, but I'm just looking at my time. I'd like to touch on the issue of the recommendations from the inquest into the death of Kimberly Rogers.

This is not the first inquest that has resulted in recommendations from the jury that welfare rates should be increased; there have been a number of inquests. So the conclusion you have to draw is that people are dying in Ontario in part because social assistance rates are so low. The most recent inquest was the inquest into the death of Kimberly Rogers, who died in Sudbury in 2001. She was under house arrest at the time because she had been convicted of fraud. After she paid her rent, she had \$18 out of her social assistance cheque to pay for all other expenses. This is a woman who was eight months pregnant and who had medical problems that also interfered with her ability to work. That's the situation she was in.

The jury heard evidence over a period of weeks. They heard all sorts of expert evidence about all sorts of issues. Their first two recommendations dealt with social assistance issues: first, to stop the lifetime ban for people who were convicted of welfare fraud. There's no reason that people who are convicted of fraud in relation to social assistance should be treated any differently from people convicted of any other criminal offence, and there's no reason to ban somebody for life who is in need from receiving the bottom of the safety net. There's absolutely no public policy reason for that, and the jury in the Kimberly Rogers inquest recognized that. Their second recommendation was that social assistance rates in Ontario have to be increased.

The amazing thing, really, is that more people haven't died. But if you go to Trinity Square in Toronto to see the memorial to homeless people who have died in Toronto, you'll see that for the 10 or 15 years they kept that memorial prior to 1995, there may be three or four names a year of homeless people who died in the city of Toronto. After 1995, suddenly it increased tenfold. There are 30 to 40 names a year of homeless people who are dying in Toronto. It's not a coincidence that 1995 was when welfare rates were cut 22% and it was made more difficult for people to get social assistance. It's a direct cause. People are dying in Ontario because social assistance rates are so low, and we'd ask you to recommend to the government that rates be increased.

The Chair: Thank you. That leaves us with about a minute per caucus. We'll begin with the official opposition.

Mr Gravelle: I almost don't know where to begin; there are so many issues. I certainly agree with you very strongly in terms of the obvious need to increase social assistance rates. I think the evidence is absolutely overwhelming, no matter what, with the cut and inflation. As you say, people are dying in the streets, and it's devastating.

I want to ask you, though, if I may, in the Kimberly Rogers inquest, the concept of a lifetime ban to me is just an extraordinary injustice from the point of view that nobody else in this province who commits a crime of any sort is left with that—

The Chair: Question, sir?

1320

Mr Gravelle: Let me ask you about ODSP, quickly. One of the things that disturbs me about the Ontario disability support program is how difficult it is for people to access it. I know you deal with a lot of clients on ODSP. Is it true that generally speaking about 85% are turned down the first time, and unless people have access to, say, Kinna-aweya Legal Clinic, many of them just simply fall away because they aren't able to get through the application process to access what should be there, which is the Ontario disability support program help?

Ms Colquhoun: That's true. There are thousands of people in the province who are having to appeal denials of ODSP, and those are the people who are fortunate to get through the process. There's a provincial coalition that's been trying to raise those issues provincially which met with the minister on January 27. Hopefully there's going to be some action taken on the issues of access into the ODSP program, because for single people who are not able to work because of medical problems, the difference between Ontario Works and ODSP is almost double. You go from \$520 a month to a maximum of \$930 a month, which in the long term and in the big scheme of things is also inadequate, but for somebody on Ontario Works it is life-saving sometimes.

The Chair: We move to the third party.

Mr Christopherson: Thank you for your presentation. Certainly it's similar to presentations we've heard all across the province in terms of the devastation that's been done by the cut. It's worth noting that at the same time period that the 21.6% cut took place there's been a 15% increase in inflation, and also during that time period this government saw fit to spend what is now \$14 billion a year on tax cuts benefiting mainly the very wealthy in this province. Here now, we've literally got people dying in our communities. It's obscene, quite frankly.

The Chair: Question, sir?

Mr Christopherson: My question is, given the fact that you note that the finance minister said the economy is growing, you will also note that she said she's in for more tax cuts. I just wonder how you feel about that as a priority. It's like two different worlds, two different universes that people live in.

Ms Colquhoun: It's all about setting priorities. As a taxpayer myself, I certainly would prefer to pay taxes and have services provided to people rather than having to pay user fees for everything. You just have to look at the auditor's report of the Ministry of Community and Social Services and the choices that are being made about where and how to spend money. They're spending hundreds of millions of dollars on a computer system that isn't very effective, when you speak with the people who deal with

the computer system. So I think that clearly there is money available to do this; it is just a matter of setting priorities.

The Chair: We move to the government side.

Mr O'Toole: Thank you very much. Your voice is important, and thank you for coming and bringing your concerns to our attention. I'm sure you deal with people who are vulnerable for a lot of different reasons. Certainly the government tries to create opportunities for people. That may not sound extremely good, but I think the million new jobs are important. With our working on that part of the equation there are fewer people in the situation you've described. It doesn't justify the people who are stuck there for whatever reason, and I understand that.

The Chair: Question, sir?

Mr O'Toole: One other question is, the number you use of 30 people a year in Toronto dying on the streets, is that actual—I've not heard that number before.

Ms Colquhoun: There's a memorial in Trinity Square—

Mr O'Toole: Yes, I know the memorial.

Ms Colquhoun: If you go and look—I counted the number of people. I'm not exactly sure, but it was around 30, between 30 and 40 last year, I believe.

Mr O'Toole: It's unacceptable.

The Chair: Thank you very much, ma'am. We appreciate your input to us today.

CITY OF THUNDER BAY

The Chair: Our next presenter is the city of Thunder Bay. If you would be kind enough to clearly articulate your name for the purpose of Hansard. Don't worry about the microphones; they'll be handled automatically. You'll have up to 20 minutes. Any time left over we'll have for questions. Welcome.

Mr Trevor Giertuga: Thank you. First off, I'd like to welcome everyone to our fine city, the city of Thunder Bay. My name is Trevor Giertuga. I'm a city councillor with the city of Thunder Bay, representing the McIntyre ward. To my left is Carol Busch, our manager of finance within the city of Thunder Bay.

First off, I'd like to thank the members of the standing committee on finance and economic affairs for travelling to Thunder Bay to conduct pre-budget consultations. This is a welcome opportunity to present the challenges and issues we face today and to comment on the fiscal and economic policies of the province. My presentation will highlight the main topics covered in our detailed written submission.

The city of Thunder Bay has faced many challenges over the years; however, this year's challenges are extraordinary. Many of the challenges are related directly to global economic factors. Some, however, are very specific to the city of Thunder Bay.

While wages have increased on average in the 2% to 3% range, benefit costs have continued to increase at rates well above inflation. Our 2003 budget reflects an

increase of 22% for health benefits, and an 8% increase for Canada pension plan contributions. In addition, OMERS contributions will be reinstated on a phased-in basis, resulting in operating budget increases of approximately \$2 million annually for the years 2003, 2004 and 2005. Retirement costs, largely a result of the early retirement option made available through OMERS, have also continued to increase.

The overall cost of purchased goods and services required by the city continues to increase. Most notably, energy costs have seen large increases in the last year. The city of Thunder Bay purchases approximately \$4 million litres of gasoline and diesel fuel annually. Needless to say, any increase in gasoline and diesel fuel prices will have a significant impact on the operating budget for the city of Thunder Bay. As a means to contain costs, the city is a member of the Lakehead Purchasing Consortium and participates in the direct purchase of natural gas and realizes economies of scale through bulk purchase of other commodities.

There has been a tremendous decline in traditional industries within the city of Thunder Bay. Once the world's largest grain port with 27 elevators and a capacity for 17 million bushels, today there are only nine operating elevators with a volume of 5.5 million bushels. The condition of the abandoned elevators poses environmental concerns and represents an extreme danger to the public and emergency workers. The latest elevator incident involved a fire at the Riverside Grain property, now owned by the crown. As a result of the massive fire, parts of the structure continue to collapse during strong winds. Despite the unsafe condition, the province fails to make funds available to remedy the problem. The city strongly feels that the crown has an obligation to protect its citizens from harm on property that it owns, and provincial funds need to be set aside to address these concerns.

Since 1991, 3,740 manufacturing jobs have been lost, representing a 34% erosion of the most important component of this community's economic base. However, the most significant employment loss has been in the government sector. Such losses hit this community particularly hard, since the loss of these positions also resulted in the loss of community leaders and volunteers.

Over the last few years, many municipalities achieved balanced budgets through financing capital projects from reserves and reserve funds. Likewise, in Thunder Bay uncommitted capital reserves have been depleted to the point where opportunities that existed in the past to fund capital projects no longer exist to the level they had in previous years.

The city of Thunder Bay has responded to the combined pressures of growing responsibilities and costs, scarce resources, and public scrutiny by focusing on cutting costs and holding the line on tax increases. While the consumer price index has increased approximately 20% in the last 11 years, the property tax rate has increased only 11% over the same period. The city of Thunder Bay also increased its capital out of revenue by

approximately \$2 million annually. A number of factors have contributed to this increase, including an aging infrastructure that needs to be maintained or upgraded to provide core services to the residents of the city of Thunder Bay, a lack of uncommitted reserve and reserve funds, and a lack of provincial subsidy dollars for capital projects. We continue to prioritize our capital project on the basis of asset sustainability, asset replacement, and health and safety items. This ensures that the city's facilities and equipment are safe and accessible to the public, requirements legislated under provincial legislation or local services realignment are met, and core community services are continued.

Local service realignment has brought about fundamental changes to provincial and municipal roles and responsibilities. As a result of local services realignment, municipalities inherited many capital-intensive programs.

While improvements have recently been made to the community reinvestment fund grant program, there are still a number of outstanding issues. We encourage the province to inform municipalities of their entitlement by September of the previous year, to make multi-year commitments with respect to funding levels, and to provide a clear formula for calculating the reconciling items.

1330

In addition, a number of specific northern issues must be considered when allocating grant funding, including but not limited to:

Currently, many grants require private partners—there are a limited number of potential partners in many communities in northern Ontario;

Grants must recognize the increased cost of doing business in the north;

Northern Ontario municipalities have lower assessment bases and deliver a broader range of services than our southern counterparts;

There is a need for special one-time funding to offset capital costs.

Outstanding issues regarding items previously eligible for subsidy that are not eligible for community reinvestment funding must be resolved. In addition, the CRF grant has not addressed the shortfall in the actual net Provincial Offences Act, or POA, revenues. To the end of 2001, revenues were approximately \$1 million less than the province had estimated they would be at the time of transfer.

While provincially there has been significant assessment growth, the city of Thunder Bay has experienced a drop in its total assessment base of approximately 1% as a result of the recent reassessment. Ministerial intervention is required to mitigate the impact of the latest reassessment and Bill 140's hard cap on levy increases in order to prevent the undue hardship that residential taxpayers will otherwise encounter.

There are several important regulations that must be filed by the province before municipal councils can make final tax policy decisions and ultimately project the impact of the property tax increase by class. These

include transition to starting ratio calculations, provincial threshold ratios for 2003, levy restriction calculations, capping and overall levy change calculation mechanics, and education tax rates.

We must emphasize the importance of receiving the regulations on a timely basis. In previous years, the province was very late with passing the regulations needed to make tax policy decisions, resulting in a delay in tax billings and significant costs to the city in terms of increased borrowing costs and lost interest earnings. Furthermore, OPTA is a necessary tool for municipalities to complete property tax policy analysis. We urge the ministry to have OPTA updated and available for use as soon as the tax policy regulations are filed.

There are numerous service issues relating to the Municipal Property Assessment Corp, MPAC. Municipalities are encountering significant delays of up to two years in obtaining details of new construction comparables, as well as supplemental and/or omitted assessments. Furthermore, MPAC's call centre and functional centralization have reduced any familiarity with local issues and greatly increased response times. This has caused cash flow problems, and increased municipal administration costs and irate taxpayers. Although provincial education taxes account for \$6 billion of the \$15 billion annual property tax levy, the province shares no part of MPAC's costs.

For the years 2006 and beyond, assessment will be based on a three-year rolling average assessment. This requires annual reassessment and impacts on the workload for MPAC. In addition, implementation of many of Mr Beaubien's recent proposed amendments will create additional fieldwork requirements that will add stress on assessment delivery.

In addition, many of the recommendations contained within the Beaubien report will negatively impact the city of Thunder Bay. We urge the provincial government to commit to consulting on any assessment policy changes that may be under consideration and to model and disclose the projected impacts.

At the same time we are dealing with emerging issues, we continue to deal with ongoing issues. There is a need for the province to commit to ongoing funding to help with the capital cost to improve our road and transportation system. From a provincial perspective, announcing new, major investment in our transportation and transit infrastructure demonstrates confidence in its economic future and signals that Ontario is serious about remaining open for business.

While federal and provincial programs such as Ontario's SuperBuild and the Canada-Ontario infrastructure program help, and we are certainly grateful for them, there is much more that needs to be done. These programs must be more consistently applied and better coordinated to make them more predictable over the long term to permit multi-year financial planning for municipalities. Furthermore, more flexibility should be provided to municipalities in choosing the eligible projects.

The city of Thunder Bay covers a large geographic area and is responsible for maintaining approximately

950 kilometres of roads. The cost to maintain them to city standards is \$5.2 million annually. Severe weather conditions contribute to higher road maintenance and snow removal costs, thereby exacerbating the financial issues.

The city of Thunder Bay currently spends \$12 million to \$14 million annually on transportation infrastructure—including roads, sidewalks and bridges—which is primarily funded from our tax base. What is needed is approximately \$20-million-plus annually to meet present and future demand and improve present levels of service.

With deferred maintenance and rehabilitation of our road, sidewalk and bridge infrastructure approaching \$100 million, the ability to finance the required work poses a significant financial dilemma on the city of Thunder Bay. The city's annual debt financing has doubled since 2001. Even with the increase in the level of debt financing, some very worthwhile capital projects have been deferred.

The provincial minimum maintenance standards for municipal highways are going to result in additional costs to the city, over and above the current costs to provide the level of services that city council has approved. While the standards are not mandatory, the regulation defence will be available only when a municipality has met the relevant standard.

Likewise, the expanse of the service area, along with its long travel distances, the urban and rural nature of the city of Thunder Bay and the discontinuation of provincial operating grants and reduction in the level of capital subsidy are making it increasingly difficult to provide cost-effective transit services.

Operation of a system of public transit is an essential social service. We must stress the need for infrastructure dollars to ensure cost-effective, efficient and safe public transportation. Canada is the only G7 country that does not provide infrastructure dollars for public transportation. It is important that all three levels of government work co-operatively to find a solution to the issue of public transportation.

Legislative changes have also impacted on the cost of providing other municipal services. Municipalities are now fully responsible for paying for local police services. As a result of the transfer of responsibility, costs relating to court security and transportation of prisoners have increased the policing costs for the city of Thunder Bay by approximately \$1.1 million annually. The province has subsidized approximately 1,000 new front-line officer positions in Ontario. Unfortunately, the added burden of court security has necessitated that the number of officers assigned to court security be increased significantly, thereby diminishing the impact of these new front-line officers.

The introduction of adequacy and effectiveness standards has further increased costs, in addition to having a tremendous impact on police services. For example, the city of Thunder Bay police force spends in excess of 6,600 hours tending to individuals with mental health issues at local hospitals at a cost of approximately \$200,000.

After the events of September 11, additional funding requirements are needed to meet the mandatory standards introduced by Emergency Management Ontario. This is in regard to training and equipment necessary to deal with chemical and biological hazards.

There are several financial issues which affect emergency medical services, EMS. The Ministry of Health has not been responsive to municipalities. For example, although we are in the 2003 fiscal operating year, we are still funded at 2001 levels, as the Ministry of Health has not yet provided a response to 2002 budget requests. The response time framework funding recently announced did not address the issue of inappropriate station locations. Cross-border billing legislation is not working and many direct delivery agents are in financial difficulty because of it. In addition, there is an inherent flaw in the land ambulance funding template. The net result is that incorporated municipalities in affected designated delivery agent jurisdictions are being attributed a greater portion of the municipal share of the land ambulance costs in their catchment area than are their unincorporated counterparts. We petition the province to change the funding template and to adjust funding retroactively to 2001.

Recruitment of EMS personnel is extremely difficult within northern areas. We urge the province to establish an underserved area program and to share in training costs if we recruit personnel who are not fully qualified.

Two of our homes for the aged are delisted. Current legislation under the Ministry of Health requires these homes to become compliant by 2006. The cost of redeveloping will be in the order of \$44 million. There is a need for an infusion of additional capital funding by the province in order that capital costs are shared on an equitable basis.

With respect to social housing issues, the senior level of government must continue to play a role. Through local services realignment, there is a larger municipal role. However, if needs are to be met globally, there must continue to be both funding and policy roles at the provincial and federal levels.

1340

Our community is facing an immediate critical situation in accessing physician services and providing health care to the people of northwestern Ontario. While our difficulties in recruitment and retention of physicians have been a concern for many years, they are now reaching crisis proportions. Training more physicians in northern Ontario is certainly the best response to this problem in the long term; however, in the short term we are in urgent need of support for immediate short-term solutions that will allow our community to both retain current physicians and recruit new family doctors and specialists in seriously understaffed areas. As residents of Thunder Bay and northwestern Ontario, we urge you to respond to our community's and our region's critical and immediate needs. For us, this is truly a matter of life and death.

Health units in northern Ontario are underfunded in comparison to their counterparts in the rest of Ontario

due to the higher level of primary care services required and the cost of providing services to unincorporated areas and First Nations. Provincially mandated requirements and programs have increased municipal costs to unacceptable levels. In 2003, a 23% increase is being imposed on Thunder Bay district municipalities. The province must rectify the long-term funding inequities for northern public health services and programs as soon as possible, as municipalities cannot continue to fund increases of this magnitude.

There is a definite need to be able to expand the revenue sources available to municipalities. There are solid economic arguments for the implementation of provincial legislation permitting municipalities to levy new taxes as a supplement to property taxes. A municipal fuel tax piggybacked on to the provincial fuel tax makes economic and political sense, especially in areas with considerable road and bridge infrastructure needs. Similarly, municipalities would benefit if they could share in sales tax revenues, or at least be given an exemption from sales tax on their own purchases.

Members of the standing committee, the city of Thunder Bay is committed to providing high-quality municipal services through forward-thinking policies and effective management. To do this, we also count on the province of Ontario for support and effective policy-making. We greatly appreciate that the standing committee's report to the House will include an understanding of some of the concerns within the north. Thank you very much.

The Chair: That, sir, concludes your entire 20-minute time slot. There will be no time for any questions. Thank you for the presentation. We appreciate it very much.

Mr Gravelle: There are so many questions to ask, Mr Chair.

The Chair: I'm sorry. We're trying to be fair to everybody, Mr Gravelle.

ONTARIO CHIROPRACTIC ASSOCIATION

The Chair: Our next presenter is the Thunder Bay and District Chiropractic Society. Please come forward.

Vice-Chair: Welcome to the standing committee on finance and economic affairs.

Mr Bruce Squires: Thank you. Good afternoon. My name is Bruce Squires. I'm the executive director of the Ontario Chiropractic Association. With me today is Dr Kristina Peterson, who is a director with the Ontario Chiropractic Association and a chiropractor here in Thunder Bay. Also with me is Dr James DiGiuseppe, who is the president of the Thunder Bay and District Chiropractic Society.

As the government of Ontario engages in the pre-budget consultation for 2003-04, the issue of health care expenditures is again a dominant point of discussion. With the November 2002 release of the Romanow report and ongoing federal-provincial-territorial discussions about the recommendations, Canadians and Ontarians are expecting meaningful action. For many, the action they

seek is a significant injection of funds, through increased federal transfers to the provinces directly for health care and through increased provincial funding. While the increases the public expects are vital to the future of our health care system, and we support the need for these increases, the Ontario Chiropractic Association's submission to the pre-budget consultation will also focus on the essential need for meaningful changes in how we deliver care.

The OCA represents over 2,400 chiropractors, more than 80% of the 2,900-plus chiropractors delivering health care across this province. Chiropractors practise in all parts of the province, from Toronto to Thunder Bay, from Windsor to Timmins. They deliver care to our inner-city populations and to those living in rural areas. Given our role in the health care system and our distribution across this province, chiropractors are well positioned to provide input about this key component of the Ontario budget.

Health care expenditures now make up close to 50% of spending in this province, excluding capital and public debt interest. This number has grown from 38% as recently as 1995-96, and few expect this trend to reverse, or even slow. The Romanow and Kirby reports, along with numerous other expert commissions and panels, call for more money for the health care system, particularly from the federal government. But they also note that things can be done better.

It is well known that more effective care, and substantial savings, can be achieved from better co-ordination and substitution of services. Our current funding and management systems often do not encourage the best use of the best provider at the best price. Chiropractors know this all too well, as they try to work in a system that contains financial and management barriers against physicians and others working co-operatively with them in the best interests of their patients.

Chiropractic services have been established and are widely accepted in the scientific and clinical communities as efficacious and cost-effective for areas such as back pain and other neuromusculoskeletal disorders. However, these services are often not available in the institutional locations where patients receive their care, and physicians and nurses know that the patients they do refer for this care will have to pay out of their own pockets.

The people of Ontario currently face two major barriers to accessing chiropractic services: the financial barrier and the systems barrier. On the financial side, the public contribution to chiropractic services has remained the same since 1986. As consumer prices have risen by over 56% in this time frame, chiropractors have been forced to pass much of this impact on to their patients. The result is that patients must pay significantly more to access chiropractic services, and therefore they are effectively denied access.

The financial barrier to chiropractic care results in a lower utilization rate for affected groups such as poor and lower-middle-income groups and the elderly. The low

public contribution to chiropractic care is a direct deterrent for those groups that have the highest prevalence of neuromusculoskeletal conditions.

The systems barrier is the other factor that limits a citizen's access to chiropractic care. Systems barriers make it difficult, and often impractical, for changes to be made to allow and encourage the effective use of non-traditional health care services.

Silo funding, where global budgets are set for services provided by particular health care provider groups, has prevented efforts to integrate health care professionals in the coordinated care of patients. For example, government-of-Ontario-funded studies have made it clear that significant direct and indirect savings could be realized through the increased utilization of chiropractic services for neuromusculoskeletal disorders and injuries. However, when funding is through profession-specific global budgets, this interprofessional co-operation is inhibited rather than facilitated.

Our current delivery system is based on a traditional organizational model that does not facilitate co-operation or coordination, and therefore appropriate use by appropriate providers. This is true for many health care providers. Primary care renewal initiatives to date have not really addressed this fundamental problem of silo funding. In the case of chiropractic, there have been some very strong relationships established in a very few limited cases, but no real integration of chiropractors into hospitals, community health centres and other primary care delivery systems. The result is that involvement of chiropractors in the care of patients, particularly those with conditions for which chiropractic care is shown to be particularly effective, is hindered rather than facilitated.

The province has expressed a strong desire to move toward new models of health care delivery, ones where financial and systems barriers to integrated care are reduced and eliminated. In particular, the Ontario Family Health Network represents a significant and meaningful effort to reform the delivery of primary care services to better integrate the quality services provided by the many Ontario-regulated health professions. The OCA applauds and encourages the continued support of this important initiative and others designed to promote integrated delivery systems in community health centres, long-term-care and acute care institutions. We should support and promote a variety of primary care models in order to provide the fullest opportunities for Ontario's professions and institutions to work together in the best interests of their patients.

1350

Major savings in health care, disability and lost productivity costs in Ontario—studies have shown direct savings of \$380 million per year, and indirect savings on disability and lost productivity costs of \$1.25 billion—can be achieved through better integration of chiropractic services in the health care system. To achieve this integration, the OCA recommends the following:

(1) The Ontario Family Health Network should be utilized to encourage the availability and use of

chiropractic services, especially for patients with back pain and other neuromusculoskeletal disorders. To accomplish this, a particular focus should be placed on testing models that promote the use of chiropractic services within the family health networks.

(2) Ontario should continue to explore and implement additional system changes in other settings that facilitate the wider utilization of qualified health professionals, including chiropractors. This should include greater utilization and integration of chiropractic services into community health centres, health services organizations, long-term-care institutions and hospitals.

(3) In order to immediately improve the accessibility of chiropractic services, which in turn will improve quality of care and achieve system savings, funding for chiropractic care should be restored to 2% to 3% of the OHIP provider services budget, which represents the level of funding in the 1970s.

The OCA appreciates the opportunity to provide input to the development of the 2003-04 Ontario provincial budget. Our comments and recommendations have been focused on the area we know best, health care. This is an area in which we believe meaningful progress is being made. However, we feel it can be greatly enhanced through the co-operation of all stakeholders. We look forward to the opportunity to work with government to achieve this progress.

That concludes the formal submission from the OCA. However, we thought it would be particularly valuable for the committee to hear how these financial and systems barriers affect patients here in Thunder Bay, in the northern part of the province. Here to share her experiences with you is Dr Kristina Peterson.

Dr Kristina Peterson: As Bruce has said, I'm a chiropractor here in Thunder Bay. I've also had the opportunity to provide chiropractic services on a satellite basis in Upsala and Ignace. As Bruce has said, my purpose is to share with you some of the financial and systems barriers that patients and providers are having to overcome as they relate to chiropractic services in the north—and I shouldn't say specifically the north; I've talked to colleagues here in Thunder Bay as well as throughout the region and, of course, in the southern parts of Ontario as well. So it's not specific to the north. What I thought I would do is give you a couple of examples of patients I've had and describe the scenarios that relate to those particular patients.

The first one was a younger woman who presented in my office with what we call torticollis. Basically what that means is acute spasms in her neck and upper back. She had headaches, radiating pain and referred pain down her arms. She's a single mom who has a young child at home. She works fairly lengthy hours as a waitress, which of course requires using her upper arms and upper back to perform her duties.

She came into the office, in a substantial amount of pain of course, saying, "Help me, help me. I'm in dire need. I can't work, and I can't look after my son. Can you help me?" We began a treatment protocol that was

appropriate for her, which went through several weeks of care. Throughout that time frame, she was improving. The spasming was reducing, the headaches were being reduced and the referred pain and the radiating pain down her arm were improving as well. We got to a point where she was doing fairly well. She was pretty much back to normal activities and able to return to work. We had provided her with stretches and exercises and some things she could do at home to manage this a little bit better without relying upon my services.

My recommendations to her at that time were, "Here's some stuff you can do. I think it's still valuable for you to come in a few more times over the next couple of weeks, so that I can ensure we get you back to pre-accident state." Unfortunately, she said to me, "Do you know what? I'm maxed out. I cannot afford to come. It's impossible for me to get here any more." At that time, she had completely exhausted all the funding available to her through OHIP. I said to her, "OK. We'll do the best we can. Here's what you can take with you. Please call me if you have trouble."

Three weeks later I got a call: "I'm dying. Can I come in?" So we brought her back in to the clinic. She had been to emergency on two occasions and had been provided with care: anti-inflammatories, muscle relaxants. She had been off work for several days and was not able to take care of herself or her child. She basically said, "Here I am. What can you do for me?" Fortunately enough, I obviously saw the need for her to receive care, and I provided it to her at no charge. Thankfully, she resolved and got back to work etc. My concern was that if perhaps there had been some further funding available to her, if she had gotten a referral when she was in emergency or been offered treatment alternatives, if there had been some integration right from the get-go when she originally presented, then working together might have allowed her to improve quicker and of course not sustain the financial barriers she was obviously having. That's one example of how patients are being affected by not having access to chiropractic care.

The second example I'll share with you is actually a patient I treated in Ignace. She came in on the referral of a nurse practitioner in Ignace. Fortunately we have a very good working relationship with the nurse practitioners in that community, so it's not uncommon that we get referrals from them, which is great because they can get in for care right away when the nurse recognizes they have a condition that chiropractic can treat. So I got to see her right away.

She came in with a lower back problem. I went through the assessment/diagnosis process with her. At the end of our initial visit that day she said to me, "I'm on social assistance. I can't afford to pay you." I said, "OK. Let's see what we can do." Unfortunately we weren't able to come to any terms that were reasonable for her at that time. Again, a mom with children at home, not working—you can get the picture.

She returned to the clinic. The clinic made a referral for her to travel to Dryden for further assessment and

evaluation, paid by the taxpayers of course, because she was able to apply for a travel grant. They suggested that she have a round of physiotherapy, which was appropriate. However, because she had an acute lower back problem, there was no way she could sit for an hour and 15 minutes to go there three times a week for her treatment. So she came back to Ignace and she said, "This is great, but I can't get there. What am I going to do now?" The nurse practitioner said, "Well, we do have a locum physiotherapist who comes into Ignace. We can set you up with her."

"Great. How long do I have to wait?"

"It will be three and a half to four months before you can get to see her."

So she came back to me at the clinic and said, "I'm at my wits' end. My back is killing me. What am I going to do?" I said, "Let's do some treatment with you. Let's get you as good as we can, and we'll talk about the financial restrictions later. We'll figure it out. If you can afford \$5 a month, let's do that."

Fortunately we were able to help this lady and provide her with some care, but in the meantime you can see where the system paid for these trips back and forth to Dryden, the visits to the clinic—much more effectively treated with much less expense if there had been the proper protocol right from the get-go.

Just for your information, about three weeks later this lady was in a car accident. Because the Ontario automobile insurance legislation is such that they have to provide for chiropractic care, the lady had to get into an automobile accident to get her chiropractic care paid for. End of story.

Those are just a couple of examples; I could go on and on. I know Dr DiGiuseppe, as well as the other chiropractors in our community throughout the north—throughout the province—could tell you stories of similar types of ongoing situations. I hope that's helpful to you. Certainly we invite any questions you might have.

The Vice-Chair: Thank you very much for your presentation. We have about three minutes in total for questions and answers, so I'm going to give one minute to each caucus, 30 seconds for a question and 30 seconds for an answer. I have to be firm on it.

Mr Christopherson: Now that's pain.

Mr Gravelle: Speak fast, David.

Mr Christopherson: I'll do my best.

I have two questions on the \$308 million in direct, as opposed to indirect, savings for disability and lost productivity. One is the differentiation; I sort of saw them both as the same thing, but obviously there's a distinction. Secondly, is that number the net of the 2% to 3% increase that takes us back to the 1970s or is that the gross?

1400

Mr Squires: That's a net number. The \$380 million in direct refers to the reduction in other health system expenditures—expenditures on physicians, expenditures on other diagnostic services—whereas the indirect is

referring to, as noted, lost productivity costs and otherwise.

The Vice-Chair: To the government now.

Mr Sampson: Thank you very much for your presentation. We see each other on the auto insurance side, so I know that issue. I'll just make a statement; there's probably no room for questions. The bizarre bureaucratic nightmare that you have just explained with the two cases I think probably happens even in the private system, and that's part of what we're trying to take out. We need to find smarter ways to manage how money is being spent, whether it's public money through the public health care system or insurance premiums through the auto insurance product. What you've just said is those set rules never meet the needs of the average person.

The Vice-Chair: I'll turn now to the Liberals.

Mr Kwinter: Thank you very much for your presentation. You may or may not know that I introduced a private member's bill on giving doctors and patients freedom of choice to deal with complementary or alternative forms of medicine.

I think one of the problems that we face, and Mr Sampson alluded to it, is the built-in inertia in the bureaucracy. The medical establishment has constantly been opposed to chiropractic as a modality of treatment. They often refer to them as quacks. That has changed dramatically when you now have physicians going to chiropractors.

The Vice-Chair: Mr Kwinter, could you conclude your comment?

Mr Kwinter: Yes. The point I'm making is that it's going to take some time to get through this bureaucratic maze where there are predetermined opinions of what has to be done. I hope you'll bear with that.

The Vice-Chair: Thank you, Mr Kwinter.

Thank you for your presentation. We really appreciate your advice and suggestions.

NORTHWESTERN ONTARIO ASSOCIATED CHAMBERS OF COMMERCE

The Vice-Chair: The next group I'll call forward is the Northwestern Ontario Associated Chambers of Commerce. Are there representatives from that group in the room? Welcome to the standing committee on finance and economic affairs.

Ms Tannis Drysdale: My name is Tannis Drysdale and I'm the president of the Northwestern Ontario Associated Chambers of Commerce, which we commonly refer to as NOACC. In the interests of time, I think that's where I'll go today.

We represent all chambers of commerce in northwestern Ontario throughout 22 communities, including Thunder Bay. We are also pleased that our membership includes corporate representation from the largest businesses with an active involvement in northwestern Ontario. We are the voice of business for a geographic territory stretching from Marathon to the Manitoba border. Since 1931, when our association was formed, we

have reviewed government policy and lobbied for progressive solutions that best fit with the needs of our communities.

When this committee last came to Thunder Bay two years ago, I spoke to you about the need to translate the concept of smart growth into an entity that addressed the very different challenges of the north. We are pleased that as the government developed its Smart Growth initiative, first with consultations and then the panels, you continued to acknowledge the different mandate of the northwest committee. So today, with the northwestern panel's recommendations nearly complete, I am here to talk to you about what we believe must be the next priority area: moving forward those recommendations through a strategy of investments led by partnerships.

As an organization representing 2,500 businesses in northwestern Ontario, we believe in fiscal responsibility. We believe that in developing solutions for northern Ontario, we too must only request investments that do not increase the tax burden on our citizens or provide future northerners with a legacy of debt.

We applaud the government of Ontario for their current investments in northern highways. For a number of years, many of our critical routes in northwestern Ontario fell into such a state of disrepair that they became a serious barrier to growth for the region.

NOACC is currently requesting that the government of Ontario begin to upgrade sections of the Trans-Canada Highway. Of particular interest and priority is the section beginning at Shabaqua and extending to Nipigon, as this serves as the only route through Canada from east to west. Frequent and extended closures on this section of the highway can virtually shut down the region, delaying the transport of both goods and people.

We recognize that the province has borne the cost of the upgrades for the Trans-Canada unilaterally and, as a result, has had to redirect revenues that should be used on secondary routes. So we are encouraging the province of Ontario to formally request the federal government to participate in a northern highway infrastructure agreement, which we believe would allow you to allocate the necessary funds to begin to upgrade our current transportation corridors.

I would like to direct your attention to the press release attached to my handout, which discusses the new road being built connecting Slate Falls First Nation to the northwestern road network. The partnership between federal, provincial and business entities exemplifies the types of positive opportunities that can be realized through universal co-operation.

We believe that the north also holds much opportunity for future growth. I would like to share with you one of the things that we believe will grow our economies and communities and expand our ability to be sustainable.

As you know, while the province of Ontario celebrated a period of record growth, northern Ontario was left behind a little. The reality in most northern communities is that we have not yet diversified our economies much past primary resource extraction. Many of

the communities that NOACC represents are entirely dependent on single, large multinational companies and thus, in their microeconomic environment, their fortunes rise and fall with commodity prices.

Population declines in northern Ontario have also created a dependency on senior levels of government for assistance to develop and maintain infrastructure. We believe that to grow a healthier economic base we must diversify, moving into value-added production and healthier resource cluster development. As we reviewed this issue, we found that one of the greatest barriers facing northern businesses and northern business people is acquiring the capital necessary to grow from small mom-and-pop operations to the mid-sized export or technology-based businesses that grew the province's economy for the last decade.

The province of Ontario does recognize the importance of venture capital in making growth possible. In Canada, it is estimated that as much as 50% of the entire venture capital now available exists in labour-sponsored funds, and 43% of all the contributions to labour-sponsored funds have come from here in Ontario. Estimates of the value of these funds round out at about \$5 billion. To support labour-sponsored funds, the government currently provides anywhere between a 15% to 20% tax rebate to the investor, which is also matched at 15%, I believe, by the federal government. Working with the rough math on those figures, you have invested over \$300 million to support venture capital for small business growth in the province, but not a single penny of that capital has been invested in northwestern Ontario. In fact, there is only one business in all of northern Ontario that has ever received an investment from labour-sponsored funds.

As northern businesses experience significant challenges in financing expansions and/or exploring new and innovative products, we have discovered that the costs to venture capital funds of exploring and maintaining relationships with businesses locating in northern communities has been seen to be prohibitive.

We also believe that northern Ontario residents need a way to invest in themselves and in their neighbours, allowing us to keep our money in the north, working to grow where we live and work. To meet this need and the access to capital need, the Northwestern Ontario Associated Chambers of Commerce is recommending to the government the creation of Grow Bonds North.

Over the past decade, Manitoba's government has encouraged millions dollars of private sector investment in rural communities by providing a rotating guarantee of approximately \$20 million in grow bonds. We are proposing a similar model for northern Ontario.

The Grow Bonds North Corp, a new subcorporation of the Northern Ontario Heritage Fund Corp, would administer this fund and work with local economic development officers, Ministry of Northern Development and Mines northern development officers and entrepreneurs to locate market and allocate the funds. I've included the basic outline in your package.

Perhaps one of the most exciting things about the program we are proposing is that we believe it can be accomplished entirely within existing government expenditures, as the government of Ontario would only be requested to expend funds in the case of a business failure, and those funds would come out of existing NOHFC funds. In Manitoba, they have not experienced a loss on any grow-bonds-supported business approved in the last five years.

1410

We are not alone in believing this is a remarkable solution to the problem faced by businesses in northern Ontario. This program, Grow Bonds North, has been endorsed by the Ontario Chamber of Commerce. It was the first time the Ontario Chamber of Commerce came out and looked at a regional program. It's been endorsed by the Northwestern Ontario Municipal Association, the Northwestern Ontario Development Network, local municipal councils and individual northern chambers.

We hope that you share our enthusiasm in this opportunity. As a bonus, the legislation created to support opportunity bonds gives the Minister of Finance the ability to create other types of bonds. We believe that no further legislation is required. If the government of Ontario wished, by creating the necessary legislation, we could begin to issue the first grow bonds this year. Personally, I've already written my cheque.

As I said in my opening remarks, NOACC continues to investigate and support sustainable solutions for northern Ontario in all areas of critical importance to our business community.

We appreciate both the government of Ontario and opposition parties for responding favourably to our thoughtful solutions. We look forward to working with all governments to ensure a prosperous future for this very special place: northwestern Ontario.

The Vice-Chair: We have a bit more time for questions in this round. I will look first to the government caucus.

Mr Miller: Thank you for your presentation. First of all I'll just talk about northern roads for a moment. I'm glad you recognize the expenditure that the provincial government has been making on them.

Yesterday I was driving up the Trans-Canada Highway, to New Liskeard and back, and commented to the person riding with me that it was hard to believe it's the Trans-Canada Highway, really, the major route across Canada. I certainly like your idea of encouraging the federal government to partake in four-laning the Trans-Canada Highway right across the country. It would be a good project for them to take on, and I think it would be very beneficial. There would be a lot of benefits, especially if they did that along with rest spots as well.

On my last visit to Thunder Bay, after meeting with the chamber of commerce, the biggest issue was the east-west route, west of Thunder Bay, east of Thunder Bay and Nipigon to Shabaqua, where there is just the one route.

Interestingly enough, after my meeting with the chamber of commerce, I had a tour of the cancer centre, and the first issue the head of the cancer centre raised was the same issue. I thought you two had ganged up to plan that, but obviously you hadn't. So that's certainly a significant issue. I do agree with you that we should be getting the federal government to participate in that.

I also agree with you that capital for small business is probably the biggest challenge they have to a growing business, whether you're a tourism operator or any other—

The Chair: Question?

Mr Miller: So I support your idea of grow bonds. I don't have a question.

Interjection: You sound like O'Toole.

Mr Miller: I know. I'm learning from him.

The Chair: Is there another question from the government?

Mr Sampson: I think the concept of the bonds is great. I'm not too sure that the Manitoba example fits exactly to what you need here in Ontario, although it's been a bit since I saw that. It's about a two-year-old program, is it not?

Ms Drysdale: Eleven.

Mr Sampson: Didn't they change it after the last election? There was some modification after the last election.

Ms Drysdale: It was introduced by a Conservative government in Manitoba and it's been so successful that the NDP government has maintained it. They put more restrictions on it and, Mr Sampson, I think that's a good idea. Fiscal responsibility is important.

The Chair: We move to the official opposition.

Mr Gravelle: It's great to see you, Tannis, as always. I've got a couple of things I'd like to talk to you about. In terms of the grow bonds, there used to be the Northern Ontario Development Corp, which was a guaranteed loan program, which is a similar concept, right? Why do you think the grow bond concept is superior to going back to perhaps bringing the NODC back into creation?

Ms Drysdale: I believe grow bonds are a superior program to that, Michael, because I really believe that we as northerners need to invest in ourselves. As individual communities, we can make better decisions than government about which businesses we'll invest in. I'm of the opinion, and I might be alone within my organization with this opinion, that there's a lot of empowerment that comes from a local community when it's your dollars that are invested in that local business. I think we can leverage a lot of dollars in local communities and create a different kind of response and a different kind of vision for northern Ontario when we start to be sustainable, for ourselves and above ourselves.

Mr Gravelle: When we were both at the Thunder Bay Chamber of Commerce recently and Minister Ecker was the guest speaker, she was asked a question about it, and it strikes me that her answer was pretty tentative in terms of the grow bonds. What could you say here—you've said it before. She answered publicly and it suggested to

me that she wasn't going to go in that direction, I must say. What would you say to her to try and get her to move off? She had a couple of reasons that she thought it wasn't the way to go.

Ms Drysdale: Yes. The Minister of Finance, who perhaps required more briefing about the wonders of grow bonds, was concerned that we were taking away some of the responsibility from banks, which I perceive are a federal jurisdiction. I've outlined today that it's venture capital, through labour-sponsored funds, that really drives capital investment.

Another concern was the experience in Manitoba. I went back and spent a week double-checking that and talking to them, and the experience has been positive: no losses in the last five years.

Mr Gravelle: That's important, because that is your point.

Ms Drysdale: Yes, that's really important. I'm sure, armed with new information, that another look will be taken at Grow Bonds North.

Mr Gravelle: It's certainly also good to have the chamber now very strongly supporting the expansion of the highway system. As you say, it's a top priority. Mr Miller's comments are good to hear, especially in terms of your experiences with your travels that day. I guess the trick is to move it forward.

One of my comments or feelings has always been that we're not getting our fair share, but I also recognize that there needs to be federal government participation in order for this to move forward. There seems little doubt about it. I've always maintained that perhaps if the Ontario government was more aggressive in pushing that—we know the federal government has signed. You've got an example of a wonderful agreement. There are also cost-sharing agreements that Mr Chrétien announced in Quebec and New Brunswick this past summer: 50-50 for four-laning. That has been the push. I've been trying to encourage the Ontario government to be a little more aggressive and say, "Here's what we want to do. We won't be able to do it, though, unless we get support from the feds," which I think puts the pressure on the feds. Would you agree with that approach?

Ms Drysdale: I'd like to share in putting pressure on the feds with the government.

The Chair: We move to the NDP.

Mr Christopherson: Thank you for your presentation. First off, don't leave that cheque lying around. One of them will cash it.

Second, I too would offer up our heartiest support for the concept. I think it makes a lot of sense. If it's working in other provinces, then why on earth wouldn't we take a look at it, given the critical importance to the road system, particularly here in the north? It applies everywhere, but more so in the north.

More as a matter of a civics lesson for me, actually: you state, "We recognize that the province has borne the cost of the upgrades for the Tran-Canada unilaterally, and as a result has had to redirect revenues that could and

should be used on secondary routes." Is that to say that it should have been a federal responsibility but their maintenance program wasn't enough to satisfy the government of Ontario, so Ontario stepped in and did this regardless? Could you just clarify for me what you mean by that?

Ms Drysdale: We've seen considerable upgrades to the Trans-Canada Highway throughout northwestern Ontario, through Dryden and Kenora and a number of other places, where we've increased passing lanes and done things like that. As I understand it, there has not been a penny of federal government lending—

Mr Christopherson: But is it their responsibility, the way it's set up?

Ms Drysdale: It appears to me to be their responsibility in other provinces. I guess that's something the government of Ontario needs to negotiate with the federal government, but in other provinces it is. There are agreements. In Saskatchewan and other places, I see great big signs saying that the federal government is participating in building their much less expensive roads. I think we need to look at partnerships between business, the federal government, municipal government and provincial government to move northwestern Ontario forward.

Mr Christopherson: Maybe the Chair can help. Would you know, Joe? Do you know whose responsibility, by design, it is to do the upgrades?

The Chair: It is my understanding from the outset, when they designated the Trans-Canada Highway as such, that the federal government was supposed to be a participatory partner. I'm not sure if it was 50%, but it may have been pretty close to that, as with the other provinces. Over the years I think they've devolved their involvement, in Ontario particularly.

1420

Mr Christopherson: By agreement? Or did they just devolve?

The Chair: No. I think they just devolved it.

Mr Christopherson: Devolved.

The Chair: Devolved, yes. As a result, most of it has been left to the provincial government to take responsibility for.

Mr Sampson: On a point of order, Chair: I'm wondering whether we could get research to look into that for us. A second thing that research might want to do is some homework on the grow bonds.

The Chair: Is there any further comment, then? I think the time has just about expired.

Thank you, Tannis. We appreciate it. It's good to see you again. Thanks for your input.

Ms Drysdale: Thank you very much for coming to northwestern Ontario. I know it was a case of whether or not you'd have enough people presenting. It means a lot to us in northwestern Ontario when MPPs come to visit us and increase the understanding between the south and the north.

ONTARIO COALITION
FOR BETTER CHILD CARE

The Chair: Our last presenter is the Ontario Coalition for Better Child Care. Members will not be given a presentation, because it was given to us in Toronto. The reason that the presentation is being made here is because we had space to allow Ms Broere to present here in Thunder Bay. So you won't have a presentation, but it will be with your original set of documents out of Toronto.

Welcome. You have up to 20 minutes.

Ms Anita Broere: This is a very dangerous time to be making a presentation, at 2 o'clock in the afternoon, because brain research tells us that our brains start to shut down. So I didn't know if people needed a stretch before we—

Mr Christopherson: You're the last one, so we're very keen on everything you have to say.

Ms Broere: Oh, you're keen? OK. Good. I didn't want you to lose me, because it's fairly important stuff.

Mr Gravelle: You mean it's nap time. Is that what you're saying?

Ms Broere: Yes, I thought maybe.

My name is Anita Broere. Presently, I'm the director of W.J. Griffis Children's Centre, which is a child care program here in Thunder Bay. I thank you for this opportunity to present on behalf of the Ontario Coalition for Better Child Care.

Since 1981, the Ontario Coalition for Better Child Care has been advocating for universally accessible, quality, non-profit, regulated child care. Today our commitment to these goals is as strong as ever. The coalition has a diverse membership of more than 450 individuals and groups across Ontario, including education, health care, labour, child welfare, injury prevention, rural, First Nations, francophone, social policy, anti-poverty, professional, student and women's organizations.

I've said this many times since 1995, and that is that Ontario is facing a severe child care crisis. Child care services are fragmented. There is no coherent system in the province. There are simply not enough child care spaces, high-quality or otherwise, to meet the needs of families with young children. Even when quality regulated services are available, most families can't afford them. Let me give you an example. The average pre-school fee for a child to attend a full-day program is \$33 a day. That's for one child. If you average 20 days a month, 12 months a year, you're looking at between \$7,000 and \$12,000 a year for one child to attend a full-day program in child care. There are about 34,000 children and families waiting for regulated child care spaces in Ontario. The provincial government is mainly responsible for this crisis. Its funding cuts and policies of downloading child care onto municipalities have been devastating.

Negative government actions came in the wake of solid research showing that early childhood education and care—and that's what we do; in child care programs,

we educate and care for children—is good for children, their families and our society. Early childhood education and care means providing high-quality services that further children's development, support families, help reduce poverty, foster social inclusion and provide equality for diverse groups in society.

Delivering high-quality early childhood education means putting in place a range of community services for children and families, sort of a hub model. The most important of these are government-regulated programs in child care centres, nursery schools, kindergartens and family daycare, provided by well-trained and well-paid early childhood educators.

We feel the province should at least be making attempts to meet international standards for early childhood education and care. A comprehensive four-year, 12-nation study carried out by the Organisation for Economic Co-operation and Development—that's the OECD, which I will refer to again—stands out as unique policy research that provides evidence-based findings to aid early childhood education and care policy analysis. The findings in the summary report of the OECD's study, *Starting Strong: Early Childhood Education and Care*, form an excellent framework for assessing the situation of early childhood education and care in Ontario in 2002. There are eight key findings from this study that provide stepping stones referenced in our written presentation which, when enacted, will create a child care system that Ontario's children deserve. Each stepping stone that I will mention is followed by Ontario's record to date.

The first stepping stone: where we expect a systematic and integrated approach to policy development and implementation, Ontario delivers a very fragmented system. Probably the strongest evidence of this fragmentation is Ontario's strategy for investing the first instalment of federal ECDI dollars in a hodgepodge of services that did not create one new child care space or service in the phase I communities. Remember, there are 34,000 children waiting for child care spaces in Ontario. The result was an expensive branding exercise for the Ontario government and lost opportunities for communities. ECDI didn't provide enough money for a reform of the system, but a more coherent provincial approach could have been a move toward a systematic integrated system. Further, fragmentation divides communities struggling to deliver services with insufficient money.

The second stepping stone is a strong and equal partnership with the education system. I understand from the presentation I attended with Janet Ecker that there is a primary focus on education, but for some reason, people still don't recognize early childhood education and care as the initial step in providing what children need to be lifelong learners. The provincial government has moved away from recognizing early childhood education as a part of the education process. It has attacked key contributors to high-quality early childhood education, such as supporting well-trained, well-paid staff. We haven't

seen increases in our wage enhancement grant since the onset in 1991.

The Conservative government, with its attempt at replacing regulated child care with vouchers to parents for purchasing informal care, tells us they do not understand the learning potential of children under five years, but see their needs as custodial. This of course is counter to the majority of research on lifelong learning.

The third stepping stone toward a quality system is a universal approach to access, with particular attention to children in need of special support. Ontario's record of 167,000 regulated child care spaces in 1998 only addresses the need of 12% of its two million children under the age of 12 years whose parents are in the paid workforce. I also understand a priority area for the Ontario government in this budget is job creation. It fits hand in hand. What do parents need in order to be effective in their jobs? They need good-quality child care for their children.

Equitable access to child care is nonexistent. At the provincial level there is no responsibility for ensuring that the early childhood education care needs of Ontario's children are being met. Although studies show regulated care is the choice of most parents, it remains out of reach for the majority. I can testify from personal experience as a centre director for over 17 years that the waiting list grows while subsidies shrink and the cost of delivering services rises. In Ontario, the concept of universality is further away today than it has been since the 1950s.

The fourth stepping stone in a quality system is public investment in services and infrastructure. The Ontario government says it's spending more on child care than any previous government, but by their own sources we see that since 1995, provincial allocations have been reduced by at least \$100 million. Since 1995, we've experienced the first reductions since World War II.

1430

While the Ontario government pretends to offer more choices, it is actually undermining the availability of quality early childhood education and care services. Further claims of increased spending on child care are confusing to the public when they claim the Ontario child supplement for working families as part of the expenditures. The \$175 spent on the program is more accurately described as a targeted work and training supplement. It is not child care. Further, the money is funded through the clawback of the federal national child benefit from families on social assistance.

The fifth stepping stone to a quality system of early childhood education and care includes a participatory approach to quality improvement and assurance. This is the case in Denmark, France and our progressive neighbour, Quebec. Our history documents commitment to early childhood education and care under the Conservative government of the day in 1946, when the Day Nurseries Act was introduced. This was introduced by the PC government. The legislation was designed with

child development in mind by child development experts from the University of Toronto's Institute of Child Study.

Now jump forward 50 years and meet the recommendations contained in Improving Ontario's Child Care System. We see reduced staff-child ratios, dilution of staff qualifications, diversion of fee subsidies to unregulated programs, additional school-age children cared for by home providers, and reduced requirements for facilities and licensing enforcement.

The report referenced was popular with those seeking small business opportunities, where regulation and enforcement impede the pursuit of profits. At the same time, those who consider the care of our children an investment and a partnership between parents and government were moved to protest. For this latter group, regulations constitute a contract between the public and the child care sector for a delivery of service that meets minimum standards. Regular monitoring and re-licensing protect our children and provide peace of mind for parents. Since 1995, the government has undermined its well-established system of child care regulation, thus abandoning its regulatory role under legislation.

The sixth stepping stone is the existence of appropriate training and working conditions for staff in all forms of provision. Quality early childhood education and care depends on strong, trained staff, fair working conditions and in-service training for the caring professional to whom we entrust the learning and development of our vulnerable children. In Ontario, thanks to capped wage subsidies since 1994—I stand corrected—we have inequities in salaries and staff, who have not seen pay increases in eight years.

Downloading further complicated problems. Pulling out of funding pay equity adjustments beyond 1998 has left employers in situations where they will accumulate unsustainable debt or be in contravention of legislation. There is a shortage of qualified early childhood educators, as poor wages and benefits do not attract even those with a calling to the work. The average yearly salary for an early childhood educator is about \$21,000.

The seventh stepping stone is the development of systematic monitoring and data collection. Latest statistics available in preparation for this brief are the most recent available from the government; they are from 1998. While the provincial and federal governments made commitments to produce benchmark figures by September 2001 in all four areas covered by the ECDA, including early learning and care, Ontario had not fulfilled this commitment.

The eighth and final stepping stone is a stable framework and long-term agenda for resource evaluation. In 1991, Ontario released the much-touted Early Years study with a vision of a system of early childhood development centres, including child care centres. In 2000, the government's Education Improvement Commission called for strengthening a commitment to children by ensuring access to affordable child care. None of these recommendations from the studies has been implemented.

Overall, there is no agenda for research and evaluation, long-term or otherwise, nor is there a framework for these elements. To put this in context, national and international bodies recognize early childhood education and care as a key component for: social and community economic development, a social justice strategy, a population health approach, preventing crime at a community level, social equity and inclusion, and human development and freedom. We aren't saying it will be cheap, fast or easy, but the incentive is investing \$1 for a \$2 return.

Ontario's children need your leadership and cooperation. Both federal and provincial governments need to ease the download burden on our municipalities. In 1999 the Ontario government further downloaded costs onto municipalities by changing the school funding formulas. The result was the end of support and cooperation between education services to provide a coordinated early childhood education and care system in Ontario.

Downloading costs to the municipalities have forced them into making choices and decisions for the provision of care not based on sound child development or the needs of the community, but on coping strategies. What's the first to get cut? One such result is forcing municipalities to reduce spaces to stay within their budgets.

A comprehensive system of early childhood education and care services can only exist in Ontario if all players work together. The federal government must lead with policy and funding that has accountability measures attached, and put in place a national child care strategy.

The provincial government must also resume a significant role and directly fund child care programs, provide other necessary resources and adopt a systematic and integrated approach. Only then will our local authorities, municipalities and school boards have the resources to deliver services needed for early childhood education and care in their communities.

We ask you to stop passing the buck.

Here are our recommendations. We believe that a comprehensive early childhood education and care system in Ontario, one that meets the OECD's international standards, is possible. The missing key element in our province is the political will.

We recommend that (1) Ontario must adopt a systematic, integrated approach to early childhood education and care, move away from a targeted subsidy-based system to—you've heard this many times—a publicly funded system; and (2) child care must be an equal partner with education to ensure early childhood education and care form the basis of lifelong learning.

Our recommendations for the 2003 budget are:

(1) Ontario needs a plan to give universal access to high-quality early childhood education and care to expand services. The expansion must include training new staff, a new institutional framework, building new facilities and financial support.

(2) Ontario must restore regulated child care funding to 1995 levels. This means investing \$120 million in 2003. Funding levels must rise every year until we achieve universal access.

(3) Ontario must immediately restore pay equity funding to this sector and analyze and address workforce issues.

Most modern nations have made early childhood education and care a priority. In Ontario, child care has been pushed aside. We need a seamless, universally accessible system. It must be funded as a core public service and entirely not for profit. It is a shared responsibility of parents, governments and society to provide safe, healthy environments for children's early development. Children have the right to high-quality public services. We must guarantee this, because it's the right thing to do.

The Chair: Thank you, Ms Broere. You've just about hit it on the nose for your time. We appreciate your contribution today. We already have the document input in Toronto, and this is also recorded in Hansard.

Mr Gravelle: On a point of order, Mr Chair: The Regional Multicultural Youth Council wasn't able to make a presentation, and Mr Moffatt Makuto, who is the executive director, just dropped off this document. Can I formally submit it to the committee as their recommendations for the provincial budget?

Interjection: When is our cut-off, at the end of our hearings?

The Chair: For written submissions, I think it's Monday.

Mr Gravelle: So I can formally submit this?

The Chair: Hang on. We'll just verify that.

Tomorrow at 5 pm is the deadline for written submissions, so we're fine.

Mr Gravelle: Great.

Mr Christopherson: I was just worried that it might not legally be allowed.

The Chair: Thank you, Mr Christopherson and Mr Gravelle. The clerk will take it and make sure everyone has a copy.

Are there any further questions?

The committee stands adjourned until 9 am tomorrow in Ottawa.

The committee adjourned at 1441.

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CONTENTS

Wednesday 5 February 2003

Pre-budget consultations	F-405
Confederation College	F-405
Mr Ian McCormack	
Mr Olaf Smith	
Mr Ray Williamson	
Lakehead Elementary Teachers of Ontario	F-408
Ms Christina Lofts	
Ms Sharlene Smith	
Mr Stuart McNabb	
Thunder Bay Chamber of Commerce	F-411
Mr Eric Long	
Mr Larry Price	
Lakehead University Student Union	F-415
Mr Glendon Tremblay	
Credit Union Central of Ontario	F-418
Mr Scott Kennedy	
Ms Lea Matyuska	
McCausland Hospital	F-422
Mr Mario Audet	
Lakehead Regional Family Centre	F-424
Mr Tom Walters	
Thunder Bay Literacy Group	F-427
Ms Jean Fairbairn	
Kinna-aweya Legal Clinic	F-429
Ms Sarah Colquhoun	
City of Thunder Bay	F-432
Mr Trevor Giertuga	
Ontario Chiropractic Association	F-435
Mr Bruce Squires	
Dr Kristina Peterson	
Northwestern Ontario Associated Chambers of Commerce	F-438
Ms Tannis Drysdale	
Ontario Coalition for Better Child Care	F-442
Ms Anita Broere	