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Monday 9 February 2004

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des débats
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Lundi 9 février 2004

**Standing committee on
finance and economic affairs**

Pre-budget consultations

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

Consultations prébudgétaires

Chair: Pat Hoy
Clerk: Katch Koch

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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Monday 9 February 2004

Lundi 9 février 2004

The committee met at 0901 in Rock Haven Motel and Convention Centre, Peterborough.

PRE-BUDGET CONSULTATIONS

CITY OF PETERBOROUGH

The Chair (Mr Pat Hoy): The standing committee on finance and economic affairs will please come to order. The committee is pleased to be in Peterborough today. I would ask persons to turn off their electronic devices. I would call forward the city of Peterborough.

Ms Sylvia Sutherland: Thank you very much. I'll just turn off my electronic device here.

The Chair: You have 20 minutes for your presentation. You may leave time for questions within that 20 minutes, if you so desire. If you would, please state your name for the purposes of our recording Hansard.

Ms Sutherland: My name is Sylvia Sutherland and I am mayor of the city of Peterborough. I first of all would like to welcome you to Peterborough. We are very pleased that you included this city in this particular round of committee hearings and I welcome you here on behalf of the community.

Just a few brief facts about Peterborough: We are a separated city within the county. We have a population of 74,000 people. We have a number of private households, 29,170. The median household income in Peterborough is \$40,668, and that compares to \$53,626 in Ontario. The percentage of population in Peterborough over the age of 55 is 27.1%; the Ontario average is 22%. So that gives you some picture of the city of Peterborough insofar as the concerns of this committee are related.

Fast facts about Peterborough: We are on the Trent-Severn waterway in the Kawartha Lakes tourism region. We are located within one hour of the GTA. We have six million people residing within a 200-mile radius of this community. We are home to many major industrial employers such as General Electric, Quaker Tropicana Gatorade, Sysco Food Services, Fisher Gauge and Siemens Milltronics. There has, however, been a reduction, as there has in many areas, particularly in this part of Ontario, in the industrial base in recent years.

When my husband and I first came to Peterborough in 1967, there were 5,000-plus people employed at General Electric. There are now roughly in the area of 1,000.

Outboard Marine was operating, it is no longer; Westclox was operating, it is no longer; Alpha Laval was operating, it is no longer. However, exciting things are happening here and we are in the process of developing a DNA cluster, which could mean an exciting future for Peterborough in that area.

We would like to acknowledge the help that the province has given us in 2003 and announced in 2004. The province has given us \$200,000 for the DNA cluster; a \$150,000 grant toward tourism; various business plans of the Greater Peterborough Area Economic Development Corp to the tune of \$139,000; \$270,000 toward the waste diversion program; an OIMFA loan of \$8.275 million. A new regional health centre is being built here, and that was certainly with the help of the province. There has been a recent elimination of the lifetime ban for Ontario Works clients who have committed fraud, and we appreciate that. The Ontario transit renewal program is providing up to one third of bus replacement costs, and we appreciate that. There is a commitment stated by this government for a new deal for municipalities. We appreciate the words and we look forward indeed to the action.

Why do Canadian municipalities need a new deal? I am sure you have heard this in every community to which you have travelled. It is perhaps repeated if only to make sure that it is heard. There is a growing gap between the services we must deliver and what we can afford. It is not the "nice to have" services, but the essential services, those services that are essential to the health and safety of our citizens or essential because they are mandated by the provincial government. It is a struggle to provide any enhanced local services within the financial pressures that are provided by the mandated ones. We no longer, in fact, control our own municipal agenda. I've been mayor long enough to remember when we could control our municipal agenda, certainly to a greater extent than we do now.

Municipalities cannot incur operational deficits. I can remember a number of years ago, back in the 1980s, when the Treasurer of Ontario told us we had a lot more room in which we could borrow. We don't think it is necessarily a healthy situation to go to the limit of your borrowing capacity. It certainly isn't, and it was a rather astounding statement by the Treasurer of the day, who shall remain nameless.

There is an infrastructure deficit that is growing and continues to grow yearly. The city of Peterborough's

capital repaving program, for example, in 2003 was set at \$1 million. This level of funding will provide resurfacing for 3% of the city's total road surface inventory. At this rate, in 33 years the city will repave all its roads. However, resurfacing only extends the performance of a road by eight to 12 years.

The city of Peterborough's capital sidewalk reconstruction program in 2003 was set at \$800,000. This level of funding will provide resurfacing for 1.3% of the city's total sidewalk inventory. This requires sidewalks to last a period of 75 years and, indeed, we have some in the city that are that old. However, the demonstrated performance of a sidewalk is 50 years.

The city of Peterborough's transit fleet—you may not have this slide—includes 19 vehicles, or 56% of the total of 34 buses, that have exceeded their useful life of 18 years. The plan is to improve the transit system, and we do plan to do that, and to increase ridership, and we wish to do that, but it is difficult because we have limited resources. The same replacement and maintenance concerns exist for the city's bridge and sanitary and storm sewer inventory. The capital requirements continue to exceed the available capital financing by \$18 million and \$14 million in 2003 and 2004 respectively. So our unfunded liability in our infrastructure continues to grow.

Local services realignment was, as you know, introduced in 1997. It was a swap of services and funding and it grew primarily out of, I believe, the Crombie report on Who Does What. Concerns were raised of income distribution programs being funded from property tax bases. In fact, the government of the day effectively turned what David Crombie recommended on its head. The very services that he suggested should not be downloaded, such as social housing, were indeed downloaded. I think the government would do well to revisit what the Crombie report said at that time.

There are some downloaded services which the municipalities administer, for example housing and others, for which we pay, and others for which we pay but do not administer, such as ODSP. This was intended to be revenue-neutral. Any mayor of any municipality in this province can tell you, it was not revenue-neutral. Costs continue to rise, as shown on the next chart. What the chart tells you, in effect, is that roughly 40%, if you look at the figures—I won't go over the chart carefully now, you can read it—of the gross budget, 39.7%, I think it is, is tied up in downloaded services with standards set by the province. Indeed, this has been tougher on municipalities that have been prudent and responsible than on those that weren't.

For 2004, the city's costs have increased \$2 million, while the offsetting CRF funding has increased \$650,000. So we continue to fall further behind. For administrative costs that are cost-shared with the province, the province has set caps. Once service delivery is at the local level, there is community pressure to improve the service, such as land ambulance response times, and pressure to provide more affordable housing. If the province decides to increase the ODSP/OW client rates, the municipal share

also increases. In fact, the province, by putting on artificial caps, increases the local share.

0910

Let's move to police. In 1997, amendments to the Police Services Act were introduced. In 1999, the adequacy and effectiveness standards regulation was filed. Together, these two new initiatives ensure that policing is adequate, effective and includes minimum core competencies in the areas of crime prevention, law enforcement, victim assistance, public order maintenance, emergency response and court security. Meeting these standards requires a total of 14 additional full-time equivalents.

Water sewage treatment responsibilities: Since Walkerton, new obligations and responsibilities are there, as perhaps well they should be. The Nutrient Management Act, 2001, will significantly impact the biosolids program, which is the residual material produced during the water treatment process. Bill 175, the Sustainable Water and Sewage Systems Act, is expected to impose a full cost recovery funding model for waste water sanitary services.

Electricity Pricing, Conservation and Supply Act: The electric utility restructuring provided a return of \$4.1 million on the city-held investment within the established legislation. Then Bill 210 imposed a rate freeze and limited available returns.

However, the proposed Ontario Energy Board Amendment Act, 2003, and the electricity conservation and supply task force report indicate a change in focus to, among other things: encourage conservation, attract new sources of supply, protect consumers from price volatility, and remove the current 4.3-cent price freeze. I think, generally speaking, municipalities are happy to see this happen.

There are other pressures. You'll hear later today, I'm sure, about the doctor shortage in this community. We have at least 20,000—and I am told by a family physician it is upwards of 25,000—people in Peterborough who are without a family doctor. We have a potential of that increasing far more, in fact, due to retirements. Many of our doctors are aging—as the rest of our population is; indeed, we are all aging—and transferring their services to the new regional hospital.

Extending, among the other pressures—and you'll hear more about that; it's a serious problem in this community, as it is in many others—Highway 407 is important for transportation issues related to the GTA. We need the province to assist with annexation issues so the city and the region can continue to grow. That in itself is becoming a major issue here in Peterborough. There's no mechanism right now to do that, and that is the problem.

The need for commercial and industrial growth to assist in financing the city services: We need that. We would like to see plans move ahead for extending GO Transit to Peterborough. We were excited a year or so back when there was a promised bus link with the GO in Oshawa. That hasn't been realized yet, and we would like to see that as a beginning. Many of us, including our own member, I'm sure, would love to see the train he used to

take, which was a VIA train, return in some form or another to Peterborough, wouldn't you, Jeff?

Mr Jeff Leal (Peterborough): I love trains.

Ms Sutherland: You love trains. We all do.

So far as the ability to raise additional revenues, that's limited on municipalities. As shown in the next pie chart, 56% of the city of Peterborough's revenue is from municipal taxes and the sewer surcharge. As seen earlier, 27% of the population is older than 55, many with fixed incomes, and there is enormous pressure against any kind of tax increase. Those of you who have been municipal politicians certainly understand that. Another 24% is from the province, through CRF and specific program funding. The city has little ability to generate adequate revenues to offset increased costs.

The Minister of Finance recently announced an intention to review the property tax assessment system. General reassessments are creating undue burdens on some property owners. Tax burdens are no longer based on municipal tax rate changes only, as unrealized gains through artificial assessment increases also impact the individual property tax requirements.

Capping calculations on multi-residential, commercial and industrial classes mean that (1) similar valued properties pay different taxes, and (2) some properties within a class have their decrease clawed back to fund the cap. I suggest perhaps you might abandon the cap. The main source of municipal revenue in the new system was supposed to be fairer, clearer and simpler, but quite frankly, nobody understands it. I could ask any of you in this room what your municipal taxes are and most of you can probably tell me. But if I ask you what your provincial taxes are, I doubt whether any of you can tell me. Everybody knows their municipal tax rate.

In all of this, I urge the government not to forget the smaller municipalities. We hear a great deal from the large municipalities; however, the reality is that we face the same problems. The numbers may be different, but the problems are there for small as well as large municipalities and we're concerned that we may get left out due to the assistance being given to larger areas, such as the \$3.5 million to the city of Toronto to help reduce homelessness and provide more affordable housing. I can take you uptown in Peterborough and show you the homeless. We are trying very hard in this community in an imaginative way to deal with the issues of affordable housing, but we simply don't have the resources to do it, any more than the city of Toronto does.

The city of Toronto got \$62.3 million for the TTC. We are trying, as I mentioned earlier, to increase our ridership, to build a public transit system here that will decrease the need for roads and will help in many other areas, such as the provision of parking in the core. The city of Toronto is asking the province for a \$120-million down payment on future gasoline tax revenues. The city of Toronto is important to us all and has definite needs. However, so does every municipality in this province.

While many provincial initiatives were intended to simplify and clarify roles, the reality is that provincial

initiatives control the level of services we must provide, but the municipality pays for these. The municipalities want influence and accountability for their own futures.

The province now recognizes the need for a new deal for municipalities, but it's clearly limited in its own financial situation. The federal government recognizes the need to deal with municipalities and has already announced—in fact, a week ago today—that there would be a complete GST rebate effective February 1, 2004. Now just as an aside, I remind you that you have a PST, and it would be very nice to see that rebated. The province needs to participate in the development of the new deal with municipalities and the federal government. It has to be a three-way negotiation. Whatever support is given from the federal government cannot be taken away by the province if it's to be effective. The province of New Brunswick has already, in expectation of the gas tax revenue from the federal government, reduced its grants to municipalities by 10%. We don't want to see that. That cannot happen here. The province of New Brunswick is effectively negating the so-called new deal.

The new deal should include recognition that municipalities are an equal partner and a legitimate level of government. We are no longer, as we were under the Baldwin Act, to be classified with asylums and women. That in fact remained in place until the last government brought in a long-overdue new Municipal Act. But that's where we were.

Stable, predictable and sustainable revenue: We need that. A mix of unconditional funding to allow municipalities to be accountable for their unique community needs: Every municipality has somewhat different needs, as well as the common needs; and capital or specific program funding to ensure certain coordination across municipalities.

We are now on your radar screen and we are now on the radar screen of the federal government. I do know that, for example, the mayors in eastern Ontario recently got together and formed a group, which is chaired by Mayor Rosen of Kingston, and I am the vice-chair, to make sure that eastern Ontario is not left out of this. We are on your radar screen and it's our intention to stay there.

I really do appreciate the opportunity to bring some of these concerns to you. I know they are not new concerns, but the very fact that you have heard them probably in every place you have stopped indicates that they are very real concerns.

I would be happy to attempt to answer any questions. I have with me our manager of finance, Mrs Sandra Clancy, who I'm sure could amplify any of my responses. Thank you very much for your courtesy.

The Chair: Thank you. We only have time for one question. It'll go to the official opposition.

Ms Sutherland: Mr Flaherty, welcome back.

Mr Jim Flaherty (Whitby-Ajax): It's nice to be back, Your Worship. Nice to see you again. Congratulations on the DNA cluster, which is very forward-looking

and was advocated by Gary Stewart, the former MPP here. I'm glad it was accomplished.

Ms Sutherland: It's in the process of being accomplished. It doesn't happen overnight.

0920

Mr Flaherty: You got a start with the funding. I know about the clusters and you know about the work that has been done in economic development by the committee on productivity and competitiveness headed up by Roger Martin at the University of Toronto. It's very important that we develop those clusters in innovation.

I agree with you and I agree with your comments, of course, about the 407 east and the expansion of GO rail service from Peterborough through beautiful Myrtle station in north Whitby and so on.

I do want to ask you, though, about the big picture and funding. The federal, provincial and municipal government levels—what is the percentage of your budget that is going toward wages, salaries and benefits?

Ms Sutherland: It depends on the division. I know in the police department, it is 90-odd per cent. Sandra, do you have a round figure on that?

Ms Sandra Clancy: I don't know.

Ms Sutherland: It would be roughly 80% because some are more wage-driven than others. We have very little wiggle room.

Mr Flaherty: We don't have much time, and the Chairman's made that clear. The nub of the problem is—and there's only one taxpayer in this country, no matter whether one lives in Peterborough, Thunder Bay or wherever—we're all municipal taxpayers and provincial taxpayers and federal taxpayers. Unless there is restraint in the wage demands that are made in the public sector and the broader public sector—and the government has pointed that out in this document they've published that talks about restraint—then we will have more money spent but we will not have more services for people. My question to you is, are the folks in Peterborough that you're responsible for employing through the municipal corporation addressing that issue?

Ms Sutherland: We are attempting to address that issue as best we can. However, we recently had a settlement with the police department. That settlement was driven by the settlement the provincial government had made with the OPP. We are not the only level of government, with all due respect, that has to show restraint, and we certainly are attempting to do that.

I can remember a number of years ago, under an earlier Liberal government in fact, where we went to arbitration with our fire department and we ended up with an 18% increase as a result of going to arbitration.

I will argue, sir, that the best bang you get for your tax dollar, you get at the municipal level. But that OPP settlement was again indicative that we don't necessarily control our own agendas.

The Chair: Thank you for your presentation this morning.

ONTARIO FEDERATION OF SNOWMOBILE CLUBS

The Chair: I would call on the Ontario Federation of Snowmobile Clubs to come forward, please. Good morning.

I want to make an announcement for those who are in the room that there are interpretation devices available, if you require them. Please see a staff member and they will provide those for you.

Good morning, gentlemen. You have 20 minutes for your presentation. You may leave time within that 20 minutes for questions if you so desire. Please state your names for the recording of Hansard.

Mr Paul Shaughnessy: Good morning. My name is Paul Shaughnessy and I am the general manager of the Ontario Federation of Snowmobile Clubs.

Mr Ron Purchase: I'm Ron Purchase. I'm the senior policy analyst for the Ontario Federation of Snowmobile Clubs.

Mr Shaughnessy: Behind me to my right is Tim West, who is the manager of external relations for the OFSC.

First off, I'd like to extend greetings on behalf of the executive and the board of governors of the Ontario Federation of Snowmobile Clubs. To the Chair and to the committee, we thank you for the opportunity to meet with you today to discuss the sport of snowmobiling. The OFSC maintains a strong relationship with the Ministry of Finance and other key Ontario ministries, which is why we believe it's important that we update the government on the issues that are facing our sport today.

First, a little bit of background on who we are. The OFSC is a not-for-profit, volunteer-driven organization. As a coordinating body for organized snowmobiling in Ontario, the OFSC provides advice and guidance to our 260 member clubs on a broad range of topics to ensure provincial objectives are met.

Activities that the OFSC handles at the provincial level include planning of our trans-Ontario provincial trail network, safety programs, environment, insurance, guidelines and our user-pay trail system. The federation maintains an office in Barrie, where key volunteers interact with our staff on a daily basis. Over 6,500 active volunteers operate our clubs and our trail system across Ontario. Our 260 clubs maintain 43,000 audited kilometres of snowmobile trails, a number which, by the way, is larger than the kilometres of highways in the province. Each year over 15,800 landowners generously provide our clubs with permission to run snowmobile trails on their property.

We operate following a user-pay system, whereby a fee is charged for a trail permit for the machines. Last year a total of 115,000-plus full-season and visitor trail permits were sold across the province. These permitted machines were used by over 181,000 OFSC family snowmobilers.

Using the Conference Board of Canada's team model, the total estimated economic activity created by snow-

mobiling during the 1996-97 season exceeded \$1 billion. Provincial sales tax alone is estimated at \$73 million as a result of this activity.

There are a number of key issues impacting us today, and Ron Purchase will expand on a few of those.

Mr Purchase: Good morning, everyone. We've given you a document that highlights 10 of the issues and opportunities that face organized snowmobiling. For each one, we've told you what the issue is from our point of view, a bit of background on that issue and then we've gone on to say what organized snowmobiling is doing to address each one of those issues, and then some things where government, as our partner in delivering organized snowmobiling in the province, can be helpful in each one of those issues and opportunity areas.

There are 10 of them in the document: (1) trail liability insurance; (2) the personal insurance our members must have; (3) overall sustainability of the network; (4) tourism development; (5) land use securement to operate our trails on; (6) very important to us is trail safety; as is (7) environment; (8) the legislation and policy that are important to organized snowmobiling; (9) volunteers who make all of the trails happen in Ontario; and (10) other users out there. Trail interest is growing substantially. Snowmobiling is not the only trail interest group out there, and we need to think about those.

I'd like to be sure we've left adequate time for questions because I think that's the best use of our time here in these 20 minutes. The document does overlay all the issues for you and give you a good sense of it. There are three I'd like to touch on and be sure there's some understanding of with the committee today. That really is the first three, the first two being related to insurance.

The number one issue in the document is trail liability insurance for our members. We represent pretty close to 200,000 family members in Ontario. Those snowmobiles that they operate are insured just as if they were cars; it is an automotive insurance policy. So they are caught in some of the concerns involved with car insurance and some others unique to snowmobiling in that many of our members either have a difficult time finding any coverage for their snowmobiles or it's gone up considerably in price. Because it's a recreation, it's a discretionary cost. Our concern, of course, is that the overall cost of participation, which includes insurance, will get beyond the reach of the average family in Ontario. Snowmobiling is very much about families. If we make it unaffordable for families to participate, that's a concern, and it's a concern in that it threatens the billion-dollar economic impact that snowmobiling makes to this province, especially in northern Ontario.

A second issue is also about insurance. It's different from the first, which is the insurance for snowmobiles themselves, but it definitely has some relationship to it. It's the insurance coverage for our trails themselves. The trail coverage has gone up in price by better than 1,000%. For organized snowmobiling that's meant that where we had been covering our trails for liability coverage only a few years ago at around \$380,000 for the province, our

total insurance coverage costs are going to be \$4 million this year. That's a staggering increase. It's only because we are a mature organization that we could deal with it at all, but it's not sustainable.

0930

The good news is that there are resolutions for both of those issues. It requires a partnership of organized snowmobiling and the insurance industry and, of course, government. A lot of them deal with some changes in legislation and regulation that are necessary to provide some protection against liability for those volunteers who are out there delivering the trails for us.

We're very pleased that we've had some early success in getting some attention on the personal lines issue. We've already met with the Ministry of Tourism and the Insurance Bureau of Canada. Again, we see a lot of the resolution coming back to some legislation and public policy changes that are necessary. So those are the first two issues dealing with insurances.

The third one is overall economic sustainability for the sport of organized snowmobiling. We know what snowmobiling means to the province and to all the small businesses across the snowbelt of Ontario, which are doing good business in the wintertime as our snowmobilers move through their communities, consuming meals and using hotel rooms and gas stations and all of those good things. I know the people in this room certainly understand and appreciate that.

It takes better than \$20 million a year to operate those trails. It's the largest integrated, connected trail system in the world. It's truly world-class in terms of a tourism product that's been built, and sustaining it is an expensive proposition. The primary funding for our trail network is the trail permits we sell to people to use the trails. There's some other fundraising that the OFSC does, and there's a substantial investment from the government right now through a program called TSS, which will put \$4 million into the operating of trails this year out of that total \$22 million that it takes. That program is over next year. We're concerned that a replacement be put in place. We need sustainable contributions to the organized snowmobile trail network in the name of the tourism potential that it has and brings to the province.

Snowmobiling is very much about recreation. The 260 clubs across the province are primarily recreational. They're working hard to provide a recreational opportunity, but a tourism industry has really been built on top of that local recreational activity. We need resources to be sure that everything stays connected and that when we attract riders from Ontario and North America to enjoy the long-distance trips we can have, those connections are all in place.

Those were the three issues I wanted to be sure were highlighted; there are a number of others in the document that we provided information on. I think we're best served now if we ask if you have some questions.

The Chair: Thank you. We have about three minutes per party, and we'll begin this round of questioning with Mr Prue of the NDP.

Mr Michael Prue (Beaches-East York): Thank you very much. First of all, with insurance: Do you have any figures on insurance rates for snowmobiles in Ontario versus snowmobile insurance rates in other provinces? Are we kind of high?

Mr Shaughnessy: The insurance regulations vary from province to province, so if you do a comparison with another province, you also have to look at whatever scenario they're operating under. For example, Quebec's rates tend to be lower than Ontario's rates, but then Quebec's funding and how they deal with accident benefits is different from how we deal with it in Ontario. So it does vary. You're referring to personal lines I take it?

Mr Prue: Yes.

Mr Shaughnessy: Personal insurance does vary from province to province. We are certainly feeling a noticeable impact in Ontario over the last couple of years, but there are other provinces that are experiencing the same situation.

Mr Prue: Car insurance in Ontario tends to be the highest of all the provinces, and certainly much higher than where public auto insurance has been instituted, mostly in the western provinces. Is insurance on snowmobiles in those western provinces—BC, Saskatchewan, Manitoba—covered by the public system or is this a separate thing? I have no idea.

Mr Shaughnessy: We represent the Ontario Federation of Snowmobile Clubs, so I'm not well versed on the insurance coverage in all the other provinces across Canada. There are similarities in some provinces, but there are also differences.

Mr Prue: OK. I'm loath to ask, but I think that might be good information for the committee to have.

If I've still got some time, I wanted to ask about enforcement on the trails. That is one thing I think the government can do. How many people are out enforcing the trails in Ontario today?

Mr Shaughnessy: Enforcement on the trails is governed by a number of law enforcement agencies. Perhaps the most evident would be the Ontario Provincial Police. In addition, the OFSC has a volunteer-driven program called STOP, the snowmobile trail officer patrol, where we actually have volunteers who are sworn special constables. They're trained by law enforcement agencies, and they are empowered to enforce the Motorized Snow Vehicles Act. It has been a very successful partnership that certainly has resulted in increased enforcement on snowmobile trails.

Mr Prue: And how much money would you need from government to make that a system that you think would be totally adequate?

Mr Shaughnessy: Right now, the volunteer side is entirely funded by the OFSC as far as the cost of equipping and training these officers, other than the formal training they receive from the law enforcement agencies. So at this point in time, due to our limited resources, we're limited in terms of the number of officers we can train each year.

The Chair: Thank you. We'll move to the government.

Mr Leal: I've talked to a number of people, because in this riding there's lots of snowmobile activity. Could you tell me what the accident rate is for the number of snowmobiles in Ontario? I've been told by some people in the insurance industry—their information is that snowmobiling now has become high-risk, similar to personal watercraft vehicles like the Sea-Doo. Could you just shed some light on that in terms of the accident rate?

Mr Purchase: In terms of the actual accident rate, I don't think we have good information on that. The reporting systems don't tend to be there. We can track, with some reliability, fatalities. We know very clearly that safety in fact is a good-news story as it relates to snowmobiling. Snowmobiling over the last 10 years has grown enormously. It has been growing at 5% and 10% every year, and yet the fatality rate, although it's higher than any of us wants it to be, is not following that growth rate upwards but is sitting relatively constant. So by any fair analysis, the safety record of snowmobiling is improving and getting better.

Having said that, with probably 30 deaths in the province this year as reasonably predictable, there's lots to do. The OFSC is working very hard on a three-pronged strategy of making sure the legislation is appropriate, that there is enforcement and that there are public education programs in place.

Mr Shaughnessy: Statistically, approximately 80% of fatalities in Ontario take place off OFSC trails, as opposed to on trail.

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

Mr John O'Toole (Durham): Thank you very much for your presentation. I certainly bring greetings from Joe Spina, who is a great supporter of trying to find sustainability in snowmobiles. I also commend you on your more recent campaign, SOS, the program Save Ontario Snowmobiling. Obviously, you've brought a lot of the issues to our attention prior to the meeting this morning. This does provide a lot of background.

My riding is Durham. In Durham, I have four or five clubs that are very active and integrated into the trail system, so I'm very familiar with the STOP program and the clubs and know how important it is for the tourism reasons you've mentioned. That really is important. When we were in northern Ontario last week, in Timmins, I was talking to a group of people there who certainly see it as part of their economy during the winter; there's no question about that.

A couple of questions Mr Prue asked really were very important. I would suspect that looking for a sustainable solution on the insurance side, specifically the liability side—I'm familiar with the number of different types of agreements you have with landowners. What could the government do, or what could you do, to reduce this liability issue? That's the issue of this whole thing, for the reasons Mr Leal and others said, that there's this impression that the industry, beyond its recreational value, is a bit of a safety thing.

Of course, you've got to remember I'm from Port Perry. They have at least one or two or three go through Lake Scugog every year, and it's a huge, huge issue. Is there anything that can be done to limit the liability or the exposure? Are the landowners willing to sign off on degrees of liability?

0940

Mr Purchase: We certainly protect our landowners and our volunteers very well with insurance products, which have got very difficult to pay for but are still well in place. The really short answer to that is a very clear answer in terms of legislation. We know other jurisdictions out there have legislation in place that specifically shields the volunteers who do trail maintenance and work from unreasonable levels of liability. Of course, if somebody does something that is truly negligent, then they should be accountable for it, but the reality is, the thing that strikes us when we look at what we're challenged for and what people make claims against us for is that we really haven't done anything wrong. It's eight years out from an incident; it's very difficult to provide the kinds of proof it takes. There are in fact good models and good legislation in other jurisdictions that could find their way into Ontario.

Mr O'Toole: Have you brought this to the attention of Minister Bradley? It's critical that you work quickly, because this is the government now. They are actually in charge of looking at those specific regulations that they need to implement and act on to save the industry. That's the essence of why you're here today, because really there won't be more money, outside of partnership money. We need to look at the insurance cost drivers, and that's the liability issue. You're saying other jurisdictions have it? Make sure we know specifically the regulations and I can assure you, if you get it to me or to any member of the committee, we'll get it to Minister Bradley, because I know he's interested in solving the problem.

The Chair: Thank you for your presentation this morning.

SERVICE EMPLOYEES
INTERNATIONAL UNION,
LOCAL 183

The Chair: I call on the Service Employees International Union, local 183. You have 20 minutes for your presentation. You may leave time within that 20 minutes for questions, if you wish. I'd ask you to identify yourselves for the purposes of our recording of Hansard.

Ms Barb Gannon: My name is Barb Gannon. I am the president of the Service Employees International Union, local 183. I have with me Linda Mackenzie-Nicholas, who is with SEIU Canada and holds the education and political portfolio.

Good morning, and thank you for the opportunity to appear before the finance and economic affairs committee. Today I'm speaking on behalf of SEIU, local 1.0n, a newly established SEIU local which represents

over 40,000 members across Ontario, including local 183.

Our members work predominantly in health care and long-term care, as registered practical nurses and health care aides, laundry workers, activity aides, dietary staff and medical clerical staff. They work in nursing homes, home care agencies, hospitals, retirement homes, children's support services and community living associations.

SEIU, local 1.0n members are proud of their work. Our health care workers are committed to the patients and families they serve. They are on the front lines every day caring for our loved ones, our seniors and our disabled.

The majority of those members are women, and many are forced to work two or more part-time jobs to make ends meet. The choices this government makes about the deficit profoundly affect these women workers and their families.

I am here today to deliver two messages to the committee: first, that the underlying cause of the deficit is a revenue-generating problem, not an expenditure problem; second, that the real crisis in Ontario is the state of our public services, not a financial crisis.

Ordinary Ontarians, including our 40,000 members, are willing to pay their fair share of taxes to restore our public services if the government is willing to close corporate tax loopholes, end exemptions from the employer health tax and roll back a small portion of the Tory tax cuts. SEIU Local 1.0n is asking the government to keep its eye on the ball and restore our public services, not simply focus on the deficit alone.

Background: Last fall, the voters of Ontario gave the Liberals a mandate to restore our public services and end years of privatization and cuts to health and long-term care, education and social services. The previous Tory government decimated our public services, and there is simply no more room for cuts.

The new government promised an investment of \$5.9 billion to renew public services, while maintaining tax cuts. The government also faces a deficit of \$5.6 billion from fiscal year 2003-04. Clearly, the government cannot keep all of its promises.

Over the past few months, our union members have expressed their concern and dismay that the Liberal government appears to be repeating the Tory agenda. The government appears to be positioning itself to focus on deficit reduction, privatization and tax cuts at the expense of their promises to rebuild and protect Ontario's public services. These deficit hearings are proof of that focus.

The deficit is not the real crisis. SEIU Local 1.0n supports the recommendations contained in the Ontario Alternative Budget 2004 Technical Paper #1 by Hugh Mackenzie as a way to sensibly reduce the deficit by strengthening the current tax system and generating very modest new taxes.

The solutions proposed in the report reveal that the fiscal problem is one of low revenue generation, not excessive expenditures. The province has lost roughly

\$14 billion of annual revenue since 1996 from tax cuts. Expenditures are at a record low level. Corporate tax loopholes cost Ontarians over \$1 billion each year in revenue. Exemptions from the employer health tax cost another \$1.1 billion.

The solutions proposed in the OAB 2004 Technical Paper #1 offer ways to bolster revenue by restoring lost tax income. Everyone must pay their fair share of taxes. To this end, SEIU Local 1.0n supports the OAB's recommendation for a modest tax rate increase of 2% to generate an additional \$1.25 billion in 2004-05. This is a fair tax, with median-income earners paying roughly \$60 per year.

SEIU Local 1.0n supports these recommendations as sensible steps to reducing the deficit and eliminating it within the current four-year term. Clearly, the deficit is not the real crisis facing Ontarians. The real crisis is the state of our public services.

Public services—the real crisis: SEIU members work on the front lines of our public service, and they see the effects of years of cuts and privatization to the health and long-term-care sectors on our frail elderly, the sick and disabled, and their families. As working families, they know first-hand the impact of cuts to our education system. Our members see homelessness increasing across the province because cuts to our social services have put more and more families out on the street.

The past eight years have taught us many valuable lessons about the dangers of cutbacks and privatization on our health and long-term-care sector. What we've learned is that our public health care dollars should not be wasted on corporate profits and duplication of services. Privatization and needless restructuring have not saved money in health care. Millions of dollars have been wasted. Here are a few examples.

Home care: Since 1996, Ontario's home care services have been privatized through the introduction of a managed competition model which has wiped out many non-profit providers. According to the Ontario Health Coalition, recent estimates show that \$42 million per year of public health care dollars is paid out in profits to owners and shareholders of these private companies.

0950

The managed competition model is unsustainable not only because it drains public tax monies into profit, but it also duplicates many services through the current CCAC structure. There are 43 community care access centres which oversee the provider agencies for the delivery of home care.

Not only do each of these 43 CCACs have an entire administration of managers, payroll, patient records and employee records, but so do each of the private corporations providing these services. This is a huge drain on our medicare system. In eastern Ontario, the Ottawa CCAC has documented that the managed competition model has cost an additional \$500,000 per year over previous years when it directly employed therapists and home care workers.

Privatization of Ontario's home care system has also caused enormous instability in its workforce. Wages have

been frozen to protect the profit margin. Staff turnover is as high as 60%, since many home care workers are forced to find stable employment in nursing or retirement homes.

There is no longer any public information about home care agency contracts with CCACs. The Ontario Ministry of Health will not disclose any service contracts because it could damage the commercial interest of the home care agencies contracted. Transparency and accountability must be restored to our home care services.

Cuts to other areas of our health care system have directly affected traditional home care clients who can no longer receive the care they need. Since the mid-1990s, 5,900 hospital beds remain closed. Patients are being released from hospital earlier and sicker and receive home care services as a cheaper alternative to a lengthier hospital stay.

Roughly 75% of home care services are being directed to hospital discharges. This prohibits access for our frail seniors, the disabled and other clients who may be forced into institutions when they previously could have remained in their homes with these supportive services.

Nursing homes: No publicly funded health care sector needs more public scrutiny and accountability than does the nursing home sector. The recent Toronto Star series and last week's W-FIVE documentary show the neglect our seniors suffer because there is no standard of care and virtually no accountability for nursing home owners.

In 1996 the Harris government eliminated the mandatory 2.2 hours of care per day for long-term-care residents. Since then, SEIU has lobbied the government to restore a minimum standard of care for residents of long-term care facilities, and increase the nursing home hours of care up to 3.5 hours per patient per day.

Many of our members working in long-term-care facilities have told me they are now doing the jobs of two or three people. When a registered practical nurse is responsible for the care of more than 50 residents in a 7.5-hour workday, it is clear that nursing home residents are not getting the care they need or deserve.

In 2001, a PricewaterhouseCoopers study showed the direct connection between staffing levels in long-term-care facilities and the quality of care residents receive.

Public health care dollars are being plowed into corporate profits in nursing homes. Last year the CEO of Extendicare was quoted in the Toronto Star as attributing Extendicare's record profits in Ontario directly to the funding increases provided by the government. Public health care dollars are not being spent on patient care.

New regulations to force nursing homes to spend their funding on care through minimum staffing levels and improved inspection and enforcement regimes are desperately needed to protect staff and residents to ensure efficient use of our public health care dollars.

Disabled community living and supportive housing: The Ontario disability support program payments have not increased since 1995. The disabled who live in community living settings or supportive housing receive a maximum of \$930 per month for a single person and

\$1,417 for a family of two. Because these support payments have been frozen, so too have the wages of the support workers who care for these people. Agencies have a difficult time reconciling the static income base with increased expenses and wage demands.

North Yorkers for Disabled Persons, a non-profit home in Toronto for people with physical and communication disabilities, has seen less than a 3% budget increase over the last 12 years. Operating expenses continue to rise.

Additional funding is essential if this vital service is to continue. The developmentally disabled are among our most vulnerable members of society, and if the Ontario government really cares about their needs, funding levels must be increased and indexed to the consumer price index.

Hospital restructuring: In the mid-1990s approximately \$800 million was cut from hospital budgets, with little warning and inadequate planning. Funding instability has caused deep cuts to services and, along with restructuring, has created severe inefficiencies and redirection of precious resources from patient care to administration, capital costs and consulting fees. Non-monetary costs, such as demoralized staff, increased stress, workplace injury and staffing shortages, are increasing. Our members report that they are doing the work that would previously have been done in two or three jobs. Insecure budgets have resulted in fewer full-time, secure jobs and a higher turnover of hospital staff.

We were told the restructuring was necessary to cut costs. Those savings never materialized. Hundreds of millions of dollars were spent on consultants and restructuring to reduce patient length of stay, lay off staff and close hospital beds. The system was spiralling into crisis, forcing re-funding of hospitals. Millions more were spent hiring staff back and reopening beds. Access to beds, however, has not improved and 5,900 beds remain closed.

Privatization through P3 hospitals: Under Canada's medicare system, hospitals and hospital services are paid for from the public purse regardless of their financing and ownership regimes. In our publicly funded health care, the real question isn't who pays but rather how much it costs. There is simply no justification for paying the additional costs associated with the so-called public-private partnership, or P3, model.

The evidence that P3 hospitals cost more is overwhelming. Following the same model as the privatization in Britain, termed PFI—private finance initiative—Ontario's P3 hospitals are already showing a cost increase from initial projections. In Brampton, capital costs alone have increased from a projected \$300 million to over \$350 million. Our members in the medical clerical unit at the Brampton hospital sites are watching anxiously as the costs of the proposed P3 hospital rise. In Ottawa, costs are up from an original cap at \$100 million to over \$125 million.

The Enron-style accounting for these P3 schemes has been criticized by Auditors General in the UK, Scotland,

New Brunswick, PEI and Nova Scotia. They all note that the public gets stuck with higher costs and the majority of the risk. Our public health care dollars should benefit the patients and families, not private consortiums seeking greater profits.

In Britain, where the world's most extensive experiment with the hospitals is underway, the British Association of Chartered Certified Accountants found that their members think P3s are such poor value for money that they should not be used in public sector investment.

Many finance professionals have real concerns over the cost, bureaucracy, the time taken to build the P3 hospitals and the long-term revenue commitments involved. Costs for consultants ran over \$110 million alone in the first 18 British P3 hospitals built. Transparency and accountability are lost with these secret deals, and the government has broken another promise by not releasing the contracts for the Brampton and Ottawa P3 hospitals. With a potential for six more P3 hospitals slated to be built in Ontario, it is imperative that the government stop these secret deals and revert to public finance and control over our hospitals.

1000

Privatization of labs: Another area of privatization is Ontario's laboratory system. Three major labs own 90% of the market in the province and costs are capped at roughly \$450 million per year.

The Chair: I want to remind you that you have about two minutes left in your presentation. Please continue.

Ms Gannon: The deficit can be resolved through the steps outlined by the Ontario alternative budget as ordinary Ontarians are willing to pay our fair share of taxes if the government closes tax loopholes for corporations, partly rolls back tax cuts and eliminates exemptions from the employer health tax. The underlying problem is one of revenue generation, not expenditure.

SEIU asks the government to fulfill the mandate it received from voters by rebuilding Ontario's public services. There has been enormous disruption and waste in Ontario's health and long-term-care sector by expanding privatization, hospital restructuring, the introduction of P3 hospitals and managed competition in home care. The true crisis in Ontario is not the deficit; it is the state of our health, education and social services.

Thank you for your time.

The Chair: We don't have time for questions, but the committee appreciates your presentation this morning. Thank you very much.

PETERBOROUGH COUNTY MEDICAL SOCIETY

The Chair: I now call on the Peterborough County Medical Society. Please come forward. You have 20 minutes for your presentation. You may leave time within that 20 minutes for questions, if you wish. I would ask you to identify yourselves for the purposes of our recording of Hansard.

Dr David Swales: I'm Dr Swales. I'm president of the county medical society.

Dr Renwick Mann: Dr Renwick Mann, past president and current secretary-treasurer of the county medical society.

The Chair: You may begin.

Dr Swales: Thank you for allowing us to make this presentation.

The Peterborough County Medical Society is a branch society of the Ontario Medical Association and has been in existence here for over 100 years.

Health care is the largest item in the Ontario budget and is taking an ever-increasing proportion of the budget, and thus we must strive to make the system sustainable and more efficient without comprising quality. This presentation will propose a pilot project in Peterborough county that is somewhat of a change in direction in health care funding, which we hope will address these concerns.

The major concern here in Peterborough is the provision of primary care. I'm sure our current member, Jeff Leal, can attest to that because I'm sure he gets a lot of phone calls about this issue. Dr Mann and I feel we can speak objectively about this issue because we are both specialists without any involvement in primary care delivery.

Currently in Peterborough county there are approximately 20,000 citizens without a family doctor. The number of practising family doctors in this region is decreasing. There are a number of factors involved in these two issues. The local group of family doctors is aging. Some have retired recently and there are quite a number who are close to retirement.

There are fewer medical students entering family practice as a career. This is driven by a number of factors. First is the perceived low prestige of family doctors in the medical hierarchy, the lower rates of remuneration compared to specialists, the heavy non-remunerative administrative load, and the long hours of work. As well, the heavy debt load of recent graduates is a deterrent to setting up one's own medical practice.

As you are probably all aware, the tuition fees have risen significantly. They range from \$13,500 for Queen's up to \$16,200 per annum for the University of Toronto. This has resulted in a shift of recent graduates to work situations without any overhead or start-up costs, such as walk-in clinics, in-hospital practice—the so-called hospitalists—or emergency medicine, where the hours are controlled, administrative duties are eliminated and, without overhead, their net income is significantly greater. Most family doctors run about 40% overhead on their gross income, those in private practice.

We don't see walk-in clinics as the answer to the delivery of primary care because there isn't continuity of care. The doctors rotate through there and you may or may not see the same doctor, and they don't have your past history, they don't know your family and they would just deal with a current problem and not the whole patient.

This decrease in primary care has many ramifications. As you know, this is a retirement area and this has

become a major deterrent for retirees to move to this area, particularly since they are one of the biggest users of the system. It also discourages people from accepting jobs in this area and therefore is a deterrent for businesses to locate in this region.

It significantly increases the pressure on our hospital emergency department, which currently sees an average of 230 patients per day, making it one of the busiest emergency departments in all of Ontario. They have been surveying these patients, and the latest survey shows that 16% of these visits are from people without family doctors. This is an increase of 25% from the previous quarter, when it was 12%. These figures are low because a lot of retirees who move here keep their doctors in Toronto and would use them for their annual check-up but when they have an acute problem, they would go to the emergency department. This is a difficult thing for us to quantify, but certainly I think 16% is definitely low. From a budgeting point of view, it costs \$170 for a simple emergency visit versus under \$30 for a visit to a family doctor.

This lack of primary care also results in specialists spending ever-increasing amounts of time doing primary care. One of the internists spoke to me last week and he said he is now doing 80% of his work in primary care services. This greatly increases the waiting time for patients who really need his special acumen. If these patients don't get timely care, then their health problems may well worsen and lead to expensive hospitalization.

Thus we began in March 2003, in conjunction with the Ministry of Health, to look at a pilot project for Peterborough county to try to address these problems. Our proposal doesn't fit in with any of the current funding models and would require a new policy and budgeting provision on the part of the government, and thus we felt it appropriate to present an outline of our proposal to this committee.

Dr Mann: The key component of our plan is the integration of the components of health care delivery as opposed to the current fragmented system. We have brought together the four main delivery components. The doctors, through the county medical society, the county/city health unit, the community access centre and the Peterborough Regional Health Centre have all participated right from the start and are committed to be involved and to make this proposal work. We have unanimous endorsements from both the city and county councils.

The medical society, the access centre, the health unit and the hospital would develop an administrative structure which would manage human resources and flow the funds through to the deliverers of the health care services. This would involve doctors, nurse practitioners, nurses, dietitians, social workers, office receptionists etc.

1010

We envision approximately one nurse practitioner for every four to five doctors. These people would carry out the services and procedures for which they are qualified. This would free up the doctors for functions requiring their level of training. The current heavy administrative

load for doctors would be largely taken over by the administrative body. With a lighter workload, the physicians have agreed that they would each be able to take on up to 200 new patients. Fully implemented, that would virtually wipe out our list of unattached patients.

The doctors would be paid a salary, but with incentive provisions to encourage good work habits and the provision of comprehensive care. Their level of remuneration would have to be close to that of hospitalists. However, the capital costs for doctors' offices and building expenses would be left to the individual doctor, unless they have a special arrangement with a municipality or other agency.

There would be provision for evening clinics and telephone triage during the night to provide continuity of care and reduce off-hour demand on the emergency department.

This common funding agency would allow for coordination of services between the different agencies and the more efficient use of allied health personnel. With the personnel shortages we are experiencing in some areas, this would allow greater efficiencies and eliminate competition between agencies for scarce staff.

We strongly believe that we must look at new ways of health care delivery to achieve greater efficiencies and greater cost-effectiveness. Thus we think this pilot project is worth pursuing and, if it is as successful as we think it will be, it may well have application beyond Peterborough county.

We hope that in your budgeting deliberations you will think innovatively and give serious consideration to our proposal.

The Chair: Thank you. We begin this questioning with the government. We have about three minutes per party.

Mr Leal: Welcome, Dr Mann and Dr Swales, to the committee this morning. Just a couple of questions of Ren or David; maybe you can answer. How many family physicians in Peterborough have recently left to become hospitalists at the Peterborough Regional Health Centre?

Dr Mann: Approximately six, not all of whom are working full-time as hospitalists, but there are about six physicians who have given up their office practice to take on other styles of care, including hospitalist work.

Mr Leal: What patient load would they be abandoning to go into the hospital as a hospitalist?

Dr Mann: I think our typical average is about 1,200 per practice, so at half a dozen, that's 7,000, 8,000 people probably with that group of physicians.

Dr Swales: Some of them actually had larger practices than that too, so that figure is probably low.

Mr Leal: And my last question quickly is, you mentioned specialists now fulfilling the role of GPs. How much time is that taking away from the specialist fulfilling his or her role as a specialist in a specific area?

Dr Swales: This is a greater problem with the internal medicine specialists, the surgeons to a lesser degree. I quoted one internist in a Peterborough clinic, and 80% of his practice now, he feels, is primary care, which is a

huge proportion. As a result, he is not practising to the level that he should be.

The Chair: Mr Peterson, did you have a question? You have about a minute and a half.

Mr Tim Peterson (Mississauga South): I hope this isn't redundant. I understand it's five to eight hours a week that doctors are spending on administrative burden and reporting. Has this been looked at and is there any way we can cut that back with use of electronic means and get some of this burden off their backs?

Dr Mann: There are a number of projects currently underway. The physician e-health project is a major one. That's a collaborative effort between the Ontario Medical Association and government. The use of electronic medical records and the use of programs like this is intended to help increase the efficiency of practice and to allow for more easy sharing of information across different areas of practice when required. The total time is probably not going to be reduced greatly in the long run, but hopefully, with more efficient access to records, it will speed up care at the care delivery level.

The Chair: We'll move to the official opposition.

Mr Flaherty: Thank you, Dr Mann and Dr Swales, not only for taking the time this morning but for bringing the committee a constructive proposal. We listen to lots of presentations, and regrettably not all of them put forward a constructive proposal in terms of the fiscal challenges that are faced by all of the governments in Canada, including the government of Ontario.

I know that our colleague the former member for Peterborough, Gary Stewart, was instrumental in getting the nurse practitioner in Norwood. I remember that, and I note the particulars of nurse practitioners for every four to five doctors in the proposal. How many nurse practitioners would that mean?

Dr Mann: We're currently looking at a population of about 100 family doctors in Peterborough county. So at four to five, you would be looking for 20 to 25 nurse practitioners to service that group.

Mr Flaherty: There's an educational mandate there that would be necessary for the nurse practitioners. Certainly I hope the government looks at that. I understand the concept of the physicians working at their level of training and avoiding the heavy administrative load that physicians face.

One of the comments is that "doctors would be paid a salary, but with incentive provisions to encourage good work habits and comprehensive care." Is there general acceptance in the medical community here of that salary concept?

Dr Swales: There was a subcommittee of family practitioners who led it, but they periodically met with the entire group of family practitioners in Peterborough, and have had their support all the way along on this. So it's been accepted.

Mr Flaherty: I wanted to ask you, Dr Swales, about the "incentive provisions to encourage good habits and comprehensive care." What type of incentive provisions are being contemplated in the pilot project? The reason I

ask is that it has been said over time that one of the difficulties with our health care system in the province of Ontario is that there are no incentives for anyone in the system to save money.

Dr Swales: I think one of the concerns is with family practitioners. They work at different levels and have different patient volumes. Some have larger practices, and it can vary up to 4,000 in extreme cases, down to 1,200 or less in lesser cases. Our concern was if there was just a fixed salary no matter what volume of patients they had, if we didn't want the larger practices to start shedding patients, because they said if somebody can get the same salary looking after 1,200 patients, as opposed to 3,000, then that just didn't seem fair. We wanted to avoid the shedding of patients by larger practices.

The Chair: We'll move to Mr Prue and the NDP.

Mr Prue: Thank you—a very interesting proposal. But I'm having a little bit of difficulty understanding how your proposal differs from community health centres, which are approved and which the government does fund. What is the fundamental difference? Because I don't see it here. I see salaried people, I see nurse practitioners, I see one-stop shopping. I don't see the difference why yours would not be funded.

Dr Mann: The major difference we envision here is the involvement of the health unit, the access centre and the hospital in the management to help break down the barriers between provision of care at all of those different levels of provision.

Mr Prue: OK, You are trying to do a wider scope, and the wider scope is not being recognized by the government. Is that, in a nutshell, what it is?

Dr Mann: This proposal envisions a somewhat wider involvement than has previously been looked at.

Mr Prue: You've said that this will facilitate doctors being able to see about 200 more patients each and virtually wipe out the problem of not having sufficient doctors in the region. How precisely would that happen? Through the use of nurse practitioners? Or is there some other way?

Dr Mann: The provision of primary care services involves a fair amount of preventive care. For example, education, many areas of which can very adequately be provided by non-physician personnel, but which, in the traditional style, do require the physician's time. By being able to provide these services with non-physician personnel, it provides more time for the physician to see the things that he or she ought to be seeing, therefore being able to look after more patients.

The Chair: Thank you for your presentation this morning.

1020

GLOBALTECH

The Chair: I call on GlobalTech. Good morning. You have 20 minutes for your presentation. You may leave time for questions within that 20 minutes if you wish. I

would ask you to identify yourselves for the purposes of Hansard.

Mr Steve Gilchrist: Thank you very much, Chairman Hoy. My name is Steve Gilchrist and with me is Mr Ira Lyons, the president of GlobalTech. Let me just start by welcoming to the world of committee hearings those who were recently elected, and to my colleagues over the last eight years, congratulations on your re-election. I know many members eschew the opportunity to go out on committee hearings. I always found it the best possible way to stay connected to the real world around us, a far more complex world than we might find in our own ridings. So I applaud what you're doing here today and I hope we can add a little bit to your perspective, one more way that the Ontario economy can continue to be challenged, to be ahead, hopefully, of all the other jurisdictions in North America when it comes to growth.

By means of background, I would commend to all the newer members the work done by something called the select committee on alternative fuel sources. While I'm sure the newest members will have discovered already that most of the work that happens at Queen's Park is clearly delineated along very partisan lines, there are occasions when we have had the opportunity to come together where the objective was so clear, where the common interest was absolutely undeniable. I think when you're talking about the air that the citizens of this province breathe and other serious environmental issues, no one party takes a monopoly on that. If you think that's true, direct me to the campaign platform where anyone ever said that they believed in dirty air or dirty water. I think it is a truism.

But I also think the work of the select committee is living proof that where we have those common interests and common goals and the best interests of the people of this province at heart, we can do some remarkable things. This document represented the work of an all-party committee. It was quite remarkable for one other reason: It's the first time in my knowledge that there were actually an equal number of opposition members. There were as many opportunities for game-playing as there were meetings and no one took advantage of it. There was no stymieing of the work of the committee, there were no procedural issues; instead, there was an extraordinarily thorough vetting of every single technology we could find around the world. We literally scoured the world and looked at every jurisdiction that had dealt with policies or strategies or legislation to promote the use of cleaner fuels or energy efficiency. We had access to the extraordinary services of the researchers in the parliamentary library and, along with the committee and our own staff, I think we did a remarkable job. At the end of the day, every single member of every single party signed off, verbatim, on every word that's in that report, a report that I would suggest to you is a blueprint for taking Ontario into a far cleaner future than would otherwise be the case.

Where does that take us to? Well, I'm very proud to say that in the time we had between when that report was tabled and the last election, over half of the 141 recom-

mendations were acted upon. Let me give you an example of just one: We took the provincial sales tax off Energy Star, high-efficiency appliances. In and of itself, you would think it was a fairly minor policy change for government to make. That one change had the effect of over 60,000 households upgrading to Energy Star appliances and, in so doing, reduced the total electricity demand in the province of Ontario by the equivalent of a town of 4,000 homes. Think of that: A town of 12,000, 13,000, 14,000 people effectively was taken off the grid, simply because government said we can live without the provincial sales tax.

At the same time, those retail stores sold more goods. They made more profit, presumably. They paid more income tax and, over the long haul, we certainly would have seen an increase in employment. Those staff would have paid more tax. So I know I can sit here today and suggest to you that it was not revenue-negative; it was probably revenue-positive to the treasury.

I sit here today having had the opportunity to serve as the Commissioner of Alternative Energy and be part of that process, and I am immensely proud that out of every one of those technologies we looked at, I can tell you that the one I think is the most realistic bridge today between the status quo of hydrocarbon-burning engines producing a lot of pollution and the ultimate solution, namely a hydrogen economy, is GlobalTech, a company with R&D facilities in Aurora but its new manufacturing facility is in the great riding of Durham East, just down the road in Bowmanville, Mr O'Toole's riding.

Mr O'Toole: If I can just correct you there. It's Durham.

Mr Gilchrist: I'm sorry, just "Durham." Forgive me. It's the eastern end of Durham region.

What this is—and you've got some detailed product literature there, but very briefly let me just tell you—is in effect taking all of the work you've heard from the Ballards and others for the ultimate hydrogenization of our energy stream and taking advantage of the physics behind the use of hydrogen and, by building an onboard hydrogen electrolyzer and injecting small amounts of hydrogen directly into the air manifold for a diesel-, propane-, natural-gas- or gasoline-powered vehicle, you can effectively eliminate virtually all the pollution that today's technology is creating.

Hydrogen burns 14 times faster than diesel, so you get a lot more power in the power stroke. You get more horsepower, you get more torque, and what's most noteworthy is there is a guaranteed 10% reduction in the amount of fuel that you use. It's just a physical fact. Because the fuel is combusting more completely, there is less wasted, and therefore there is less used in the entire process.

When you stop to think of how many buses you followed—I followed a school bus this morning on my way to the committee hearings—number 723, if anyone from the school board wants to make note—and I can't remember the last time I saw as much black smoke coming out the tail end of a vehicle. This product elimin-

ates—let me underline that word: not reduce, eliminates—black smoke. It cuts in half the amount of nitrous oxide and sodium dioxide. It really does take us a huge step forward. And I want to make this point here today: While I think GlobalTech's product may be cutting edge, there are other technologies out there that are similarly applying green technologies to existing hydrocarbon engines.

The point of the visit here today is a very simple one—two points, I guess. First off, one of the other recommendations in this report, that was acted upon, was creating a provincial sales tax rebate of up to \$2,000 for any vehicle that's natural-gas-, electric- or hydrogen-powered. Who could argue with that? Incenting consumers to buy the cutting-edge technology that would allow them, and us, to know that they are no longer creating any kind of problem when it comes to air pollution and, in fact, are being part of the solution.

Unfortunately, when we first envisioned this—the rebate was expanded as a result of the select committee but it was started a number of years before that—no one envisioned technologies that would in effect take existing hydrocarbon engines and make them as clean as natural gas or electric or hydrogen. So whether it's additives that allow diesel to mix with ethanol, whether it's hybrid cars such as the Toyota Prius, which have now married electrical power with a traditional gasoline engine, we've left out of the equation, we've not put in place an incentive for those consumers who have already made an investment—in this case, for example, in a quarter-million or half-million-dollar transport truck—to be part of that same solution.

Let's be realistic. I think anyone who's been following this recognizes that 20 or 30 years from now, we will be living in a hydrogen economy. But to get there it means first finding ways to effectively, efficiently and affordably mass produce the hydrogen, transport the hydrogen, change every gas station to be able to dispense the hydrogen and literally throw away every single vehicle on the road today. That's when you will have a hydrogen economy. I think we would all agree, that is an expensive proposition, and something that's not going to happen overnight.

If there is a way for government to incent the bulk of that change even now by applying any of this range of technologies that create hybrid solutions, I would encourage you to do that.

1030

Just like that Energy Star example, we could sit here and talk. I'm sure the finance minister might very well—as they always do—react to much of the work that you're going to bring back and the report that you'll ultimately present to him and suggest this will cost the treasury or that will cost the treasury, the various recommendations you make. But you know, 8% times zero is still zero.

These units have been sold for five years, over 490 million kilometres worth of use. Every single vehicle you could name has had this equipment installed in it and every manufacturer has supplied a letter saying it won't

void the warranty. There are transport companies and there are municipalities all across North America using this product today, but not in enough numbers to make any kind of dent in the provincial treasury.

I want to compliment the current government for following through and on April 1 dramatically ratcheting up the standards for buses and trucks under Drive Clean. Finally we're going to get a handle on the worst polluters. But having now made it mandatory for those vehicles to have cutting-edge technology, I think it's to some extent contradictory to put a provincial tax barrier on that. I would commend to you a similar suggestion to the successful Energy Star promotion: the elimination for one year of the provincial sales tax on any technology that marries green technology to existing hydrocarbon-powered engines. At the same time, knowing that technology exists, I would also encourage you to work with the Minister of the Environment to continue to raise the standards. It is not responsible to ask business to do things that can't be done. But in this case, we have technology that literally eliminates the particulate matter and dramatically reduces most of the other noxious chemicals we rate under the Drive Clean program. I think we can realistically continue to raise that bar and ensure Ontario citizens are as protected as technically possible from the vagaries and vicissitudes of air pollution.

I don't know how much time we have left, Mr Chairman, but I just wanted to thank you all again for this opportunity and to encourage you again. I think it's still available on-line. It makes for fascinating reading, and full credit goes to whoever adopts the other half. Thank you very much. We're happy to take any questions if there's time.

The Chair: Thank you. We have about two minutes per party, and we begin the questioning with the official opposition.

Mr O'Toole: Thank you very much for an informative presentation, and an innovative presentation, I might say. I welcome the actual synergy behind this concept that Mr Gilchrist has presented to us. As well, Steve, the work you've done on hydrogen and the alternative fuels committee should be recorded. I applaud you for continuing in your public life in that role.

I just wanted to compliment—I have actually seen and witnessed the big bang and all the rest of it. It's worth seeing. It's true, it works; I've seen it. I think it's private now. That's why there's not a lot of energy around it, like Ballards, Stuart Energy and Hydrogenics, some of the ones in hydrogen. This concept is quite saleable as I see it. I've actually written to Joe Cordiano, and I've written to Greg Sorbara as well to look at it in terms of the way you've presented it today.

I wanted to put a question. I know the municipal transit issue and pollution and Kyoto and all these things—it's time now to act and clean up the air. I think the best role of government is to demonstrate by its own leadership. What I'm putting to you is the two-cent-a-litre promise—whether or not you deliver, I won't get into that argument. I think it could be tied to a capital

grant—this is for Mr Colle, specifically, the PA to finance. What I'd like to see is that the two cents be tied to capital and also address the emissions issue. So if, for example, Toronto as a large urban area with a lot of busing converts all diesel buses to this, which addresses the 1,600 deaths a year and all that from emissions—which has been refuted by the way. Would you like to see that as part of what you're talking about? Your presentation today here told us that you need an opportunity to get it into the broader marketplace while addressing it and to put into production this model that you have. Would that allow it to happen, if you had a partnership with all municipal transit? I'd like to see Durham region municipal transit; I'd like to see the Toronto transit authority.

Mr Ira Lyons: Most certainly. In fact, Steve has spent some time with the federal government with respect to the municipalities. The municipality of Clarington has great interest in pursuing this with respect to their heavy goods vehicles and buses, and I should point out again that the technology has benefit to all types of internal combustion engines fuelled by, as Steve said, diesel, gas, propane, natural gas or, and in addition to any of the dual-fuel types of things: the natural gas and diesel, the bio-diesel.

We would most certainly believe that the public sector, the public transit should certainly—as a resident of Toronto for many, many years, the only emission control that I've ever seen on the buses has been that the smoke stack has, from pointing back in your face, been put up in the air.

Mr O'Toole: Mr Colle, I'm sure, being a former metro councillor on the TTC, would like to bring this forward and clean up the air while providing an investment.

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

Mr Prue: I'm trying to figure out what the cost would be of this unit and how many kilometres one would have to drive, say, in a truck in order to have it pay for itself, because I think that's the key to all of this: how many bus companies, how many truck companies, how many individuals in their private automobile, how much is the upfront cost and how long do you have to drive the vehicle for it to pay for itself?

Mr Lyons: I can answer that in a number of different ways. If one only looks at the fuel costs, setting aside maintenance costs, indirect health costs etc, just on the fuel-cost basis, a typical truck line, a typical bus or a typical customer in a trucking business—I'll use that as an example—spends \$5,000 to \$8,000 a month on fuel. We can guarantee a 10% saving, and in practical situations, 20% plus is not unheard of. But even at a 10% saving, that's \$400, \$500, \$600 a month. A typical lease on a program or financing, the retail cost of \$15,000 is somewhere in the order of \$300 to \$350. So the answer to your question is it costs nothing, and in fact the end user makes money while helping the environment.

Mr Gilchrist: Mr Chair, if I could just add, for the TTC—and I know that through Mr Colle the ministry will continue to be challenged by municipalities coming

to the table, as Mayor Sutherland did here this morning—the immediate fuel savings, not counting the fact that maintenance costs go down because your engine is burning more cleanly, are \$3.5 million a year, net of the leasing cost. The immediate net savings to the city of Toronto is \$3.5 million, while eliminating the pollution coming out of the back of those buses.

Quite seriously, it is an opportunity for the government through a policy direction. I don't want it to be specific, this technology. I am saying, though, that it is now possible to go to the TTC and say, "If you have met this standard, then maybe we'll look at helping you in some other ways." But there is cash being left on the table by every municipal transit system today, and in fairness to them, the technology has evolved in the last five years. I don't think this is something where you have to be critical of the TTC for not having done it yet. But the fact is, it is viable today; it is an Ontario technology, which should be a source of some pride to us; and all of the jobs relating to the expansion of the production at GlobalTech simply mean more economic benefits for this province at the same time we're dealing with pollution.

1040

The Chair: Thank you. We'll move to the government.

Mr Peterson: Great books have been written about the hydrogen society. Obviously, the Seven Sisters will be the big opponents to it; they have the most to lose. But you need some critical mass to get this type of technology going. I wrote this question before you mentioned the TTC as a model you could work through to be a living example. Whether it's municipal government, city government or provincial government using their vehicles as the test site, the beta site, to prove this does work en masse, as you're saying it does, and it does become acceptable to society—because there are two factors there—how would we deal with the different, competing technologies here?

Mr Lyons: Let me first point out that in relation to our technology and, let's say, fuel cell technology, we do exactly the opposite of what a fuel cell does. Fuel cell technology takes hydrogen and produces electricity to run an electric motor. We take electricity and water to produce hydrogen, fractional amounts that are introduced into the air intake. There's no conversion on the engine; it's a simple tap-in on the air intake. There's a picture of it in the material. Installation is four man-hours maximum. If for any reason the unit would not operate, the engine would continue to run as it did before.

The second point I would make is that we have been field trialing and testing various models of our product, our hydrogen fuel-injection system, for the last nine years. There are presently 120 units out in the field—mostly in Ontario, but they stretch from Quebec to the Maritimes—on 31 different fleets. A somewhat prominent small Ontario fleet has its own corporate fleet equipped with them. That's Skelton Transport.

We have completed all our field trials and our beta tests. We are in production right now for a production

model. The necessity, from our point of view, of needing a government or TTC to move forward just isn't there. We've got programs started with Ryder dealing with their in-bound GM assembly plants. We've got programs started with Greyhound out of Winnipeg. We've completed third-party verification in California at California Environmental. So we may be a little farther along than what I heard in the question.

With respect to the last part of the question regarding competing technologies, I think Steve had brought up the point that really our interest relates to just the definitions in incentives relating to larger trucks, to additives, if you want, rather than just—as I understand, the select committee talks about a vehicle running solely on hydrogen.

The Chair: Thank you for your presentation this morning.

Mr Gilchrist: May I, in departing, invite all the committee members to feel free to drop in to GlobalTech—the business card is in there—and see with their own eyes this cutting-edge Ontario technology. Thank you again for the opportunity to present before you this morning.

PETERBOROUGH AND DISTRICT LABOUR COUNCIL

The Chair: I call on the Peterborough and District Labour Council. You have 20 minutes for your presentation. You may allow for questions within that 20 minutes, if you desire. I would ask you state your names for the purposes of Hansard.

Ms Marion Burton: Good morning. My name is Marion Burton. I'm the vice-president with the Peterborough and District Labour Council.

Mr Bill Astel: My name is Bill Astel. I'm secretary-treasurer with the Peterborough and District Labour Council.

Ms Burton: Keith Riel was not able to join us this morning, so Bill has agreed to attend here with me.

The Peterborough and District Labour Council represents about 6,500 workers from 40 trade union locals in Peterborough and its surrounding area. Our affiliates represent workers from the hospital, long-term care facilities, the community access centre, postal workers, our schools, the library, both small and large manufacturing workplaces, our community college and university, transit workers, and local ministry and correctional facilities. Our members are the average Ontario citizen. We are not a special interest group. My own union is OPSEU, which represents over 100,000 members in the province of Ontario.

We're here today to participate in what we hope will be an open and full debate about the future of public services in Ontario. That debate cannot happen without looking at both revenue and expenditure. To date, the debate has been restricted by the government's insistence that it would not raise taxes.

Public services in Ontario are in desperate need of rebuilding. More cuts are simply not possible. The people of Ontario understood this. We thought they had made

that clear during last fall's provincial election. The people of Ontario know they will have to pay higher taxes, taxes that will support better public services. We believe that the people of this province value public services and are prepared to pay for them. That was the change they chose last October. The people of Ontario voted for an end to cuts, and new investments of \$5.9 billion toward services renewal.

If the government persists in its stated goals of eliminating the deficit next year and not raising taxes, it will not be able to deliver on its promises to renew services. It simply will not add up. The previous government reduced our ability to pay for public services by nearly \$14 billion in annual revenue. Recovering as little as 25% of that amount would enable the government to deliver the services renewal it promised and balance the budget in the last year of its term of office.

It can be done. The public would support this. It would put this province on the road toward a more healthy system of public services.

We urge you to consider ideas for revenue recovery that would enable the government to deliver on its promises to renew public services. We are not going to pretend that this is easy, and you are not going to hear from us that we can rebuild public services by getting someone else to pay. Everyone in this province benefits from high-quality public services and we believe that everyone in this province is prepared to pay their fair share.

There is an alternative. The Ontario Alternative Budget we know did an extensive presentation through Hugh Mackenzie earlier during your cross-province tour, so I won't go into any of the details we had identified in our presentation. We would ask you to give it serious consideration.

If everyone pays a modest amount, if everybody pays their fair share, we can be on the road to recovery. Of course no one would suggest that taxes be increased just for the sake of increasing taxes. But the whole point of what we have to say today is to get away from the idea promoted by the previous government that taxes are a burden imposed on us for no reason. We pay taxes to buy public services, or, to put it in the more eloquent terms of the American justice Oliver Wendell Holmes, we pay taxes to buy civilization.

The case for increasing Ontario's revenue must be rooted in the need to renew our public services. We're here to talk to you about what that means in Peterborough.

First we are going to talk about health care. It's easy, when you're talking about the billions we spend on health care, to lose track of what it actually means to people.

In Peterborough since 1995, with the slashing of health care funds, we have experienced the amalgamation of our previous Civic and St Joseph's Hospitals. The closure of hospitals around the province has caused extraordinary pressures and strains on remaining hospitals and on emergency rooms. In Peterborough, the old St

Joe's—we now call that the Rogers Street site, for anyone not familiar with Peterborough—is primarily an empty shell housing a few outpatient clinics and some outpatient surgeries. Last fall, with the opening of the new long-term-care facility in Millbrook, the one remaining floor for long-term care in-patients at the Rogers Street site was phased out. The shortage of beds at what we call the Hospital Drive site, the main hospital in Peterborough, is in a constant critical state and doctors are pressured to discharge patients as early as they possibly can. This is then putting pressures on home care services, as you heard about earlier from Barb Gannon from SEIU.

1050

Our emergency room is overflowing. Waiting times are excessive and beds in hallways are the norm, and the halls are cold. Eleven beds at the Rogers Street site have been temporarily reopened to deal with the bed shortage; however, at this time those beds have not been funded. So the hospital doesn't know where they're going to get the money to pay for that.

In both the hospital and long-term-care facilities inadequate staffing levels are a huge issue. Nurses are in short supply. Full-time nursing positions are scarce and the part-time nurses must pick up shifts in various departments or in other hospitals or health care facilities in the community to keep their wages at a level where they can meet their monthly bills.

Graduate nurses look to other communities for full-time employment opportunities because Peterborough is not offering them to them. With heavy workloads, inadequate staffing levels and pressures to maintain quality care for the patients, the number of workplace injuries in all areas of the health care facilities has dramatically climbed.

We are all aware of the impact the doctor shortage is having on health care services in Peterborough. People without a family doctor must try to find care through limited walk-in clinics or the emergency room. Those requiring prescriptions for medications—even pain medication—are forced to wander through the maze of limited health services trying to access care. For the sick and elderly with no one to advocate for them, this can be an overwhelming task.

We are fortunate to live in a community like Peterborough, a community that has dug deep and donated generously to help fund our new hospital, which is going to open in about three or four years. Under Canada's medicare system, hospitals and hospital services are paid for from the public purse regardless of the financing and ownership regimes. In our publicly funded health care system, the real question isn't who pays, but how much.

Of great concern to Ontarians is the P3 model or public-private partnership. We heard earlier about the concerns of how this will cost the taxpayers more money. I'm aware that you'll hear a more lengthy presentation made on P3s later on this afternoon, so I won't go into that extensively at this point either.

Adding further concern to hospital workers was the introduction of Bill 8 last November by the new Liberal

government. This bill allows the minister incredibly broad power to override collective agreements. It can force hospitals into agreements that they may not want to be part of, and at this point, directives can be made to override CEOs. Using private financing, which does cost taxpayers more, and letting private companies take over the operation of non-clinical services—our house-keeping, our maintenance, our nutrition services—will only worsen the economic climate in this community. Many of the workers in the non-clinical services are women, people of colour and immigrants. This plan will create another low-wage job ghetto in our community because the only way private operators turn a profit is by cutting wages and benefits.

Moving on to education: People talk in the abstract about the billions involved province-wide in implementing the recommendations of the Rozanski report on education funding. According to the widely accepted analysis of education funding in Ontario conducted by the Canadian Centre for Policy Alternatives, here's what it means in this community: The Kawartha Pine Ridge District School Board in 2003-04 was \$25 million short in funding compared with what was recommended in Rozanski's report; the Peterborough Victoria Northumberland and Clarington Catholic District School Board was \$9.9 million short. That's \$665 per student underfunded in the public system and \$714 per student underfunded in the separate system.

Over the last few years I was on school council in my own community. Council members were appalled when we were faced with financing things like textbooks for classrooms. Teachers would come to us and ask if they could have money out of our fundraising revenues to give them textbooks and proper clothing racks in the hall in order to prevent health and safety hazards for our children. Providing these basic needs should not be reliant on fundraising from our chocolate bar sales, book fairs or revenues from hotdog day. This year, our grades 7 and 8 class will hold 38 students. That room is barely able to physically hold them. The previous government's funding formula identified capping the number of students at no more than 22 students per class, but by averaging the number of students against all staff, not just teachers, within a school board's jurisdiction they deliberately misrepresented reality in the classrooms in this province.

Social services: In 1995, we had a thriving program that was building thousands of new affordable housing units every year. Since then, there has literally not been a single affordable housing unit built in the entire province. Reinvesting in affordable housing programs will boost both employment in construction trades and the local economy. The provincial government should strive to work in partnership with the federal government to build social housing.

In 1995, the provincial government cut social assistance benefits by 22% and then froze them. Think about that. How would you survive if someone cut your income by 22% and then froze it for eight years? Let me give you an example of someone I know personally. A young,

now-single mom caring for two of her three children, aged 3 and 17 months, receives about \$1,081 per month social assistance. She also receives from the federal government about \$340 per month in what we used to call the baby bonus. But this is only on paper because the provincial government claws that amount back. Her rent in a rundown basement apartment is \$650 a month, and that was all she could find for housing that would take her with her two children. How do you pay for food, clothing, diapers, phone and transportation costs after you pay the rent? In her community she can attend the food bank three times a year. I'm shocked. She fell behind in her rent and was served an eviction notice. She does not qualify to access services at a women's shelter because she is no longer with her abusive partner. Can you imagine the despair she feels knowing that she and her two children may be out on the street in the middle of February?

In Peterborough, the homeless capital of Canada, our food bank is in desperate need of supplies; homeless people living on the street can get comfort through the cold winter nights at a local warming room; and working people are struggling to cope with the stress of trying to survive with sometimes multiple jobs, if they're lucky, and little or no support in the form of child care.

Time and time again, the previous government refused to respond to pressure for better public services. Instead, they downloaded their responsibility on to local governments, and we heard about that this morning from our mayor, Sylvia Sutherland. The result is that local public services are suffering everywhere in Ontario. There is more to do and less money to do it with. Everyone sees that every day because it is the local public services that are the most immediate and visible public services we have. There has to be a new deal for local governments.

The role of government needs to change. What we would like to talk about is the need to renew Ontario's ability to regulate in the public interest. New governments often want to change or reinvent the way things are done. This is understandable, but deregulation and privatization is not the kind of change the people of Ontario voted for or want.

We don't want or need the high-profile events like Walkerton, the epidemic of deaths among young workers, the crisis of quality in long-term care, the increasing encroachment of for-profit hospitals in our health care system, the weaknesses in our health protection system as exposed by the SARS outbreak, the growing number of smog alert days in the summer, the threat of factory farms setting up business in local rural communities and the serious problems in our education system. Every one of these headline stories stands as a symbol for countless other stories of failure to regulate to protect the public good.

The previous government turned this province into a happy hunting ground for those who seek to enrich themselves, for private interests at the expense of the public interest. It has to stop. It is our view that the people of Ontario don't want to sell off public services to

enrich private interests. We do not agree with selling Hydro, selling the LCBO, delisting services such as hearing aids, destroying the universality of seniors' benefits, selling TVOntario or attacking public service workers under the guise of reinventing government.

1100

Ontario workers have been involved in an ongoing fight with the provincial government since 1995. There has been a relentless attack by the Tory government on workers' rights, with the removal of laws that protect our members from harm and exploitation. Employees should expect their workers' health and safety centres to be supported by the provincial government. Decent jobs and a living wage should be the goals of every government in order for working families to prosper. We do applaud the increase in minimum wage that's being phased in over the next few years.

There must be quality jobs available and opportunities for young people to step into the workforce. We must all strive to make workers' lives economically secure, safe and dignified. Our role is to pressure the government to establish and enforce laws that help working people take their equal and rightful place in society, laws to benefit everyone, not just a privileged few.

In conclusion, the damage caused by Ontario's anti-government since 1995 is not going to go away overnight. It took the Harris-Eves era eight long years to bring public services in this province to their current state. We feel strongly that the current government must follow through on the first steps toward services renewal that it promised in its election platform. That will only be possible if the government shows some courage and demonstrates some faith in the good will and good sense of the people of this province.

We know that Ontario's public services need substantial new investment. We know that the province's fiscal position is weak, undermined by years of ill-advised tax cuts—tax cuts that we could not afford.

We know that the government cannot deliver on the public services renewal we so badly need without increasing revenue. Indeed, Ontario faces a revenue problem, not a spending problem. Don't let commitment to the right-wing Ontario Taxpayers Federation take precedence over the promises to the people of Ontario.

We are prepared to do our part. The stakes cannot be higher, because if the Liberal government persists in its pledge not to increase taxes—

Interjections.

The Chair: Order. Continue.

Ms Burton: I'll repeat. We are prepared to do our part. The stakes cannot be higher, because if the Liberal government persists in its pledge not to increase taxes, it will be making public service renewal impossible. At the end of its term in office, its only accomplishment will be to have cleaned up the fiscal mess created by the Tories, just in time for the Tories perhaps to be re-elected to start the process all over again. We need a real debate about Ontario's future, a debate that puts everything on the table.

I thank you for the opportunity to have some input into that debate here today. It's time for us to start hoping again, and it's time to reinvest in Ontario.

Thank you very much for your time.

The Chair: Thank you. We only have three minutes for questioning. It will just go to one party. This time it goes to the NDP.

Mr Prue: Just to the last page, we've heard some of what you have said from other deputants. I'm going to pose the same question I did to some of the others. The government was elected on a platform of 231 promises; 230 of them involved spending money, and one involved the taxpayers' alliance, of not raising taxes. Could you tell the members opposite which promise you think they should break?

Ms Burton: I think you have to raise taxes to some degree. It doesn't have to be a large amount. The Ontario alternative budget presented you with reasonable ways of increasing your revenue. You cannot touch health care any further, and privatizing it will only increase the cost to the taxpayer. The taxpayers pay in total your health care costs. You do not need to be providing a profit to line somebody's pocket to be able to do that. You have to increase taxes to some degree.

I recall receiving a cheque which was my share of—was it a 30% tax rebate? I got \$200. I would just as soon you keep my \$200 and put it toward public services that we need here in this province desperately.

Mr Prue: The second question involves housing. You have made the statement that virtually no housing has been built in Ontario. Can you tell me, because I know we're going to have a group this afternoon—they come in and say the same nonsense every time, that the Tenant Protection Act is now building rental housing—how much rental housing has been built in Peterborough in the last four years?

Ms Burton: No, I can't tell you. I can't answer that one.

Mr Prue: Can you tell me what the vacancy rate is in Peterborough?

Ms Burton: It's extremely high. We are the homeless capital of Ontario. The waiting list for people to get into housing can be anywhere from three months to five years, and especially for people with children, it is virtually impossible to try and get adequate, suitable housing.

Mr Prue: We heard from the mayor earlier today that the municipality simply does not have the wherewithal to build that housing here in Peterborough.

Ms Burton: That's my understanding, yes.

The Chair: Thank you for your presentation this morning.

COUNTY OF PETERBOROUGH

The Chair: I call on the county of Peterborough. Good morning. You have 20 minutes for your presentation, and you may leave time within those 20 minutes for questioning if you so desire. I would ask you to state

your names for the purposes of our recording Hansard, and you may begin.

Mr Dave Nelson: I'm Dave Nelson, the warden of Peterborough county.

Mr Bryce McLean: I'm Bryce McLean, the acting CEO and clerk of the county of Peterborough.

Mr Nelson: I'm pleased to have the opportunity to appear before you this morning to provide comments to the standing committee on finance and economic affairs. We are encouraged that the committee is seeking input from municipalities of all sizes with regard to the upcoming provincial budget. We are certainly hopeful that our comments will be taken into consideration when you are entering budget deliberations.

Municipalities in rural Ontario are facing very serious problems. We are clearly facing very serious financial pressures, not only as a result of direct downloading of costs but because of the effect of provincially mandated regulations. Programs and regulations that are related to Emergency Measures Ontario, local health units and road standards, to name a few, all impose considerable responsibilities and associated costs on small rural Ontario municipalities.

The problem is further compounded by the lack of tax funding for crown lands and hydro corridors, and the freezing of agricultural lands to 1998 levels in the CRF funding formula. The assessment of crown, hydro corridor and agricultural lands needs to be re-examined so that municipalities like Peterborough county can begin to receive taxes at a level which will enable us to provide our required services.

It is equally important that the money raised through gas taxes be directed to rural municipalities to help pay the cost of maintaining our roads. Municipalities can provide services better and at a lower cost than the province, but we can't do it for free.

I would now ask Bryce McLean, the director of finance and acting CEO for Peterborough county, to elaborate on these issues. I wish to thank you for providing us with this opportunity today.

Mr McLean: Chairman, members of the committee, good morning. It's my pleasure to be here to put forward a presentation from work that has been done by the Eastern Ontario Warden's Caucus, with 12 counties and the city of Kawartha Lakes in eastern Ontario, to develop a report on the financial requirements of the eastern Ontario counties.

I apologize for my voice. I've been losing it since early this morning.

A report called Future Directions, prepared in 2002 and updated in 2003, identified a number of key areas that are of concern to the eastern Ontario counties. In late 2003, the chief administrative officers of the eastern Ontario counties prepared a follow-up report called Future Directions: An Action Plan for Government. That's the one that we handed out this morning. This report was presented to the Minister of Municipal Affairs this past Friday. The issues identified and the recommendations provided are common to all the municipalities that participated in the development of the report.

The challenges identified include a limited assessment base, a small tax base, extensive areas of crown land that produce no property taxation, a small population base spread over a large geographic area, and a requirement to provide extensive and expensive services to the residents and businesses of the region. Add to these issues the responsibilities for maintaining over 40% of the former provincial highways that were transferred to the upper tiers and emergency services that respond to the needs in the vast crown land areas, and the uniqueness of eastern Ontario becomes clear.

1110

While the action plan for government is a thorough analysis of many of the outstanding challenges facing eastern Ontario, a number of issues identified in Future Directions remain to be resolved. They include high commercial and industrial education taxes that place eastern Ontario at a systemic disadvantage; a local services realignment deficit of \$6.6 million in 2003, and growing; a need for the provincial government to implement an effective eastern Ontario caucus where issues can be shared and examined; a stagnant or declining population base; average annual family incomes that are significantly lower than the provincial average; continuing underfunding of the community reinvestment fund (CRF) for farmland and managed forest taxation; and a growing infrastructure deficit and rising operational costs, particularly at the local municipal level, for water and waste water facilities.

The EOWC recognizes the importance of working with government, both federal and provincial, to bring about positive change, and the action plan is a map for that effort.

The following comments are excerpts from that report.

Land ambulance service: Provincial funding for land ambulance services is based on a response time standard established by the Ministry of Health and Long-Term Care in 1996. Since the assumption of this service in 2000-01, local governments are experiencing response time requirements that exceed the service levels provided prior to the download. This has resulted in a significant gap between approved and actual costs for all service providers. Across eastern Ontario, the average 2003 level of provincial funding ranges from 39% to 48% of the total operational and capital funding annually.

The issues associated with this are:

Escalating wage costs: The average wage and benefits awards or settlements for paramedics exceeded 20% between 2001 and 2003, a trend which is anticipated to continue into the next three years. Provincial funding has been capped at 2% by the Management Board. A province-wide push by paramedics for parity with firefighters and neighbouring services will widen the gap between approved and actual costs funded through the provincial and the local tax base respectively.

Cross-border billing: The current legislation and regulatory framework relies upon mutual agreements or a default formula for cross-border billing purposes. Regardless, there are discrepancies. Among the service

providers, the perception is that there are winners and losers. The reality is that the financial burden is greater for those service providers with tertiary health care centres, given the volume of patients transported to those centres who require return transportation.

Inter-facility transfers: Service providers are experiencing increases in all call volumes since 2000-01. The deployment of emergency vehicles for non-emergency transfers is adversely affecting the ability of providers to meet and maintain response time standards.

The recommendations for this section are that the province fund 50% of all costs for land ambulance services, including wages, inter-facility transfers, and cross-border billing conveyances through one single funding formula based upon a response time standard. This formula would eliminate cross-border billing and wage caps and provide a financial framework for funding alternative, non-emergency, inter-facility transfer systems; that we petition the Ministry of Health and Long-Term Care to develop the legislative framework for a funding model for alternative medical transportation systems to effectively address the impact of inter-facility transfers on the service provider; and that the Ministry of Health and Long-Term Care provide a one-time supplementary grant to assist service providers in the reconciliation of cross-border billings in conjunction with the implementation of the above-noted recommendations.

In the transportation infrastructure the issues are:

—A lack of adequate funding to sustain municipal roads and bridge infrastructure, both pre-existing and downloaded;

—Alternate funding mechanisms proposed by previous government have not been practical and do not reflect the realities of rural Ontario;

—Provincial assumption of bridges is similarly unworkable because of the natural connection between the bridges and the adjoining roadways. Having the facilities under separate jurisdiction would create considerable logistical and administrative difficulties. Finally, debt financing will only cost the taxpayer more in the long run. It is our view that it is inappropriate to borrow to meet ongoing operational costs;

—The Future Directions report identified that the 2003 capital needs in eastern Ontario were some \$21.5 million, not including any estimate of future growth; and

—Operating costs require annual funding of about \$5,000 per two-lane kilometre of roadway.

In this section the recommendations are that jurisdictions responsible for arterial roads and bridges receive a portion of gasoline tax and similar user fee revenues such as recreation user fees, stumpage charges and mineral resource royalties, vehicle plate fees and driver licence fees to support a portion of the capital cost of the transportation infrastructure; and that qualifying infrastructure be selected according to a set criteria recognizing the uniqueness of eastern Ontario, and that those funds be distributed on a life-cycle basis, commensurate with the quantity and character of the infrastructure in their care. It is further recommended that a percentage of

the capital cost recovered in each municipality be adjusted to reflect the local ability to generate revenues from the property tax base.

In the social housing portfolio, one of the issues is inadequate capital reserves. Independent studies across the eastern Ontario region have identified among individual service providers shortfalls in capital reserve funds in the range of \$20 million to \$30 million to meet the necessary capital repairs over the next 20 years.

Service providers are obligated to maintain the base number of assisted housing units transferred by the province at the time of devolution; landlords are not. There is the potential for loss of assisted public housing stock. The landlords may have no obligation to maintain public housing units in the marketplace. This has the potential to place a future capital funding burden on municipal service providers once these mortgages expire.

Our recommendations are that the minister responsible for social housing, together with his or her federal counterpart, be urged to provide sufficient funds to social housing providers' replacement reserve funds to meet the future capital needs in a responsible manner. Additional capital reserve funding based on the current number of units per capita for each service provider may be a fair and equitable funding formula. We also recommend that the province, in conjunction with the above recommendations, also investigate the application of alternative tools for capital reserve funding, including, for example, the removal of restrictions on local providers to re-mortgage the properties for capital improvements, and to invest housing reserves outside of the current investment portfolio managed by the provincial social housing corporation in order to maintain a sound business debt-asset ratio and maximize investment returns.

Another issue has to deal with hydro corridors and pipelines. The issues here are the inconsistency in the manner in which hydro corridors and pipelines are assessed and produce taxation revenue. Assessment rolls do not include acreage from hydro corridors on either leased land or easements. The utility is only required to pay taxes on the property it actually owns. Assessment information on these properties is not available through the MPAC.

Our recommendations are that we develop a financial model for one county, being the county of Lanark, which would be used to determine the cost benefit of moving forward with the recommendations to identify and map all hydro corridors and pipelines, to determine whether these corridors and pipelines are assessed for taxation purposes and to determine if the private property owner's taxation liability includes the value of the hydro corridor; that leased land and easements be assessed and taxed in the same manner as property owned by hydro distribution companies; that the landowner be responsible to pay the appropriate property taxation; that taxation of these properties be consistent with similar properties, regardless of ownership; and that this model, once developed, be applied across eastern Ontario.

Crown lands: There are approximately 2 million acres of unpatented crown lands in eastern Ontario. This

property is exempt from taxation or payments in lieu in most cases.

Crown lands generate substantial revenues for the province of Ontario, including land use permits, park usage fees, recreational trails, timber-cutting rights, aggregate use permits, and spinoff revenues such as fuel tax, licensing and sales tax. Many provincial ministries use municipal roadways in order to carry out their mandates on crown lands. Many of the revenues that are generated would not be achievable if not for the municipal road system that is totally dependent upon the local tax dollar.

The estimated potential annual provincial tax bill for upper-tier municipalities alone on these lands in eastern Ontario would be \$2.7 million if they were assessed.

Our recommendation is that the province of Ontario immediately begin negotiations to establish payment of property taxes on crown lands in eastern Ontario.

Tax policies on managed forests and farmlands: The issues here are that assessment in the managed forest and farmland property classes continues to increase through the re-designation of properties into these tax classes, and there are a number of reasons for that. MPAC recently decided to assess the managed forests differently than in the past. This has resulted in large increases in assessment within the managed forest property class. This in turn affects the amount of CRF allocated both to the upper- and lower-tier municipalities.

As more assessment is added to the managed forest class or farmland class, taxes to municipalities decrease, since properties in these classes are taxed at 25% of their assessed value.

The recommendation is that the Ministry of Finance be encouraged to review the CRF allocations as they pertain to managed forests and farmlands so that the original intention of neutrality is maintained.

Tax policies on industrial and commercial properties: One of the issues here is the tax cap. The province's mandatory 5%-a-year tax cap on commercial, industrial and multi-residential classes needs to be phased out. A shortfall in the ability of these tax classes to fund the cap within the class causes an increased tax burden on all other classes, including the residential.

1120

Education tax rates were not standardized across the province like residential education rates were when current value assessments were implemented. Our lower-than-provincial-average assessment in these classes causes inequities for the eastern Ontario areas and hinders the ability to be competitive with areas that have higher assessments in these tax classes.

Tax ratios: Counties have been charged with the responsibility of setting the tax ratios. Changes to lower the industrial or commercial tax ratios will shift the burden to residential property tax classes.

High taxes: Due to the ratio setting and higher education taxes, these property tax classes are faced with higher than acceptable taxes. In order to attract growth and opportunities for business, it will be necessary in the

upcoming years to reduce the tax burden on these property tax classes.

The recommendations are that the province review the education tax rates for the commercial and industrial property classes for all of eastern Ontario and, before considering a reduction in the residential education tax rate, lower the commercial and industrial education tax rates; that the province implement a standard education tax rate for commercial, industrial and multi-residential properties across eastern Ontario; and that the tax cap currently on commercial, industrial and multi-residential properties be phased out with the implementation of reduced education tax rates, and that these properties be allowed to move to taxation on full current value assessment.

Social assistance funding: The issues here are under-funding for social services, Ontario Works and child care administration costs; escalating administrative costs for the Ontario disability support program, which is administered by the province; new provincial initiatives that have placed financial pressure on most consolidated municipal service managers. There is not a consistent formula or approach to CMSMs' administration funding.

Our recommendations are that the cost of administration funding allocation for Ontario Works and child care be adjusted to recognize actual costs; that a future funding formula be developed in consultation with CMSMs based on agreed-upon principles, criteria and service standards, recognizing the increased responsibilities, complexity of delivery and costs; that the municipal-provincial social services working group develop terms of reference to review both Ontario Works and child care policies, program design and administrative requirements and make recommendations to simplify both policies and administrative requirements that impact on workload, with the goal being a new model of program administration funding and service standards for implementation in 2005; and that an exceptional circumstance or mitigation process to review ODSP expenditure issues at the local level be developed to address both benefits and program administration.

The Chair: I want to remind you that you have a little over two minutes left in your presentation time.

Mr McLean: In that case, Mr Chair, I'll move on into the latter part of the report. I'll talk about sustainable revenue, which is on page 21.

The previous sections in this report have clearly outlined the many areas that must be addressed by the province. The potential for large fluctuations in expenditures related directly to downloaded services has made yearly budgeting a difficult process for municipalities. Since we have little or no control on these fluctuations, we must look toward the revenue side of the equation.

If property taxation is to continue to be the main source of revenue, then problems associated with that must be addressed—the tax capping issue. The province must eliminate the special settlements with pipelines, railways and hydro corridors, and while the community reinvestment fund is a good methodology, it requires review as well.

The province must assume its fair share of financial responsibilities for downloaded programs. If we are to work in cooperation, the province must ensure that we are at the table to develop policies on issues that directly impact us.

In conclusion, the problems for the southeastern Ontario counties are numerous and the solutions are difficult, since many require financial resources other than the property tax base. The proposed refund of the GST by the federal government is appreciated; however it is not enough to meet the needs of municipalities in Ontario.

If property taxes are to be affordable, additional funding must be provided to all municipalities. We urge the provincial government to look at all potential sources that may be shared with the municipalities of Ontario. Municipalities require long-term sustainable funding for the future of Ontario.

Thank you, Mr Chair.

The Chair: We don't have time for questioning, but we appreciate your participation before the committee this morning. Thank you very much.

TRENT UNIVERSITY

The Chair: I call on Trent University. You have 20 minutes for your presentation. You may leave time within that 20 minutes for questions, if you so desire. I would ask you to state your names for the purposes of our recording Hansard.

Ms Bonnie Patterson: Thank you very much. I'm Bonnie Patterson, president and vice-chancellor of Trent University. I have with me, to my left, Susan Clark, who is vice-president, academic, and provost, and Garth Brownscombe, who is acting vice-president, administration.

Let me begin by thanking the government of Ontario and the standing committee for the opportunity to present today and for taking this new approach to consultation across the province. The future prosperity of our province is about much more than what goes on in our largest urban centres, so it's particularly pleasurable and gratifying to have you here today.

This is a very proud community and it's one that is building on strong partnerships and collaborations to chart its preferred future. On behalf of Trent University, I will leave with you a much fuller document to read at your pleasure. I believe they've been circulated to members of the committee. I'd be very happy to answer questions at the end of the presentation, so we'll try to finish up before the time allotted.

I would draw your attention to the charts that accompany the document, toward the back of it. They paint a picture of our institution and that allows me to give you simply a few highlights, knowing a little more detail is available for you there.

For those unfamiliar with Trent, let me provide a very quick overview. We are predominantly an undergraduate institution focused on liberal arts and sciences. In addition

to 35 baccalaureate programs, we offer six masters-level degrees and three PhD programs, in watershed ecosystems, native studies and Canadian studies. Many are interdisciplinary programs. It is a younger university and in the fall of 2004 we will celebrate our 40th anniversary.

Current enrolments have surpassed 7,300 students, which is our largest size ever. We are the region's fifth-largest employer, with just over 800 faculty and staff members. We run a satellite operating in Oshawa and we've done that for over 20 years now on the Durham College and recent UOIT campuses. We deliver a number of collaborative and articulated programs with community colleges in the province, particularly with our local partner, Fleming College. Our relatively small size ensures a primary focus on the development of the individual student. In 2003, Trent University received top class national recognition for academic excellence. It ranked first in Ontario in the annual Maclean's magazine ranking, it was named undergraduate research university of the year in the annual research ranking published in the National Post, and it was first for quality of education in the Globe and Mail's university report card.

We'd like to address two key themes in our remarks today. The first is return on investment and the second identifies local solutions to provincial issues.

The cost to the province of delivering a liberal arts and sciences education is among the lowest of any university-level degree and the outcome of that investment is quite extraordinary. This also holds true for the cost of tuition to the individual who studies arts and sciences. The annual survey of university graduates conducted by the Ministry of Training, Colleges and Universities confirms that Trent's graduates are excelling in the labour market. Four out of every five respondents indicate that they find jobs related to their field of study, and their overall employment rate is 96.2% six months after graduation and over 97% within two years. Numerous programs at our university have 100% placement of their graduates following their studies.

An analysis released in January 2004 by TD Economics confirmed a stellar annual rate of return in income stream for those graduating with post-secondary education and highlighted that weekly wages for university graduates are 61% higher than their high-school-educated counterparts. Non-monetary benefits confirm that university graduates enjoy better health, a longer life, have better communications and critical thinking skills and greater self-esteem. Average earnings of liberal arts and sciences graduates are competitive to professional program graduates and they have a well-established understanding of social values and our notions of a civic society. And yet, sitting unaddressed for a number of years now are thousands of stranded students, students for whom the universities in the province see no government funding.

1130

To be specific to Trent's situation, we have approximately 500 student spaces—students admitted during the 1990s—which to date are funded solely through tuition

revenue. This inequity of funding represents a revenue gap of over \$1.6 million in outstanding government funding for us and puts an enormous strain on the quality of the learning experience for all students at Trent, particularly when university per-student funding in Ontario is near the bottom of the country and North America. With these stranded students as a top priority for us, we hope the new Liberal government will choose to address them.

Creating a supportive learning environment where students can achieve their full potential not only requires teachers in the classroom and the necessary tools for them to do their study in their chosen fields, but it also requires facilities that can adequately respond to various demands, meet expectations of employers and parents and stand the test of time from a health and safety point of view. We can't do that alone. Trent has been responsive to growth demands and participation rates and, more recently, double cohort requirements. To put that in perspective, in the last three years our student population has grown 32%. First-year enrolments directly from high school at Trent have increased by 50%. This growth puts considerable additional pressure on our infrastructure, whether physical plant, services provided or teaching resources. An ominous picture is emerging of the health of universities' infrastructure, including an estimated deferred maintenance liability of over \$1.3 billion. By the measures agreed to with the government, the facilities condition index for many buildings in Ontario universities depicts a very sad state of affairs. We are no exception.

Trent University has more than \$27 million in backlogs of deferred maintenance on its 32 operating and ancillary buildings. Set in the most picturesque 580-hectare property along both banks of the Otonabee River, our award-winning Canadian heritage architecture, guided by the late Ron Thom, needs help.

Applying the provincial facilities condition index, only three of the university's buildings are in excellent condition, six are fair and 23 are in poor condition or need immediate repairs. The current replacement value of Trent's infrastructure is \$241 million. We need a multi-year approach to increasing funding to address the incredible investment that the province has already made and keep it safe for the future.

The final point I'll highlight regarding ROI relates to research. As you may well know, the province responded to its universities' competitive needs and implemented the Ontario Innovation Trust in the May 1999 budget. This program matches funding available from the federal government's research infrastructure program, the Canada Foundation for Innovation. Our ability to engage in world-class research and technology development is vital. Universities contribute to these programs by raising 20% of required funds from private sources. Provincial matching funds are absolutely essential to enable Ontario universities to compete successfully for federal funding and thus to lever the greatest possible Ontario share of federal research funds. We need a renewed commitment

in the upcoming budget to the Ontario Innovation Trust allowing universities in this province to compete for their share of federal funds and not be left behind in innovation and commercialization of university research.

In our written document we have highlighted several other government programs that are important to the ongoing economic development of this region, but for now let me shift to the second theme, and that is local solutions to provincial issues.

I mentioned earlier that there are areas where we need your help and we pointed out three in particular. So too there are areas where we can be helpful to the needs of broader Ontario. Through innovative programming, leading-edge research and proven success in establishing partnerships, institutions such as Trent are contributing to a stronger Ontario. Universities play a key role in developing high-quality personnel with skills needed in today's knowledge-based economy and citizens who make a difference in their communities. A collaborative initiative in the greater Peterborough area is bringing together private-sector and public-sector partners that will build new employment opportunities and help reverse the exodus of existing and young talent from this area.

The regional DNA cluster strategy has the goal to harness local innovation and builds on existing partnerships between Trent, Fleming, the Ministry of Natural Resources and the current Natural Resource DNA Profiling and Forensic Centre at Trent. Existing expertise in forensics, DNA profiling, analysis and automation, wildlife management, pollution control, disease prevention, robotics and geomatics will be at the heart of the cluster's evolution and participation in the evolving biotech corridor in the province. Continued funding from the province's biotech commercialization and innovation program and the federal government's knowledge-based economy fund are important to the initial stages of the cluster's development. That cluster is already attracting private sector investment. We are addressing regional barriers to the commercialization and diffusion of new innovations through the DNA cluster strategy, which has been identified as a top priority of the Greater Peterborough Area Economic Development Corp.

Trent has been very responsive over the last two years to people shortages in two important areas.

A new consecutive education program will see its first graduates this spring and currently has enrolled 115 full-time and 60 part-time future teachers. We are well positioned to assist the province to develop a larger pool of qualified teachers and future school leaders. In the past 10 years, over one third of Trent's graduates pursued a career in the teaching profession. Shifting demographics in this area are profiled in our written submission, so in the interests of time, suffice it to say that Trent's teacher education programs can assist the government to respond to the teacher retirement surge upon us.

So too we have responded to Ontario's nursing shortage recently, and in 2002-03 introduced a Trent University-Fleming College integrated, collaborative four-year bachelor of science degree in nursing. Currently, 317

students are enrolled in this program. In addition, Trent offered, with one-time government funding, a compressed program in nursing that allowed students to transfer other university credits to the program and fast-track completion of degree requirements in the nursing program. While this program expires in 2004, should the government wish this approach to continue, Trent would be prepared to renew its commitment to offer compressed programs as well as ancillary health-care-related programs, such as the nurse practitioners program, to relieve the stresses in the health care system. A robust nursing profession is essential to support Ontario's aging population and new government emphasis on preventive medicine and wellness.

With its range of arts and science programs, combined with a growing expertise in nursing, the environment, health, and DNA and forensics, the potential exists to develop additional health care programs at Trent. In partnership with an established medical school such as Queen's or the new northern medical schools, combined with the mandate and facilities of the new Peterborough Regional Health Centre, this area could expand training for medical practitioners desperately needed in Ontario.

Trent University has the expertise to support many provincial ministries with their response to emerging public policy issues. For example, in an era of mad cow disease, SARS, the West Nile virus, food safety concerns and illegal poaching activity, the DNA Profiling and Forensic Centre is poised to play a leadership role.

The Water Quality Centre at Trent is a multi-disciplinary facility that utilizes state-of-the-art instrumentation in the development of innovative analytical techniques in the assessment of water quality. Research areas include determining trace quantities of inorganic and organic substances found in natural aquatic environments and other core sources for drinking water in Ontario, the release of pharmaceuticals from waste treatment facilities, and numerous other areas. In our post-Walkerton world, Trent University's Water Quality Centre offers public and private partners access to world-class facilities and award-winning researchers from around the world right here in Peterborough.

To cap off but a few examples of how local solutions can be brought to bear on provincial issues, I'd like to remind the committee that Trent has delivered liberal arts and sciences programs in Oshawa for over 20 years. If you look at one of the last charts in your handout, you'll see that one of our largest catchment areas for students is from the Durham region.

1140

While we've been growing considerably in Peterborough and benefiting from an expanded national reputation for excellence, growth in Oshawa programs has been constrained by the lack of a funding model to support that programming. Almost six years ago, the government supported Trent in Oshawa with a \$2-million capped fund to support student numbers.

Real opportunities exist to expand Trent's degree offerings and spaces there, providing access to Trent's arts and science programs and new leading-edge curricu-

lum in the growing fields of environmental education and tailored programs for health care professionals. The relatively low cost of our degree programs and our graduate employment record make this a worthy proposal for consideration.

Thank you for the opportunity to present today. We would be happy to answer any of your questions that my comments may have raised. We appreciate your taking the time to read our submission at your leisure, and again, we'd be happy to respond to any questions.

The Chair: Thank you. We only have time for one question, going to the government. We have about three minutes.

Mr Leal: Professor Patterson, thank you very much for your comprehensive submission today. My question is with regard to the mandatory retirement age and lifting the 65. What impact would that have on your university and, from your knowledge, across Ontario and into the community college system?

Ms Patterson: The answer in some ways, Jeff, is, "It depends." If indeed we were asked to implement such tomorrow, we would be in great difficulty. Why? Because the way universities have planned for staffing and support of the double cohort, which is about a five- to six-year period of time, including the first intake and then the flow through, has been to advance hire many professional academics against future retirements. So if you look at the demographics of university professors in the province, you'll see that most of us counted on significant retirements beginning in 2007-08 through to 2010-11. So if we had to implement it tomorrow, we would be in very, very serious trouble.

However, if one looks south of the border, which we do from time to time, when that occurred there, for example, universities were given seven years and, at the end of the seven-year period had to then implement the process. Clearly, it's hard to object to that in principle, in terms of ending mandatory retirement, but at the end of the day we would have an enormous financial burden and challenge in this province if we were asked to do it quickly.

The Chair: Thank you for your presentation this morning.

Mr O'Toole: On a point of order, Mr Chair: I would like to clarify what Ms Patterson mentioned at the opening, that this was a new procedure of having pre-budget hearings with this committee. That's not the case. That has happened for the last decade at least. This committee, finance and economic affairs, has met across Ontario routinely for the last 10 years.

Ms Patterson: This is our first opportunity to present, so let me clarify that.

The Chair: It's not a point of order, but it is a point of information. Thank you very much.

RICHARD BECK

The Chair: I call on Richard L. Beck.

You have 10 minutes for your presentation. You may choose to leave time for questions within that 10 minutes

if you so desire, and I'd ask you to identify yourself for the purposes of Hansard.

Mr Richard Beck: Thank you, Mr Chair. I'm Dick Beck and I'm here as an individual, but I would just mention that I have quite an extensive background in public service. In Peterborough, I was an elected utilities commissioner for some 24 years. For most of that time, I also served on the board of directors of the Ontario Municipal Water Association. I'm also active in a number of community activities. One of them is community care, the other one is the Trent Valley Literacy Association, and also the Ontario audio library service as a volunteer. So I know those operations.

On your program, I believe you saw my wife's name, Barbara. Apparently, due to some mix-up back in Toronto, her name got on there but not mine. Maybe she should have been here, because she's extremely active, and maybe she is better known and that's why her name got on. She will indeed be sending you a written submission, and I believe my written submission has been distributed to you. I'll shorten that up considerably, but please read it a little more at your leisure.

I've been convinced from all the activities I've been involved with and things that are going on that we need a better balance between taxes and services. I'm not going to talk about detailed programs, because you've been hearing a lot about those, and will. I'll just talk about the broad area of the balance between taxes and services, which are of course closely related.

Services give us such things as health, education, social and environment policies and major public services such as water and electricity. They affect everybody. Most people don't seem to like taxes, or they won't admit it, but they are the things that create the present situation and hope for the future. We want a system that's fair to everybody.

Why do we need a better balance? The major tax cuts of the past eight years in particular are the main reason. As a result, there aren't enough provincial revenues to sustain even what I would say are the essential services. In some cases, the government actually borrowed money to give away tax cuts, especially to richer people.

While balanced budgets are the talk of the day, this is extremely difficult to think about today and it has resulted in what I feel is a disgraceful situation in many areas of our provincial life. The present tax levels have no hope of redressing the added burdens on municipalities, inflation or things that might have a good payoff in the longer term, for example, better early education, housing, child care, more health care aimed at prevention rather than treatment, more help to cope with urban sprawl and pollution, more help to conserve on all fronts, drinking water safety, electricity conservation and sound electricity planning and research.

Also, we've been told there is a large structural deficit that must be addressed. That's really why I'm saying there has to be a better balance now between taxes and services. In other words, the tax cuts have been too fast and too large and it's time to move to a better balance.

Where do we go from here? I've outlined in my presentation essentially two paths. The first one I call path A, which is to more or less continue at present. As I see it, this means further squeezing of program costs; maybe tighter rules on eligibility and benefits; eliminate some additional programs or services, especially ones that wouldn't cause too much of a fuss; maybe increase some service fees, especially if they don't look like tax cuts; and don't introduce too many new programs, regardless of how badly they are needed or what kind of payoffs they might have in the future.

Without a change, there are bound to be more service contracts going to the private sector, even though that leads to lower-paying jobs, more temporary or part-time jobs without benefits and poorer service that can have bad outcomes that you don't think about. Also, I would not like to see more private sector contracts for construction or leasing of major facilities just in the interest of providing temporary financial relief. Almost invariably, there is loss of control and higher long-term costs, both to the government and directly to consumers. So that path is not a good one. I won't go into the details, but the problems kind of define themselves. I certainly wouldn't recommend it.

The next path, which I call path B for "better"—better balance—involves an immediate start on restoration of a reasonable balance between taxes and services. I would like to see that adjustment made in such a way that it could be effective this current calendar year and essentially be complete within the next two to three years. I would like to see it become more progressive than it is now, not more regressive.

We should adopt policies aimed at protecting and enhancing our long-term interests, for example, 20 years out. I think this should be basic to any government programs, not just the length of the elected Parliament. It doesn't matter who is in there, it's the same situation. In addition, we have to insist that, whatever government it is, it continues to root out inefficiencies and bad practices so that citizens feel their tax dollars are well spent. That's a big point with everybody.

Another thing we should be doing is developing a stronger system for periodic evaluation of programs, practices and accountability, and we should be insisting on open and accessible government, with strong voices not just for the general public but for our MPPs.

If we embark on this path, which I certainly recommend, we can expect to see big improvements in social services, better outcomes in the long term, a more effective Parliament and better assessing of policies and programs for costs versus benefits. We can expect to see a healthier, happier and more productive and competitive society and a more stable and progressive environment for both large and small businesses. I can certainly recommend that.

In conclusion, we don't need more studies about what needs to be done. I think there's lots of advice out there, and you're hearing a lot of it on your tour now. My plea is, and I urge the government, to take control, take the

actions that are needed and wanted by your electors. Thank you very much.

The Chair: Thank you. We don't have time for questions, but we certainly appreciate your brief to the panel this morning. This committee is recessed until 1 o'clock.

The committee recessed from 1152 to 1305.

GREATER PETERBOROUGH CHAMBER OF COMMERCE

The Chair: The standing committee on finance and economic affairs will please come to order. I call upon the Greater Peterborough Chamber of Commerce to come forward, please. Gentlemen, we have some difficulty with your presentation in terms of the hardware etc, but everyone has a copy of your presentation in front of them. So you have 20 minutes for your presentation. You may leave time within that 20 minutes for questions if you desire. I would ask you to identify yourselves for our recording Hansard.

Mr Bill Casey: Thank you. My name is Bill Casey. I'm the vice-chair of the Greater Peterborough Chamber of Commerce.

Mr Dan Stanford: I'm Dan Stanford. I'm chair of the Greater Peterborough Chamber of Commerce.

Mr Casey: The chamber has been around since 1889 in Peterborough. It started as a group of concerned businessmen and women looking to improve the way the community was functioning in terms of its business and to set professional standards. We still adhere to that. The success of our chamber is quite remarkable for a community of our size. We have over 800 members of the chamber of commerce in the community, and we take an active role on both the Canadian Chamber of Commerce and the Ontario Chamber of Commerce in policy discussions and issues of public policy.

We did a survey of our members to assess what issues were of concern to them as independent businesses, small businesses, public sector institutions, medium-sized businesses and large businesses. Peterborough is fortunate to have a wide variety of different organizations in the community.

Some of the key elements that were of concern to our members were the level of municipal property tax assessment and the role that market value assessment has played in rising municipal tax rates. Another area of concern was utility costs and the potential of higher costs given the rollback of the rate cap in April. Of course, like other communities, we're faced with challenges in accessing foreign markets for our products. As an agricultural sector, the mad cow crisis has had a tremendous impact in our community. In the tourism sector, between SARS and West Nile, they've also been impacted, and we do have a large tourism sector in the Kawarthas. Another factor that's impacting economic competitiveness for small communities and small businesses in particular is the rise in insurance costs. That's impacting both small- and medium-sized businesses. One of the biggest areas of concern for our community is the ability

to recruit knowledge workers and skilled trades for our industry and for our knowledge-based industries, as well as construction industries and other labour-intensive industries.

So after reviewing those, we asked for some recommendations from our membership that we could offer to the committee. One of the things was, in looking at giving access to municipalities for some of the tax revenue from gas tax, I think we need to ensure that it goes to the right purposes and to ensure that, if possible, some of the municipal tax rates are lowered as a result of that increased revenue going to municipalities.

We also think that it's very important that the government recognize the impact of the rising utility costs on small- and medium-sized businesses as they go forward in April to deal with that issue.

1310

We would also recommend a very active and aggressive marketing and promotional campaign that the government could get into to promote not only our tourist industry, but our agricultural products to other markets. Of course, the business community in Peterborough would be very eager to participate in some sort of initiative like that.

The government might want to consider providing some incentives to the insurance industry to ensure that there are low competitive rates for small- and medium-sized businesses so that insurance rates don't escalate beyond the point that businesses can be competitive in a rural market.

The five largest employers in Peterborough are public sector institutions: the hospital, the school boards, Trent University and Sir Sandford Fleming College. Quaker Oats is a private sector institution and so is GE Canada, but the importance of the public sector in our community is really phenomenal. In a time of fiscal constraint, if excessive burdens are put on those public sector institutions to roll back costs, it has an impact not only on those organizations, but on the entire community. I think the government needs to recognize the impact of some of these large public institutions in a small, rural economy.

Some of the priorities that we recognize as a business community for the government to pay attention to and address in their upcoming budget are health, energy, education, promotion and marketing, tax competitiveness and debt reduction.

In Peterborough, there are a number of opportunities for the government to make an investment and support the community. I'm sure you'll hear about some of these initiatives in more detail as your hearing goes on today. But key among them are tourism. The DNA cluster project at Trent University is a phenomenal opportunity for the government to invest in our community and also have a decidedly great spinoff effect to other communities throughout the province. There's a new hospital the government has committed to build in Peterborough, and with the aging demographics we face as a community, that's going to be an enormous asset in our ability to bring people and businesses to the community.

Sustainable health care is a key aspect of growing a rural economy. Of course, primary care reform, which I trust you heard from Dr Swales and Dr Mann this morning, is a huge issue in this community. The ability of businesses to attract people—it's very difficult, when there's no access to a family physician, to get young, ambitious, family-oriented professionals to a community of this size, if they can't access a family doctor.

In going forward, as a chamber we would encourage the government to work with local businesses to find efficiencies to work together to deliver public services in a more collaborative and innovative manner. Of course, the businesses in Peterborough and the chamber of commerce would be very eager to work with the government in pursuing innovative solutions and finding efficiencies that allow the government to have the resources to invest in those key funding priorities that as a business community we have identified.

On behalf of the Greater Peterborough Chamber of Commerce, I would like to thank you for coming and giving us the opportunity to present some of our issues to you.

Mr Stanford: The only other thing that we would like to reinforce is the point that we recognize a considerable danger in organizations such as ours talking about all the things that we'd like to have, including lower taxes, which obviously are the source of revenue for most of those functions. We are very open to listening to your issues and trying to do whatever is possible to help address them. We recognize they exist, but this particular circumstance was to talk about the things that we wanted, so that's what we did.

The Chair: Thank you. We have about three minutes per party and we'll begin with the official opposition.

Mr Frank Klees (Oak Ridges): Thank you very much for your presentation. You referenced tourism as a key economic mover in this area. The last time I was in Peterborough, I was here as the Minister of Tourism. We conducted consultations at that time. One of the issues that was tabled was the need for access to capital for the tourism sector. It's very clear that the financial sector is reticent to advance capital for expansion of existing businesses or start-up.

At this committee's hearing in Thunder Bay I tabled a motion with the committee that would encourage the Minister of Finance to initiate an access-to-capital program for the tourism industry, as well as to enhance marketing funds for the industry. I'd like to get your view, your perspective, on the level of priority for those two initiatives.

Mr Casey: For access to capital?

Mr Klees: Yes.

Mr Casey: In order for any industry to expand they really do need access to low-cost capital. In the tourism industry in particular it is an issue because there is high risk now because of SARS and because of West Nile. These are incidents that have impacted on the economic viability of tourism operations throughout the province, not just in Peterborough and the Kawarthas. Anything

that the government could do to facilitate access to capital or even to guarantee bank loans on behalf of certain private sector operators would be very beneficial, I think, in the expansion and health of that industry.

Mr Klees: If I could follow up briefly, with regard to marketing dollars, there are a number of jurisdictions where the industry is moving forward on a voluntary room levy to generate marketing dollars. The proposal that I made was that the government should consider a matching dollars fund that would support marketing within this industry. Again, your take on that—would you be supportive of a program like that?

Mr Casey: Certainly. Additional resources are always welcome. One of the things that we did as a chamber when we recognized the impact that SARS was having on our tourism industry is we facilitated a trade show of the tourism sector and the independent operators in the community. I believe that was in June of last year. At that trade show we also brought in major corporations in the community or around the community to look at the calibre of the tourism operators in our community and to show them that they didn't have to go to Niagara Falls, or they didn't have to go to Collingwood to find opportunities to have retreats and sessions for their management, that those facilities in our community were very capable of handling it. It was very successful. The tourism operators were very supportive of that and benefited from it. So there are opportunities for self-help in this as well. It isn't all just about government handouts; it's about encouraging a community to find ways to solve their own problems.

Mr Klees: The real key is marketing, isn't it? You have to get the message out that these opportunities are here, the attractions are here. Without that marketing, how will people know?

Mr Casey: No, and that's one of the reasons why we indicated that marketing and promotion on the part of the government in support of our industry would be very welcome.

The Chair: We'll move to the NDP.

Mr Prue: I have a number of questions; I'm going to try to be really fast. You were talking about the cities getting the gas tax, the two cents that was promised by the Liberals during the election campaign. But you also made a statement that you believe that should offset the property tax. How would the city be any further ahead, especially a city like Peterborough, where the mayor today said they really need money? What would be gained by reducing the property tax by the same amount that you get in gas tax?

Mr Casey: I believe we mentioned that, because of the municipal tax burden as it exists right now, if there was an opportunity for a portion of that two-cent gas tax to go to a reduction, then the government should consider helping municipalities to find better ways, more efficient ways to deliver the services they're being asked to deliver.

1320

Mr Prue: Well, then I'll jump right to the next one, because the next one, which you have three full slides on,

is, "The government must work closely with the business community in the promotion of this province" and "opportunities for partnerships." Now, I read that, and it looks like code words for contracting out, which seems to be diametrically opposed to what you said about the big institutions in Peterborough. Are you advocating contracting out those services?

Mr Casey: No. What we are advocating as a business is that there are opportunities to find efficiencies within our community in working in partnership, in working closely with government to find ways to deliver services more effectively; that there are more resources to dedicate to those in greatest need.

Mr Prue: How is that done? Would you ask the government to take on government work? I'm not understanding. How do you find efficiencies for government unless you start doing government work?

Mr Casey: There are opportunities to deliver services that can be done in the private sector more cost effectively than they can be done in the public sector.

Mr Prue: Could you name me one?

Mr Casey: Actually, as a chamber we deliver the licensing bureau for the province of Ontario. It's a very effective means of lowering costs. Because we were able to deliver that service at a lower cost, the government now has funds available that they can dedicate to other funding priorities, like health and education.

Mr Prue: So that's the licensing bureau here in Peterborough?

Mr Casey: Yes, the licensing bureau in Peterborough. It's examples like that and looking to find similar efficiencies within what government does.

Mr Prue: I still have time. You have a statement here to "provide incentives to the insurance industry to ensure that rates for small- and medium-sized businesses are affordable." Are you asking for a subsidy for the insurance industry?

Mr Casey: No, we're just suggesting and putting forward the idea that there could be a dialogue that would ensure that the insurance industry is fully cognizant of the impact that their rates are having on the ability of businesses to hire and employ people in small communities.

Mr Prue: You don't think they're aware of that now?

Mr Casey: I think we need to keep it in front of them as an issue.

The Chair: We'll move to the government.

Ms Judy Marsales (Hamilton West): I'm very pleased to see the chamber here. Small business represents such a key component of the Ontario economy. It seems to have been missed in a lot of the presentations we've received over the last couple of weeks, so I'm really happy to have you here.

I have a question with respect to one of your slides. I find it a little incongruous, actually, that in terms of your "public funding priorities," you've listed "health," "energy," "education," "promotion and marketing." But then you've got "tax competitiveness" and "debt reduction." It seems to me that one does not necessarily

equate with the other. Money is coming in the right hand and going out the left hand. Could you give me some indication as to how you see this coming about from a government perspective? I'm from Hamilton, and our small business sector is very concerned about the potential tax competitiveness issue. Certainly we are responsible and are very concerned with debt reduction. How do you see that working with respect to your other funding priorities?

Mr Casey: From our perspective, the two are very intertwined. Tax competitiveness is very much tied to debt reduction in that, if the debt is allowed to increase exponentially, then ultimately within a few years you will have to raise taxes and decrease your tax competitiveness in order to fund the added liability that you've incurred through allowing the debt to grow.

What we're really looking for is a balanced perspective, where the priorities are set and there is a rational discussion about how to fund them. One of those priorities needs to be tax competitiveness, because if we aren't competitive as a tax jurisdiction, then our businesses aren't competitive with other jurisdictions that we compete with, whether it's Michigan, Quebec, Manitoba or New York. We have to be very cognizant as a group, as a province, of where we are in terms of our taxation policy.

Part of our focus is on municipal taxation, because all of this comes from one source, whether it's provincial, whether it's federal, whether it's municipal. Local businesses are paying those taxes, and for them to compete with other jurisdictions, we need to have a very rational and coordinated tax regime.

Ms Marsales: But in your funding priorities, you've got health, energy and education, which we've already heard from quite a number of presenters are requiring more funding. So how does that equate with potential tax competitiveness and, ie, a tax reduction?

Mr Casey: In the latter part of our presentation, we talked about trying to find efficiencies within government and working with the private sector to deliver different services in different ways to come up with some of those efficiencies that could be reinvested into those funding priorities; so trying to maintain the balance and ensure that the priorities that we see as a society are fulfilled in the most cost-effective way possible.

The Chair: Thank you for appearing before the committee this afternoon.

KAWARTHA HERITAGE CONSERVANCY

The Chair: I call upon the Kawartha Heritage Conservancy. Good afternoon. You have 20 minutes for your presentation. You may leave time for questions within that 20 minutes if you so wish. I would ask you to identify yourselves for the purposes of our recording Hansard.

Mr Ian Attridge: My name is Ian Attridge. I'm counsel to the Kawartha Heritage Conservancy, which is a local land trust based here in Peterborough, in this area.

I'm also a director, and we call them governors, of the Ontario Land Trust Alliance, which is an alliance of 40 organizations involved in similar activities to our own local group.

Mr Terry Rees: My name is Terry Rees. I'm a former director of the Kawartha Heritage Conservancy, and I'm a member of the Federation of Ontario Cottagers' Associations' environment committee. So we have an interest in land trusts that overlaps with the Kawartha Heritage Conservancy.

Mr Attridge: Thank you very much for this opportunity to present to you today. I believe you have a package that has now been distributed to you. Great. I'll be speaking from that and hitting some of the highlights, but I hope that you'll have a chance to look at more of those details in the future.

The Kawartha Heritage Conservancy is a land trust, as I mentioned, and it is a non-profit charity. We're a voluntary organization that's involved in securing lands, essentially working with landowners directly to protect significant ecological properties. We do that by receiving donations of land and also entering into partnerships called conservation agreements that will protect significant lands. There is a federal income tax benefit for that through the federal ecological gifts program.

Currently we have about 15 landowners willing to give us either an agreement or the actual title to their lands, covering some 2,000 acres, and there are some additional lands available for purchase of ecological significance in this area. They are certainly provincially significant wetlands on the Oak Ridges moraine; they are essential for protecting very rare prairie remnants, an ecosystem that has largely been eradicated in the province; and also for trails, endangered species and a number of other benefits protecting headwaters.

We are strategically focused on this mandate. We only work on strategically important properties. We do that in a collaborative win-win arrangement with landowners. But we're not alone in this enterprise. As I mentioned, there are 40 land trusts across the province. You have a map of where they are active—or most of them; we have a few more recent members not on that map. It's at the back of your piece.

We have about 50,000 volunteers and supporters involved in this enterprise. A couple of nearby agencies are the Couchiching Conservancy over near Orillia, which has protected about 4,600 acres, including working on a very important provincially significant site along with Ontario Parks, and the Oak Ridges Moraine Land Trust, another one of our collaborators in this enterprise. There are also local conservation authorities that are engaged in protecting important lands. Dick Hunter, from Conservation Ontario, is here in the audience. He can speak to conservation authority concerns if you have any in that respect.

When we acquire these lands, they don't generate income. We do this by voluntary activity, typically without government grants, without public funding. We receive these lands as donations, and we manage the

lands ourselves. We do this without a burden on the taxpayer. These lands put very little demand on public services. These are vacant lands, typically. If there are any buildings on them, they pay residential taxes as any other residents would do.

1330

By acquiring these lands, we're helping to achieve a variety of provincial objectives. These include sound land use planning, establishing greenbelts and corridors, protecting natural heritage and farmland, water source protection, in some cases facilitating trails and, of course, supporting this kind of green infrastructure that supports our economic activity in this area, particularly reliant on tourism, natural resource activities and a quality of life that really has been shown again and again to draw businesses and keep people in our communities, something that many of us are concerned about.

When we acquire these lands, there is some evidence that these are actually causing an increase in the value of nearby lands. I have some numbers in there. I won't dwell on them, but a couple I might point out. Bullet 3 at the bottom of page 2: When parks have been established, we've seen that lands that are located near to parks or greenbelts, water, have seen increases in their value, compared to others further away, of \$24 for every metre closer to a park; \$12 in Hamilton, \$21 closer to water in Hamilton in that case. If you turn the page, you'll note that that is contributing to an increase in the assessment and the tax dollars that both the provincial and the local governments are obtaining. We need some government support in order to allow us to carry forward with these activities.

The first area is in terms of property tax incentives. You may have heard of some of the problems with the managed forest tax incentive program. Where that incentive program has been adjusted, the Municipal Property Assessment Corp is coming up with new evaluation systems that are not recognizing the Ministry of Natural Resources programs to encourage landowners to keep these lands as forests, contributing many important ecological and economic values. That is one challenge. We recognize that there is an internal government review on that managed forest program. That will help, we hope.

But it's also linked, and we hope that it will be linked in some fashion, because there are similar issues with the conservation land tax incentive program. That program is essential to land trusts, conservation authorities, in some cases cottage associations, in order to ensure that when we acquire lands, our tax burden for maintaining that in the public interest and the many values it does provide is not overwhelming for us at residential rates. We need that conservation land tax incentive program and the managed forest program to work better, as it was originally intended.

There have been many submissions on improving that, and I'm sure you may receive others in your deliberations. We encourage you to add your voice to ensuring that those programs will work effectively.

The second aspect of property tax incentives, part of that conservation land tax incentive program, is the

community conservation lands component. That is where land trusts or conservation authorities are able to acquire lands and be exempt from property taxation because they are not providing a demand on municipal services. They are also providing important ecological and economic benefits in the community.

This program was put on hold by an administrative decision back in 1997, when the assessment system was converted over to a number of changes. That got inadvertently entrenched in regulations. There has been a number of rounds of consultation, and we're hoping that that can be moved forward so that we'll have a match between this property tax system, for which the province has responsibility, and the federal ecological gifts program that provides an income tax benefit. If we can match those up, it will make it much easier to work with landowners.

The third area is these conservation agreements, long-term permanent agreements to protect properties, but still allow landowners to maintain and live on those properties within the conditions of those agreements. Those are currently not recognized within the Assessment Act. The common law easements and covenants are recognized there, but these are not. These are held in gross. There is no nearby land that will benefit. The Assessment Review Board has had problems dealing with this on a one-off basis. MPAC is starting to understand it, but we've got a ways to go. What I would ask is that we move forward with a simple amendment in order to clarify that assessors would take these agreements into account. That's in place in legislation in BC and also a number of US states.

Finally, MPAC has apparently been refusing to share its data with even the government ministries that are involved in administering some of these key programs. If there were a data sharing arrangement dealing with freedom of information types of issues, I'm sure that we would find government efficiencies so that field officials don't have to run around in municipal offices and look up individual records. They can do their work, they can contact landowners and they can work with them without that excess level of activity that could be facilitated easily by sharing that data from MPAC. So, we hope that can increase government efficiencies, save some dollars and ensure better co-operation between a number of government agencies.

The final point is that we need some sustainable securement funding. Our Ontario Land Trust Alliance has been able to create leverage of about one to 30. The numbers in 2002 are on top of page 5: \$150,000 in private grants helped us secure about 3,000 acres worth \$4 million. That's substantial leverage. It's an investment in the many economic and ecological benefits. We can help deliver that through our association without some of the overhead that governments may have to incur.

There is the ecological land acquisition program. We hope that can be extended and that it might be able to tie in with an allocation of the provincial land transfer tax, something we feel might work as it does in other juris-

dictions in the United States and also in BC, I understand, where as development pressures increase you're seeing a conversion of properties. That produces more revenue into the fund. That's the time when we need more money to protect some of these properties.

Certainly these kinds of funding programs receive considerable public support, whether it's the moraine issue we've all seen over the last few years, the responses to the Walkerton tragedy and certainly voters' ballot initiatives in the United States are demonstrating that millions of dollars can be supported by the public in order to fund land securement. We are looking for something much more modest than that, really a continuation of the program, but perhaps a linkage into that land transfer tax.

In summary, we do need to address some of these tax incentives, and we need a bit of funding to help us leverage these important lands into charities' hands, into hands for the public interest to produce many benefits. Mr Rees may have some further comments to add.

Mr Rees: Thanks, Ian. I wanted to add on behalf of the approximately 50,000 individual landowners who are surrounding the lakes across Ontario that are represented through FOCA's—that's the Federation of Ontario Cottagers Association—interests, who are seeing an increasing burden in rural Ontario that they're bearing in relative terms, especially in the realm of current value assessment. One of the main objectives of FOCA is protecting Ontario's water resources for the long term, and the most effective way to do that is through encouraging stewardship of private lands. Without some of the mechanisms Ian has described to you in place, it becomes increasingly difficult in the face of current value assessments, and without those tools to have that long-term stewardship registering on title of protective measures. So, as a key part of service water and source water protection in the province, we feel strongly that the Ontario Land Trust Alliance and the mechanisms that are in place and should be utilized be maintained and enforced. That was my main point.

Also through a number of other landowner groups, including the stewardship councils, who represent private land interests, not just of the cottager but of agriculture and woodlot owners across this region, there's a number of people who hold significant holdings of private lands who have had their ability to hold on to those lands in conservation for the benefit of all society impacted by the fact that some of the provisions MPAC is meant to be upholding have not been upheld. I appreciate the opportunity to mention those today.

The Chair: Thank you. We have about two minutes per party, and we'll begin this round with the NDP and Mr Prue.

Mr Prue: Thank you for your brief. It's very technical. I'm going to have to go do some research on this. I'd like to zero in on MPAC. The problem you have with getting data from them I think is almost universal. I hear it from my own constituents; I hear it from people who own cottages. What do you think this government should

do in terms of forcing MPAC to open up the information that I think is valuable to all of us?

1340

Mr Attridge: The Ministry of Finance does have the power to direct MPAC through the MPAC act. I don't believe that power has been fully utilized. I believe that there are some freedom-of-information-act interpretations that need to be clarified. Perhaps that issue, the nub of it, can be identified, and if legislative changes are needed, that would be where the committee could make important recommendations.

Mr Prue: Do you believe that the changes need to be made or that the attitude of MPAC needs to be changed? I don't want to go down the road of hearings and changes to laws if a phone call to the chair would resolve all this.

Mr Attridge: It would be helpful if a phone call to the chair would resolve some of these issues. I'm sure we'd all like to see that. I understand that MPAC believes there may be a freedom-of-information issue. I find that quite a challenge, given the fact that here we have entrusted in your own legislation the Ministry of Natural Resources to administer two tax programs and OMAF to administer the farmland program. Surely that agency established should be sharing that data and creating efficiencies in government so we can use that taxpayers' money in a more effective way.

Ms Marsales: Thank you, gentlemen, for your presentation. I have a question with respect to page 2 and was wondering if I might have a copy of the data that you've used in the production of these numbers. I have a bit of first-hand knowledge of Hamilton and the cost of land and so on. Up until the last year and a half, the closer to the water, the less attractive the property was to the people in Hamilton. I'm interested in the geographic area that you used to assemble those numbers as well as which years they were based on. If you wish to speak to that, I'd be most interested.

Mr Attridge: Yes, that comes from an Environment Canada study of five remedial action plan sites around the province. Tom Muir at the Canada Centre for Inland Waters in Burlington—you'll know that location—was involved in doing the research.

Ms Marsales: Was Burlington in that study? I'm not familiar with the study.

Mr Attridge: Yes. It was a report put out by Environment Canada.

Ms Marsales: So it wasn't strictly just Hamilton, then.

Mr Attridge: I believe it was focused on Hamilton itself, but the Canadian centre where that researcher was based is in Burlington at CCIW.

The Chair: We'll move to the official opposition.

Mr Klees: Thank you, Chair. I just want to put you on notice that I do have a motion that I'll be presenting later on in the proceedings.

The Chair: We'll deal with that at the end of the day, then.

Mr Klees: Thank you very much for your proposal, and by the way, I'm with you on the issues of MPAC.

This government is going to have to do much more than make a call to the chair. We have serious problems there.

Mr Mike Colle (Eglinton-Lawrence): Yes. You created them.

Mr Klees: The fact is that you are the government, sir, and it's about time you understood that, and you've got some work to do.

With regard to your presentation, I think you've touched on a key principle, and that is the issue of taxing lands for which really there is no demand for public services. What I think I hear you saying is that if the government could get this principle properly coordinated with the incentives that are there to gift lands, then I think we've gone a huge distance toward resolving the kinds of challenges you're facing. I think, if I boil your presentation down to that one issue, we would go a great distance toward solving this. Would you agree with that?

Mr Attridge: Yes, I think so. I think to integrate a number of programs and ensure that all the signals are sending the right message, from the property tax system through some of the grant programs, and even including the federal tax programs, ecological gifts program, let's make sure they line up and create the right messages. It makes it a lot easier for us to do our job and saves a lot of money on the government's behalf.

The Chair: Ms Marsales asked for some information. If you would provide that to the clerk, he will provide it to all members of the committee. Thank you for your presentation today.

PETERBOROUGH COMMUNITY HOUSING DEVELOPMENT CORP

The Chair: I call on the Peterborough Community Housing Development Corp to come forward. You have 20 minutes for your presentation. You may leave time for questions if you so desire. I would ask you to state your names for the purposes of Hansard.

Ms Frances Adams: I'm Frances Adams. I'm the executive director of the Peterborough Social Planning Council.

Ms Casey Ready: I'm Casey Ready. I'm executive director of the Community Counselling and Resource Centre.

Mr John Martyn: I'm John Martyn. I'm chair of the Peterborough Community Housing Development Corp, chair of the new supply committee for the Affordable Housing Action Committee and chair of the Peterborough Affordable Housing Foundation.

Ms Adams: We're here to share with you three different aspects of human need here in Peterborough city and county. I'm going to speak specifically to income security.

The Peterborough Social Planning Council has grown increasingly alarmed over the past 10 years as we have witnessed greatly increased deprivation among low-income families and individuals in both the city and the county. This past spring, for example, we were involved in the Inter-Faith Social Assistance Reform Coalition

hearings here in Peterborough, where about 50 people shared their experience of poverty and their recommendations for change. I have enclosed a briefing paper that the social planning council prepared for those hearings as well as a summary of the report on them.

One of the people interviewed during those hearings was homeless, and he described our community as “a wasteland where I wander, trying to find food and warmth and try to remain anonymous and unseen.” This is not the community that most of us directly experience, but it is the growing reality for many people.

A few years ago the Ontario Non-Profit Housing Association reported that Peterborough was the homeless capital of Ontario. While that moniker wasn't quite fair, the study did find that of 22 cities in Ontario, including Toronto, Peterborough had the highest rate of tenants paying more than 30% of their incomes on rent. The affordability crisis in Peterborough has resulted in increased homelessness; increased reliance on food banks, discretionary benefits and emergency financial assistance; and increased reliance on assistance from faith groups, community groups, service clubs and so on.

The lack of affordable housing has been the dominant social issue in the last few years because it is, of course, the largest single expense for most people who are poor. The community has responded in a myriad of concrete and promising ways, with little help from senior levels of government. Affordable housing advocates have always recognized that inadequate incomes are as much a part of the equation as inadequate supply. Incomes here in Peterborough city and county tend to be considerably lower than they are on average in the province. The median household income in Peterborough was only 81.9% of the Ontario median. That's from the last census. Certainly our cost of living is not that much lower than the provincial average, if at all.

Poverty rates vary among different demographic groups. Nearly one in five elderly women lived below the low-income cut-off. The poverty rate for individuals in this city was 41% in 2001, and for female lone-parent families with children under six it was a phenomenal 71%, and 22% of children under six lived in households that were poor.

Briefly, I just want to speak to the recommendations from the Peterborough Social Planning Council.

We call on the government to increase the minimum wage more quickly and substantially. Seven dollars and 15 cents is not a living wage. It doesn't lift a full-time employee with no dependants above the poverty line. Approximately one third of low-income workers are the sole breadwinners for their families, and these families are desperately poor. Again, referring back to an interview in those spring hearings, one person said, “You work hard but don't seem to go anywhere. It's getting worse every year [and it's] hard to feel part of society.”

We call on you as well to increase social assistance rates immediately and institute a cost-of-living adjustment. The Premier has said that the Liberal government is dedicated to seeing monthly payments increase as soon

as possible for ODSP recipients. We ask that the differentiation not be made between ODSP recipients and other social assistance recipients. That differentiation supports the belief that some people are deserving poor and others are undeserving.

We urge you to immediately end the clawback of the national child benefit supplement, a shameful federal-provincial shell game. Peterborough is one of only two communities in Ontario we are aware of that has returned the municipal portion of the clawback to families that the Ontario government has withheld it from, and we're quite proud of that fact. These families told us repeatedly that they would prefer the dignity of direct assistance to their families rather than indirect support through community programs.

Perhaps the key word in my presentation is “dignity.” A healthy community and healthy province is one where people can meet their basic needs and hold their heads up in public, not seek invisibility and anonymity.

We ask you to remember that social and economic justice is in everyone's interest.

I'll turn it over to Casey.

1350

Ms Ready: My name is Casey Ready, and I'm the executive director of Community Counselling and Resource Centre. Thank you for the opportunity to speak today.

Community Counselling and Resource Centre is a multi-service agency serving Peterborough city and county. Our services include counselling, credit counselling and housing support. Today I will address issues related to these services and to the not-for-profit sector as a whole.

With me today in the audience is the president of our board, Marshall Elliott, and he is supporting our recommendations as well.

The specific service issues I wish to raise are, first, that in 1995 provincial funding providing access to counselling services for low-income people was eliminated. Low-income, at-risk families no longer have access to services when they need them because they have no means to pay for them. While they wait for up to seven months for service, families in difficulty lose hope and relationships break down.

We ask you to support the recommendation of Family Service Ontario to invest \$16.8 million annually in family service agencies for family counselling services.

Provincial support for two other services provided by our agency has also ended over the past 12 years. Our credit counselling service was provincially supported until 1992, at which point it received up to 60% of its operating funding from the provincial government. These are critical services that assist families and individuals to prevent and deal with problems of increasing and unmanageable debt.

The provincial support for our housing help services was eliminated in 1996. The loss of government support for housing services led to the closure of our housing resource centre in 1998. With the increased pressures of

growing poverty levels and the lack of creation of affordable housing, this was a significant loss to our community. While we have been fortunate to receive support through the city and county of Peterborough and the United Way to maintain this service, this is an essential service that requires provincial funding for all communities across Ontario.

We recommend that the provincial government reinstate funding for credit counselling services and housing help centres to ensure a base level of support across the province for those facing financial difficulties, those who are homeless and those who are at risk of becoming homeless.

It is important to recognise that the erosion that has occurred in these social services is reflective of an erosion overall in the social service and voluntary sector over the past 10 years. Many social service agencies received cuts in their funding from the provincial government in 1995 and have received no increase since then.

Using the example of the agency I represent, the provincial support for our services reflected over half of our budget in 1995; in 2002, this was reduced to less than a quarter of our budget. This has led us to rely more on short-term and project funding, with constant staff changes as grants begin and end. It's difficult to maintain expertise and momentum in services when we are operating them opening and closing like an accordion. In this month alone, our small agency is suffering from the loss of five people due to project funding ending or insufficient funds to maintain services.

The programs we offer assist people dealing with personal, financial and housing problems. As indicated earlier, every one of these programs has lost core funding support from the provincial government over the past 12 years. In addition, these services do not have government funding—we haven't had any increases. Even where we have government funding, we've had flat levels of funding, which also, it's important to know, erode a program both in terms of each staff member in the program receiving less funding in each year for their position, and then people tend to leave, and if you do give an increase in funding, it's at the expense of the service. We encourage you to stop the erosion of the important services offered by this sector by ensuring that the provincial budget meets the promises to address the social deficit in Ontario.

Mr Martyn: Mr Chair, ladies and gentlemen, I've asked to have the Chair receive two copies of a major study that we have just completed here in Peterborough entitled Housing Needs Analysis and Strategies for Peterborough City and County. Our county and city governments have not yet had a chance to receive reports from staff on this report, which is the reason we felt it was not appropriate to distribute copies to everyone. But I'm sure that if anyone is interested in receiving the full report, you're welcome to. The key thing I would say about that report is that, as far as we can tell, it's one of the few major studies of the housing needs in communities of this

size, and so probably has application to many other communities.

We are also here today because there are three local projects that have been on the books, a total of 120 units, eagerly awaiting the provincial government to deliver on the promise of matching the federal allocation of \$25,000. Since the city of Peterborough has passed a capital facilities bylaw allowed by the Municipal Planning Act, and a number of incentives in council's approval of a report called Taking Charge are now available, it is reasonable to expect that the total per unit grant will be in excess of \$70,000. That is \$25,000 from the federal program, which was announced in 2001, and \$25,000 from the province. If you'll recall, the previous government had agreed to provide only \$2,000 of that \$25,000, and the current government has promised to match that. As well, since our municipal council had come up with \$23,000 per unit in terms of incentives and various waivers of fees, it's quite possible that we could move forward with a \$70,000-per-unit allocation.

Peterborough has an aging stock of houses—the evidence is quite clear—that is greater than the average for the province as a whole. In its May 2003 report on housing, as some of you may remember, the Toronto Dominion Bank recommended the value-added approach of acquisition and rehabilitation of existing buildings and centre-city land for infill as an immediate way of generating a new supply of affordable housing. The Peterborough Community Housing Development Corp has become well known across Canada for this approach. We use a multi-layering of sources to develop housing at a rent lower than market. Despite our best efforts, however, although lower than market, without senior government assistance it is impossible for us to offer a level of rent that is genuinely affordable for our tenants and still manage to sustain ourselves.

Peterborough Community Housing Development Corp is a private, incorporated, non-profit housing provider operating since 1999 without subsidy. Our first project was a large 90-year-old derelict house in the centre core given to us by the city. We converted the house into two-bedroom apartments which we rent at \$400 a month. That is, on average, \$250 less than market here in the city. The house is located on a large property. In August 2003, we received a \$50,000 capital grant from a large Canadian foundation to build a duplex with two three-bedroom apartments on this lot.

The apartments will be rented as transitional housing for families. The lower unit will be totally accessible. In December 2003, Peterborough had a total of 155 persons on the waiting list for modified housing. The family resource and early childhood centre is directly across the street from this new building and its services will be available for the tenants.

Our planning department has assisted in the zoning process required to sever a portion of this lot. We have arranged for a mortgage using another property we own as collateral. A local corporation is giving us a gift of \$10,000. A coalition of 12 churches called We Have a

Lot to Give will provide up to \$20,000 of fundraising money. A local housing provider with experience in housing for persons with disabilities, Kawartha Participation Projects, which assisted us with an application for grant money, also provided advice on the design of the accessible apartment. Members of the Peterborough home builders' association, whom you'll be hearing from later this afternoon, are preparing the designs and working drawings, contributing materials for the basement, donating frames and trusses, and accompanying us as we solicit other building materials. Volunteers will assist when possible during construction. A local service agency will assist us in selecting families who will live in the house. Supported by the service manager's housing administrator's office, the Peterborough Housing Corp will arrange for us to have two rent supplement contracts which will provide revenue for us to operate.

1400

All this work is being coordinated and the risks taken by a small, non-profit, unsubsidized corporation working now, in this particular project alone, with 15 partners—since 1999, we've worked with over 70 partners—to create only two apartments to meet our community's needs, at the same time as our community needs 125 to 130 units a year for five years for households with less than \$20,000 income. The voluntary sector can do a lot of the work, but not on its own, and not, certainly, indefinitely. The provincial government must get back into the affordable housing business, and soon.

I'd like to make three suggestions:

—First, to remember that creating housing, regardless of its purpose, is a public investment, and therefore public money can be used to generate more money through such things as incentives of tax credits or making provincially owned land available for development. These practices are quite well established in other parts of North America and in Europe.

—Second, imagine if the provincial government supported housing providers by eliminating the PST on building materials, created an enhanced rent supplement program, moved faster to implement a \$10 minimum wage, and increased the housing allowances of OW participants to 80% to 100% of the CMHC median rents. Imagine if the provincial government used such projects—and this, I think, is an idea that's very interesting and well worth pursuing—as opportunities for training apprentices in construction skills in partnership with builders, community colleges, senior secondary schools and eligible OW participants.

—Third, imagine if the provincial government formed partnerships with credit unions and/or large pension funds to assist communities in forming locally managed trust funds such as the Peterborough Affordable Housing Foundation. Annual grants supplemented by donations of money and land and the opportunity for investment returns would ensure an ongoing community-based way of providing capital for affordable housing.

The issue remains, however, ongoing operations. These strategies that I have mentioned would certainly

reduce the bricks-and-mortar capital costs and reduce rents, especially if non-profit organizations own and operate the housing. However, it is questionable if such rent reductions would be sufficient to eliminate completely the need for some types of ongoing subsidy programs unless there were significant increases in incomes either through assistance or employment. Despite the efforts of this particular municipality to create an environment to stimulate a new supply, the cost to develop new affordable housing on its own, with no support from the provincial government, is just not possible without a significant raising of local taxes. The gaps between the costs of housing and the levels of income are just too deep now without senior government involvement for at least one third of our households. Remember that no new affordable housing for low-income households has been built in Peterborough—new, that is—since 1992, when the federal government stopped its involvement in affordable housing. The provincial government withdrew from the sector in 1995.

As the needs analysis which I referred to earlier illustrates, this region has a serious housing crisis on its hands. Doing nothing is no longer an option. We have over 10 years of deficits to make up.

The Chair: Thank you. We do not have time for a full round of questioning, but in this rotation the question will go to the official opposition. You have about three minutes.

Mr Flaherty: Thank you all for your presentations. I can start with the general and then try to be more specific.

If we look generally at spending in Ontario, we've heard a lot of people here today say there have been reductions in spending. In the past 10 years—I say this just as a general comment, and I'll be more specific—spending in Ontario has gone from \$44.5 billion to \$62.5 billion. That's an increase of 40% over the last 10 years. That's program spending—not interest on the debt, not capital spending. We have had remarkable increases in spending over the course of the last 10 years. At the same time, people talk about tax cuts, tax reductions having reduced revenues. In fact, the opposite is true. Revenues over the same period of time are up \$23.493 billion. That's a 51% increase in revenues. All of this is in the government document on pages 52 and 53, for those who'd like to verify it. In social services, the spending now is more than \$8 billion a year, and from last year to this year is going up 4.3%, again according to these documents.

My concern is this: A lot of money is being expended, and what is incredibly valuable to obtain from you is the best way, the most efficacious way, of spending that money. With respect to the housing issue, I would like to ask you about housing not just for families in transition but housing for persons with disabilities, including mental disabilities, in Peterborough.

Mr Martyn: The first point I guess I would make is that while your numbers may be correct, the reality is that we have not been able to increase a new supply of low-

cost housing for families earning less than \$30,000 a year. We just cannot do it. So I would think that as a matter of conscience and a matter of ethic, it's very important that the two senior levels of government get back involved through some sort of funding program.

To address the other issue around persons with disabilities or persons with mental illness, we know again—and the numbers are in the report, as I mentioned in mine—that there are 155 people on waiting lists for accessible units; that is, units that have been modified to suit their needs. I described one example that is requiring the efforts of many, many of us in this community to create just one unit. Having worked in this field since 1985 as a volunteer, I'm at the point now where I just cannot see how it can be done without the involvement of senior government.

The Chair: Thank you for your presentation this afternoon.

SIR SANDFORD FLEMING COLLEGE

The Chair: I call Fleming College forward, please. Good afternoon. You have 20 minutes for your presentation. You may leave time within that 20 minutes for questions if you so desire. I would ask you to identify yourself for the purposes of Hansard.

Mr Gary Lounsbury: My name is Gary Lounsbury. I'm a volunteer and I'm chair of the board of governors of Sir Sandford Fleming College.

It's indeed a pleasure to be here in front of you today. We do have a message for you, of course, or we wouldn't be here. We'll do our best to be brief and be to the point. To that end, we've actually brought a few overheads which I know folks on this side may have trouble seeing, but it certainly will help me and I'm sure it will help you understand what my message is. With no further ado, I'll proceed.

First of all, ACAATO, our provincial association, recently commissioned a study by a research firm in Idaho which has looked at economic and social impacts of community colleges and most recently has done an extensive study in Alberta. They actually just finished doing Ontario colleges, and I would like to share some of the results of that study with you, if I may.

First of all, as you can see, there is an increase in lifetime incomes of students and also some social benefits as well, as it enriches the lives of everyone who gets an education. There is a 12.1% return on taxpayer investment to the government. Government investment is recovered in 11 years, so while it may seem like we're an expense, in actuality we're an investment. There's an \$11-billion annual economic impact from the community colleges in Ontario.

1410

Looking at Fleming College, we are a small to medium-sized college. We're like all the rest of our sisters and brothers across the province. We have an annual operating budget of about \$66 million. Our cost pressures—certainly we're in collective bargaining now

with our faculty, which may prove to be troublesome. We're having trouble attracting enough new faculty for the growing needs of our students. There's demand for support services, technology, and indeed, as most large organizations in Ontario are finding, our pension is becoming troublesome, with an additional cost there as well.

Turning back to the study, some key findings: Achieving a two-year diploma at a community college will increase your earnings to slightly over \$40,000 per year, or 12.3% more than an average high school graduate. A graduate of Fleming or any other community college with a two-year diploma will earn \$180,000 more than someone with a high school diploma over his or her career. Lifetime earnings will increase by 2.43 times for every dollar invested in colleges.

We've asked the provincial government for an additional \$90 million for the 23 community colleges per year over each of the next four years. The grant per student to the colleges—we want to move from \$4,700 a year to \$6,300 a year at the end of that period. I'll get to why I'm saying those numbers.

Here's the funding per student in Ontario compared to universities and secondary schools. As I mentioned, for colleges it's \$4,700 per student per year, for universities it's \$6,300 per student per year, and for secondary schools it's \$7,300 per student per year. I realize they're different things, but we're certainly way behind the national average as well, as you'll see coming up here.

Our enrolment, as I think most of you in this room know, has grown dramatically over the last period of time as our per-student funding has dropped. It's actually down 31%, while our enrolment is up 49% over the last 10 years. That funding gap is a chronic gap that we've seen for the last 10 years at least. Nationally, we're 70% of the national average for spending per student. Looking at all levels of education in the US, as a percentage of total US expenditures, as you can see, Ontario is at about 84%—sorry. Let me get this right.

Ms Barb Cameron: It's 74%.

Mr Lounsbury: It's 74% for the colleges per student compared to the US. Thank you. Barb Cameron is our vice-president of finance.

So as you might imagine, the shortfall affects all of our students in two fundamental ways: access and quality. That plays out in our colleges by increasing class sizes; reduced instructional time; limited access to faculty, counsellors and other services; continued inability to recruit enough top-quality faculty or to make sure we're at least on the leading edge of technology for our students to make sure that when they graduate they'll have the latest or to address our student dropout rates; and—I guess this is particularly true for smaller colleges like Fleming—some of the smaller programs where we don't have the economies of scale are somewhat at risk because of our reduced access. Certainly it's putting pressure on us. We've got to bring out new programs to keep up with technology etc, and that's making that more difficult.

Summing up, we believe it pays back, economically and socially, and certainly Fleming is a regional economic driver. It pays to invest in colleges. I mentioned the 12.1% return on investment. Certainly, the taxpayers of Ontario are better off because of the community colleges. It pays to learn. Our students are measurably better off in lifetime income and certainly in their whole self-esteem, and social things as well.

Those are my prepared comments, Mr Chairman. If there are any questions, Barb or I will try to respond to them.

The Chair: Thank you. We have about four minutes per party. We begin with the NDP.

Mr Prue: You have outlined I think what many of us in this room already know. We know that you are not getting adequate funding. The dilemma I think this government—and I'm in opposition—is going to have is, where do they get the money? They basically have two ways of getting you the more money that you deserve. One is to take money from other institutions, from the universities or the publicly funded schools; the other is to raise taxes. You haven't said what you expect or what you want from them. Where do you want them to get the money from—the other schools or from additional revenues?

Mr Lounsbury: That's a very good question.

Mr Prue: I try to ask good ones.

Mr Lounsbury: And that's a good one. I'm not sure I have an opinion on that. Certainly, the colleges realize the spending problems of the current government, and the past government for that as well. But I think when you look at the investment in our youth and you look at the investment in our economy, it's important to spend money where you get return, not just financial and economic return, but also social return. I certainly don't envy the government making their decisions on where they're going to divvy up the small amount of money they have available. But certainly I would hope they would seriously consider something for the colleges.

Mr Prue: You still didn't answer my question, so I'm going to go back to it. They really have only two options. What are you recommending to them—that they take the money from existing programs from other levels of education, or that they raise taxes in order to get the money? They're going to have to hear that from you; otherwise, I'm afraid they won't do anything.

Mr Lounsbury: I'm sorry. I can't respond to that question. I think that's a balancing act they'll have to deal with. I'm not at liberty to share what I think. My personal feelings may not be those of my colleagues or my college.

Mr Prue: Sir Sandford Fleming is a great little institution, from what I understand. What is the number of students, and what is the projected enrolment over the next few years?

Mr Lounsbury: The double cohort has hit us early, and it's tended to be a flatter hump than certainly our universities have experienced, but our enrolment is up

dramatically. It went up, what, about 15% last year, was it?

Ms Cameron: Over the last couple of years.

Mr Lounsbury: Yes, 15% over the last couple of years. We expect some levelling off, but certainly the growth is still there. I think what surprises us is the number of mature students who continue to come into the college system. What percentage is mature students?

Ms Cameron: I don't have that off the top of my head.

Mr Lounsbury: I think I heard a number of around 45%, but don't hold me to that, who are mature students coming back for retraining and for new careers.

Ms Cameron: Over the years, Fleming College's growth has tracked the system, so we are up about the same percentage over the last 15 years as the college system. This year the colleges were a little flatter in their enrolment growth but still up marginally.

Mr Prue: Do you offer co-op programs? Is that a way of getting some money, through those programs, you know, people going out to work?

Ms Cameron: The co-op programs help the students afford their college education; it doesn't really help the colleges' operating budget, per se. But no, we do not offer co-op programs at Fleming.

Mr Prue: What is the cost per student to attend this school versus the cost per year of university? I know all universities are different and all schools are different.

Ms Cameron: It depends on whether you're moving away from home or not, but we generally talk about \$10,000 a year for tuition and for a student living away from home. It would probably be \$3,000 to \$4,000 more for a university student, primarily because of tuition and fees.

Mr Prue: So if I were to look at Sir Sandford Fleming College or Trent University, we're looking at about a \$3,000 to \$4,000 difference.

Ms Cameron: Yes.

Mr Leal: Gary and Barb, thanks for your informative submission today. I have two quick questions. The first one is, how much private capital has Sir Sandford Fleming been able to attract over the last number of years? Have you been quite successful?

1420

Ms Cameron: We certainly exceeded the targets in our SuperBuild proposal. Our SuperBuild funding was just under \$30 million with the two grants we did receive, and that leveraged another \$20 million in capital just in the academic buildings. I think our total construction, private and government, was over \$100 million in the last few years, including residences, which helped the former speaker's housing situation in town as well.

Mr Leal: My second question is Mr Prue's question in a slightly different fashion. This government was looking to extend the deficit reduction. If we look at a four-year government mandate and through that mandate we say, "Year four is where we want to be in order to get a balanced budget," would it be acceptable to you to run smaller deficits, as we move through years one to four, in

order to put investments back into the community college system?

Mr Lounsbury: I couldn't speak for the college, but my personal opinion is, yes, I think that's a reasonable approach. Frankly, we have very low reserves. We're not a rich college, and I'm sure you're aware of that, so we don't have a lot of flexibility. Right now, we're looking at slightly over a \$3-million deficit for 2004. Last year, with the additional money we were granted by the provincial government, we were able to come in just about on budget. So it doesn't leave us a lot of flexibility to absorb or to—we realize we're just going to have to operate on whatever you give us, but certainly we think we have a good, strong case for ongoing support from this government.

The Chair: We'll move to the official opposition.

Mr Flaherty: Thank you for the presentation, and congratulations to Sir Sanford Fleming for many things, including the raising of private funds, which you've done with great success in and around Peterborough, to match those SuperBuild dollars, which were substantial. It's terrific that you've been able to accomplish that for the community.

It's good to hear from Mr Leal that the plan of the Liberal government is to have deficits over the next four years until we get near an election, and then we'll get a balanced budget, unlike the promise by—

Mr Leal: No, I'm just saying—

The Chair: Order.

Mr Flaherty: I'm sure you just made it up. I'm sure it has nothing—

Mr Leal: I was just asking for some comment.

Mr Flaherty: I'm sure it's not government policy. He's making it up as we go.

Mr Leal: You know better than that.

The Chair: Order.

Mr Flaherty: Chair, it's the government members' interruptions that I'm shocked with.

When we look at the importance of community colleges—and Bonnie Patterson from Trent University was here this morning—and look at spending issues and move from the big picture to the smaller picture, here's the gist of the problem, as I think fair-minded people would see it. We have substantial increases in revenues. In fact, the increases in revenues over the next three years are going to be \$4.1 billion per year—those are the government figures in the finance minister's economic statement. The problem we have is that the spending increases in health are 8% per year, compounding. The reality is that if the government does not address that issue on the operating side in health care, then education, including community colleges and universities, is increasingly going to be fiscally squeezed out in Ontario. So despite the good work you're doing, unless promises are kept by the current government, that problem will persist.

Let me ask you, then, if you can tell me what percentage of the budget at Sir Sanford Fleming is spent on human resources.

Ms Cameron: Roughly 75%.

Mr Flaherty: I think that is about right in our municipalities and community colleges in Ontario. The challenge with that is that 80% of the provincial budget is in the form of transfer payments, and unless there is some restraint in that area, then the government of the day is not going to be successful in balancing the budget.

What pay increases are you looking at in your negotiations? I don't know where you are in your negotiations, but what do you face?

Ms Cameron: We negotiate provincially, as you probably know, and our faculty is in the midst of negotiations. In fact, they're set for a strike vote on the 17th. Our support staff settled for 3%, 3% next year and then 0.5%—6.5% over the next two years. The management offer to the faculty was approximately the same, and it was rejected.

Mr Flaherty: The challenge we have there is that in the government figures the prediction for inflation is under 2% over the course of the next three years—2% three years out. The budget can be balanced at spending increases of 2.3% over the course of the next three years. But if we have these kinds of wage increases in the broader public sector in Ontario, then something is going to give, and I'm afraid it won't be health care. The reality is, regrettably, that our community colleges and universities, our education system and our social services—and we've heard a lot about that today—will suffer at the hands of this government because of an inability to control spending increases for human resources in the broader public sector. I just raise that, but I congratulate you again for what you're accomplishing at Sir Sanford Fleming and thank you for being here.

The Chair: Thank you for your presentation this afternoon.

PETERBOROUGH AND DISTRICT HOME BUILDERS' ASSOCIATION

The Chair: I call on the Peterborough and District Home Builders' Association. Good afternoon, gentlemen.

Mr Scott Wootton: Good afternoon, Mr Chairman and members of the committee. My name is Scott Wootton. I'm president of the Peterborough and District Home Builders' Association. I've been involved in the residential construction industry for 20 years, and I'm the president of Kawartha Lakes Construction Co Ltd. Joining me is Paul Lumsden. Paul is the past president of our association. Paul is also president of Vision Design Homes and has extensive experience in the residential construction industry. We are both volunteer members in this association, and in addition to our businesses and personal responsibilities, we are dedicated to serving the residential construction industry.

We appreciate this opportunity to speak with you today to deliver an important message from our local association in the residential construction industry.

I'd like to ask Paul to start and tell you a little bit about our local association and the Ontario Home Builders' Association.

Mr Paul Lumsden: Good afternoon, Mr Chairman and members of the committee. The Peterborough and District Home Builders' Association is the voice of the residential construction industry in this region of our province. Our association includes 75 member companies involved in all aspects of the industry. Together, our members employ over 1,000 people and are an important component of our local economy. Our local association is one of the 31 that together form the Ontario Home Builders' Association.

The Ontario Home Builders' Association is the voice of the residential construction industry in Ontario. As a volunteer organization, OHBA represents about 3,500 member companies across the province. Our membership is made up of all disciplines involved in residential construction. Together, we produce 80% of the province's new housing, and renovate and maintain our existing housing stock. We estimate our industry directly employs over a quarter of a million people and contributes approximately \$30 billion to the province's economy every year.

Ontario's housing market in 2003 was active and healthy. Starts last year were up by 2% over 2002 and reached a 14-year high of approximately 85,000 units. The housing industry was a bright spot in the provincial economy, despite a series of unpredictable economic shocks. Low mortgage rates, increased immigration to the province and high consumer confidence all contributed to strong sales in 2003.

OHBA and its members are looking forward to another healthy housing market this year. OHBA is forecasting a very healthy 78,000 housing starts this year. Renovation spending is also on the rise, with about \$12 billion spent in this sector last year. This certainly bodes well for Ontario's existing housing stock, which benefits from efforts to maintain and upgrade housing standards.

Locally, the housing market did not fare as well. For the year 2003 in the city of Peterborough, 261 new single-family homes were built, an increase of 39% over 2002. However, to put these statistics in perspective, the last building boom year in Ontario was 1988, and in that year Peterborough built 694 new single-family dwellings. With 2003 widely considered to be a peak building boom year in Ontario, with the highest number of new homes ever built, Peterborough has experienced a 62% reduction in new home starts from 1988.

1430

In a recently completed study commissioned by the county and city councils of Peterborough, other local housing factors are notable. (1) About one third of Peterborough households earn less than \$30,000 per year, which is significantly below the level of income to be able to afford home ownership. (2) About one quarter of all renter households are paying more than 50% of income on rent. (3) No new rental housing units have been built in Peterborough in the last 16 years and, as a result, Peterborough has experienced declining vacancy rates and increases in market rents. (4) Demand for emergency and temporary housing has increased dra-

matically, with lists for supportive housing rapidly increasing. (5) Existing housing stock has an older profile than Ontario. This is problematic for senior home owners and lower-income renters, due to higher energy costs and higher maintenance costs.

In another study recently presented to our local economic development group, it appears that there are approximately 9,200 jobs leaving the area to work elsewhere. Over 25% of these jobs are construction-related.

All these statistics, in our view, point to the flight of higher-paying jobs out of the Peterborough area since 1988, with no significant replacement of these jobs.

It is clear that ultimate solutions to the affordability-of-housing problem in Peterborough are improved household incomes, together with an expansion of the supply of new, permanent, higher-paying jobs. This must be a priority for the local townships, the city, the county and provincial government. Each of these bodies must resolve their differences to remove any or all obstacles that discourage corporations that can provide good-paying jobs from locating in or around Peterborough.

Further, it is incumbent on the provincial government to continue to provide the funding for the development of the Peterborough DNA Cluster project and on the various local governments to encourage the process by providing land and services as required.

While most builders are optimistic for 2004, they do have some concerns and list the top five barriers to growth as follows: skilled labour shortages, increasing material costs, land availability, development charges, and over-regulation. In order to maintain Ontario's healthy residential construction industry, these barriers need to be addressed.

Mr Wootton: Peterborough and District Home Builders' Association would appreciate your consideration with respect to the following:

Excessive regulation and over-taxation on the home building industry has pushed the price of new homes higher and higher, which in turn has put home ownership out of the reach of many families. New housing is the highest-taxed industry in Ontario after tobacco and alcohol. Studies by the Urban Development Institute have found that the total taxes, fees and charges paid by a home builder were up to 30% of the cost of a new home. Development charges represent a substantial portion of these fees. Presently, in Peterborough the development charges are \$5,567 for a single-family detached home, \$4,090 for two units and more, and \$3,100 for an apartment unit.

The PDHBA and OHBA are very concerned that in some instances background studies needed to justify development charges have been prepared using very inconsistent or sometimes flawed methods of data projection, which has resulted in various municipalities implementing development charges that are artificially high. As we begin another round of background studies and consultant reports to set new rates for this summer, we recommend that the government identify and correct abuses of development charges in the home building

industry and intervene to ensure that the intent of the legislation, which is to reduce costs, is met. OHBA seeks to ensure that developers pay only their fair share of growth.

Mr Lumsden: The Ontario Home Builders' Association has been actively involved in the consultative process as the government seeks to develop strategies for promoting and managing growth in ways that sustain a strong economy.

Transportation links are extremely important in achieving balanced growth. It is critical that government ensures efficient transportation links between neighbouring communities, and that mass transit is reasonably priced. The Peterborough and District Home Builders' Association is in full support of the government promises to allocate two cents per litre of the existing gas tax toward transportation infrastructure.

While our members understand that the government has to make tough choices to wrestle down the \$5.6-billion deficit, we urge government to move ahead with this promise as soon as possible. Further, we strongly urge that the government move to implement construction of the extension of Highway 407 to Highway 115 and to encourage Via Rail to extend service to Peterborough. With these services in place, we are confident that we can attract higher-paying jobs to the Peterborough area, such as the Peterborough DNA Cluster, and increase tourism.

A shortage of skilled labour is a major concern for the construction industry in Ontario. It has been a top concern for our members for a number of years. The increasing number of skilled tradespeople retiring is not being offset by the numbers of young people entering the industry. Informing and educating the public about opportunities available in the construction industry, as well as dispelling some of the negative stereotypes associated with skilled trades, is a major challenge for the industry and government.

In the past year, Ontario has finally turned the corner in the production of private rental housing. Investors are returning to this market, and private rental construction of new units is increasing. Since the Tenant Protection Act was introduced in 1997, private rental starts have increased by 400%. In addition to new supply since the introduction of the Tenant Protection Act, landlords have invested over \$1 billion per year in upgrading and maintaining existing rental properties across the province. The culmination of this activity has resulted in over 30,000 jobs created annually. Vacancies have increased significantly in urban centres across the province and, in some cases, are the highest they've been in decades, providing consumers with unprecedented choice.

In addition to this, rental rates are also decreasing, thereby making rental housing more affordable for tenants across the province. Although we have not seen the development in new rental housing units in Peterborough since 1988, we have experienced considerable activity in the upgrade of existing units. We are confident that the Tenant Protection Act is working. The proposal

by the provincial government to repeal this act would have devastating consequences for the new rental construction industry and mitigate against the emergence of new affordable rental units here in Peterborough.

OHBA further recommends the elimination or lowering of development charges on rental units to increase the economic viability of private rental construction. Government is encouraged to continue to review policy that discourages private investment in this sector. For those who simply cannot afford housing, the PDHBA recommends that the province provide shelter allowances. The private sector is prepared to work with the government to provide high-quality rental housing for tenants across the province. Adequate shelter is a basic necessity for all Ontario citizens, and we continue to support the provision of shelter allowances for citizens truly in need.

Mr Wootton: Pressure from the underground economy continues to plague our industry, particularly in the renovation sector. At the provincial level, estimates range from \$1.1 billion to \$1.7 billion a year in lost tax revenue. The PDHBA recommends that the government work together with industry to seek ways of encouraging and enticing customers to utilize the skills and the services of legitimate, honest renovators and contractors.

Peterborough and District Home Builders' Association has some concerns and recommendations regarding the future of the Ontario Municipal Board. The OMB has served a vital role as the independent adjudicative body in the province of Ontario for over 100 years. There is a need for an independent and impartial body to pass judgment on appeals in the province of Ontario to ensure land use decisions are made based on good planning and in adherence to the stated goals of the province. The residential construction industry is, however, open to improving the system and recommends an increase in remuneration of board members, as well as a lengthening of members' tenure. The Planning Act system is best served by the province articulating its interests through a provincial policy statement, with municipalities adopting clear policies through their official plans. The industry strongly supports an independent OMB that provides checks and balances outside the political process.

Mr Lumsden: Let me conclude by stating our concern for potential changes to the land transfer tax rebate for first-time homebuyers of newly built homes. Since its introduction in 1996, rebates totalling \$196 million have helped more than 135,000 Ontarians purchase their first home. This has certainly contributed to the strong growth experienced in the new housing market. The PDHBA supports provincial initiatives to target growth toward brownfield and infill sites, but our membership is concerned that any changes to the land transfer tax may place new housing out of reach for many young families. We recommend that the province investigate other means of either providing consumers with a tax break for purchasing new housing in targeted growth areas or providing builders with incentives to build in targeted areas of the province.

Mr Chairman, members of the committee, I would like to thank you for your attention and interest in our pres-

entation, and we look forward to hearing any comments or questions you may have.

1440

The Chair: Thank you. We have about two minutes per caucus, and we'll begin with the government.

Mr John Wilkinson (Perth-Middlesex): We've heard a number of your colleagues across the province, and I've heard your presentation a number of times, and I'm glad to be in Peterborough. It's interesting because it seems to be that there are many things you'd like us to spend money on, like addressing the issues of the shortage of skilled labour, which if I were in your business, I think I'd be very concerned about as being crucial. You really need to have money here for the DNA cluster, "But please just lower my taxes." In other words, you're saying, "Lower my taxes. You're in the way. But by the way, can you spend more money on us?" I guess that's why we're politicians, because we have to deal with that.

Specifically, though, there's one area where I think you're trying to help us, and that's the underground economy. When we're bleeding red ink at \$5.6 billion a year in the situation we've inherited, you said you're willing to work with us to try to root this out so that—I think it would help your industry; that is legitimate. But do you have a specific concrete proposal that you're bringing to our table to help us actually get at the root of this problem? Every place I've gone, you've said, "We want to work with you to get rid of the underground economy." But do you have anything concrete that we could take back to the Minister of Finance and say, "This is how we're going to do it"? Because we'd like to get that \$1.7 billion.

Mr Wootton: I could recommend, to begin with, a public education format that would let the public understand the liabilities they are under in either going with an unscrupulous contractor or possibly taking something on that may be a little beyond themselves and their own professional understanding of what the project may entail. Workers' compensation issues, possibly non-compliance or non-coverage issues—I think a lot of it comes down to public understanding and public education revolving around liability issues. That would probably deter the cash-under-the-table deal to start with.

Mr Klees: Thank you very much. I appreciate your presentation. We do hope that the current government understands the importance of your industry to the economy of this province.

Although I'd like to spend a little more time with you on a number of these issues, there is an area that is important to me and I know to a lot of consumers, those people who have purchased homes, and it has to do with the Ontario New Home Warranty Program. I'd like to know what steps your industry is taking to deal with some of the dysfunction within that organization. I can't tell you the number of constituents I have coming to me with complaints about not being serviced by this organization. There's a sense that it's very top-heavy and self-serving and really is not a consumer protection organiza-

tion at all. I know we have to keep that in balance, but from your perspective, what steps is the industry taking or prepared to take to ensure that consumers who make the largest single investment in their lives, in most cases, in their homes have the appropriate protection?

Mr Lumsden: I personally sat on the OHBA, the Ontario new home warranty liaison committee, for the last couple of years, and I am confident that the new changes, which the warranty program has just implemented now, to the warranty act under the project simplify and will serve to correct a lot of the instances you're talking about. That's not to say that there aren't unscrupulous builders out there who aren't necessarily members of our organization and may be building not under the warranty program, which is an illegal act. Everybody has to understand that builders will pay for those unscrupulous builders and that, in most cases—and I think in all cases—these homes will be fixed to the satisfaction of the owners.

Mr Prue: I've heard this argument many times, and I'm just going to come back to you with your own statistics. You have 85,000 units that you built. Last year you built under 3,000 units of rental housing in the entire province—3.4%. You think that this is a good thing and you tell us not to tamper with the Tenant Protection Act. At the same time, in a city like Peterborough you built no rental housing. We've had people here today talk about waiting lists of years and years. You've also admitted that there is a declining vacancy rate in this city and that market rents are increasing substantially. How can you justify this statement that the Tenant Protection Act works, especially in this community? To my mind, it's an abysmal failure. Group after group reads that same statement, and I don't see where it works.

Mr Lumsden: Up to 1997, there were hardly any units being built province-wide. We see now, year over year, that there is at least a 400% increase. We think that the Tenant Protection Act is starting to work and that, given time, it will produce the 16,000 units a year that are required in the province.

Mr Prue: That were built before the Tenant Protection Act, up until 1995 without a tenant protection act. So I still wonder why this works.

Ms Lumsden: There was lots to do with rent controls. There are still some inherent problems in the way rental units are taxed to the owners from a federal point of view. We are working as an organization at both the provincial and federal levels to try to correct some of these things so we can increase the number of units built.

The Chair: Thank you for your presentation this afternoon.

Ms Marsales: Point of order, Mr Chair: Would it be possible to have a copy of their report maybe mailed to us?

Mr Wootton: Certainly.

The Chair: Just your speaking notes that you had prior. If you could give them to the clerk, he'll distribute them to all of the committee members.

PETERBOROUGH RAGING GRANNIES

The Chair: I call upon the Raging Grannies.

Mr Colle: Peterborough chapter, Mr Chairman, unless they're impersonators.

The Chair: Good afternoon. You have 20 minutes for your presentation. You may allow time for questions if you desire. I would ask you to identify yourselves for the purposes of Hansard.

Ms Linda Slavin: This presentation is the Raging Grannies in Peterborough and, because we're a very social group, we've combined with the Peterborough Coalition for Social Justice. Both those submissions are being handed out to you.

You want to know who we are. So introduce yourself, Granny Ruth.

Ms Ruth Hillman: I am Ruth Hillman and I am for everything that is going wrong with Ontario.

Ms Slavin: I'm Linda Slavin. I also work with the Coalition for Social Justice.

Ms Joan Smith: I'm Joan Smith. I'm an organic farmer.

Ms Joan Gibbon: I'm Joan Gibbon.

Ms Silver Fox: I'm Silver Fox.

Ms Cindy Buott: I'm Cindy Buott.

Ms Nora Martyn: I'm Nora Martyn.

Ms Slavin: Our format is that we're going to present to you some of our ideas, primarily focused on anti-poverty issues. We're joined with Cindy Buott, who's a very active person in the local end of provincial social justice associations.

We ask you all to stand, please.

Peterborough Raging Grannies:

Our Canada
They're taking it away
True corporate greed
We pay the price today.

Our destiny, our liberty
We hate to see you go
Oh, rulers of Ontario
We're here to tell you so.

We'll keep our land
Glorious and free
Ontario we stand on guard for thee.
Our Canada, we stand on guard for thee.

Give us a place to grow, and a place to know
Justice and peace in Ontario
A place to grow, a place to know
Ontari-ari-ari-o.

The Chair: Continue on, please.

1450

Ms Martyn: We have it on good authority that this was the Tory caucus's warm-up song in the last government. We're counting on the present government's common sense to be much more in tune with the real needs of Ontarians.

Peterborough Raging Grannies:

Right-sizing, downsizing, rationalizing
Insourcing, outsourcing, privatizing
Disentanglement, cutting the strings
These are a few of our favourite things.

Offloading, downloading, re-engineering
Divest, restructure, promote volunteering
Tax cuts to fund our friends' Florida flings
These are a few of our favourite things.

If you're jobless, if you're homeless, if you're feeling sad
Simply remember our favourite things
Then you won't feel so bad.

Housing's not part of this government's mandate
Vulnerable people just need a band-aid
We won't give handouts, they need a hand up
Let's start by grabbing that fellow's tin cup.

Improve education by inventing crises
Don't know the difference 'tween values and prices
Close down more hospitals, costs are too high
Isn't it cheaper to let people die?

If you're jobless, if you're homeless
If hunger makes you tense
We weren't elected for caring a damn—
Just for our common sense.

Applause.

Ms Slavin: The applause does not count in our time. Now we're going to join with Cindy Buott in this next song, because we do need some justice. We don't need all those other things.

Peterborough Raging Grannies:

O yeah, put up the minimum wage
Ten bucks an hour doesn't let folks save
The system keeps folks disadvantaged
We need some justice or the grannies will rage
O yeah, we all need to sing from the very same page.

Ms Buott: I'm a single mum with two daughters who have special needs. I work just as a telemarketer, which pays just \$7 an hour. I appreciate the fact that this government has increased minimum wage, but it's still not enough. When you look at the rising costs of living, such as hydro, heat, transportation, child care, \$10 wouldn't have made a huge difference for our family.

Peterborough Raging Grannies:

O no, those shelter costs are too high
Decent housing some folks kiss goodbye
No respect that independence would buy
We need some justice or the grannies will sigh.
O yeah, we need some justice or the grannies will sigh.

Ms Buott: I live in housing that has been created by the Peterborough Community Housing Development Corp, which is basically a volunteer committee. I live in their housing. While it's not subsidized rent, it is below market value, so it does make a difference. But there are many people in this area who are living in substandard housing, and the housing lists are really long, so it ends

up eating up most of their disposable income. It would be good if this government could address that.

Peterborough Raging Grannies:

O no, no equal labour rights

Workfare takes away, it is a fright

Layoffs, low wages just aren't right

We need some justice or the grannies will fight.

O yeah, we need some justice or the grannies will fight.

Ms Buott: I just want to speak on workfare. When it was implemented, a bill was passed called Bill 22, and that prevented people from organizing. There was a situation of a woman who was working. Her workfare placement was in a nursing home and, unfortunately, what happened was she ended up contracting a disease that was passed on by one of the residents. As a result, she lost her workfare placement, and as a result of that she lost her income. So it's very punitive and it needs to be addressed.

Peterborough Raging Grannies:

O no, education's a mess

Kids and teachers they are depressed

We need change to relieve their stress

We need some justice or the grannies won't rest.

O yeah, we need some justice or the grannies won't rest.

Ms Buott: I'd just like to say that the students are part of the social justice coalition, and they're concerned with the shift in public investment to private debt. Many low-income children are exempt; they don't get to take some of the courses because there are user fees. For instance, in the high schools now they have a \$20 lab fee, which means that the students can't take the science courses. All of these things that should be in place because it is a public education system—unfortunately, it's moving toward the private system, and that's no way to address some of the poverty issues.

Peterborough Raging Grannies:

O no, the health system's failing us

We can't let it be a total bust

Let's ensure low-income access

We need some justice or the grannies will fuss.

O yeah, we need some justice or the grannies will fuss.

Ms Buott: I was speaking to some of my co-workers today about coming here, and saying I was going to be presenting some of these issues. One of the co-workers is 50 years old. She's a diabetic. She has numerous health problems. Her husband drives a cab. Unfortunately, because she couldn't always access her medication, and different things, she ended up in the hospital. The Trillium drug plan, unfortunately, is just a real nightmare right now. Even though she's filled it out twice, she's still having problems being able to access that. She ended up really ill. She spent two weeks in the hospital. The doctor there was really upset with her.

When you look at that kind of situation—we need to have universal health care that's accessible to everybody. It doesn't make much sense to have this woman hospi-

talized for two weeks. She couldn't work, and it's costing more in health care dollars. So maybe we could look at a way of streamlining that Trillium process and making health care accessible to everybody.

Peterborough Raging Grannies:

We need some justice or the grannies will rage

We all need to sing from the very same page.

Ms Betty Borg: We are concerned about children's health even before they're born, and the parents' as well.

Peterborough Raging Grannies:

Watch out for those blobs in the water

Polluting, in spite of the rules

They're not just a hazard to nature

They're threatening the family jewels.

When so many of us got breast cancer

No one seemed in a rush with an answer

But wouldn't you know that they're raring to go

Now that research has shown why the sperm count is low.

Watch out for those blobs in the water

Polluting, in spite of the rules

They're not just a hazard to nature

They're threatening the family jewels.

If your lover has trouble performing

Remember, we gave you a warning

If you want to be fruitful and to multiply

Fish him out of that lake and make sure he's quite dry.

If the man you are with now ignores you

And you think that he may have the flu

Don't blame him and cry, do not even ask why

Just go and grab all of his tubes of shampoo.

Watch out for those blobs in the water

Polluting, in spite of the rules

They're not just a hazard to nature

They're threatening the family jewels

They're threatening the family jewels.

Ms Slavin: We wore our best jewels today too.

I just want to draw your attention to the Peterborough coalition group. I don't intend to go through it, because we've sung about it, but there is a little more detail here that supports other speakers today, supports Cindy's words. Committee members took different themes to develop so that we could hit most of the anti-poverty priorities, and we want them to be supported by Queen's Park. If poverty issues are not addressed, we believe the province will lose any kind of balance that we have for a healthy province, so we are asking for comprehensive programs to combat poverty, not a zero sum game. We can't play one sector off against another; it's not going to help anyone. Poverty is the issue that should galvanize new budget priorities, and indeed new budget design.

1500

How do we pay for these? "Ah, how do we pay for these?" you say. We think there are many options, but the

Peterborough Coalition for Social Justice and the Living Wage—Living Income Coalition wish to go on record demanding an end to tax cuts. The Tory tax cut benefit is evident in underfunded schools, hospitals, and in the increasing disparity in Ontario. We wish to join the 70% of Ontarians who are willing to pay more taxes if health and education were improved. We wish to join the 60% to 65% of Ontarians willing to pay more for post-secondary education. We wish to join the 60% of Ontarians who are willing to pay more taxes to help poor children.

Essentially, that's what we're asking. We have labour issues, we have poverty and health issues, education access issues. We have a few suggestions that don't even cost much and would look really good on you if you implemented them right away. We're asking you to read this with care. Ask us any questions you like.

We should warn you that the Grannies are always asked for an encore, so—

Interjection: Encore, encore.

Ms Slavin: If you just leave enough time after your questions, we'd be happy to do our encore.

The Chair: We have about six minutes left. We'll begin with the official opposition.

Mr O'Toole: How about Pinocchio?

Ms Slavin: We are not entertainment, sir. We are Raging Grannies.

Mr O'Toole: You're not entertainment; wow. Are you union members?

Ms Slavin: I understand what you mean.

The Chair: We'll move to the NDP.

Mr Prue: I don't have any questions. I just want to tell these women that they're beautiful.

The Chair: We'll move to the government.

Ms Marsales:

Thank you, Grannies

Thank you, Grannies

Thank you, Grannies

For all getting involved.

Ms Slavin: You can be a Raging Granny when you grow up.

Ms Marsales: Soon enough, soon enough.

The Chair: Is there any comment you would like to make to the questions that were asked, which might be of your choosing here? I'm suggesting that it might be singing. Are there any final comments from the Raging Grannies?

Ms Betty Borg: I would say that prevention is the way of saving money. Build schools, improve education facilities for special-needs children, and put money back into the system.

Ms Smith: Also increase a family's income so they can afford decent food, preventing health problems.

Ms Slavin: This is an organic farmer. She knows.

Ms Hillman: We should warn you that the Grannies always turn up, whether we're invited or not, whenever we think that there's a chance we might be able to get our message across.

The Chair: You have about three minutes left.

Ms Betty Borg: Another issue is pollution in our food, in our water and in our air. Nothing else is going to matter if our kids can't breathe or have water to drink. We need food that we know what we're eating, without pesticides—it kills dogs, it kills kids, and adults too.

Ms Slavin: You will note in the brief from the Social Justice Coalition and the Living Wage—Living Income Coalition, we mention in the very last paragraph that we've not had time to explore the multiple problems of the environment and how pollution affects the economically marginalized most severely. But, because this should be addressed, that's why we're singing our songs here today.

Peterborough Raging Grannies:

Winter's warming, winter's warming

Soon be spring, soon be spring

Drive our cars forever, drive our cars forever

Pollution we bring, pollution we bring.

No polar ice cap, no polar ice cap

Weather gone mad, weather gone mad

Let's drive our cars forever, drive our cars forever

It can't be that bad, it can't be that bad.

Crops are dying, crops are dying

Sun's too strong, sun's too strong

We'll drive our cars forever, drive our cars forever

Can't be wrong, can't be wrong.

Public transportation, public transportation

It's not for us, it's not for us

We'll drive our cars forever, drive our cars forever

Stop that fuss, stop that fuss.

Drive our cars forever

Consume, consume.

SUSTAINABLE PETERBOROUGH

The Chair: I call on Sustainable Peterborough. You have 20 minutes for your presentation. You may leave time for questions within that time period. I would ask you to identify yourself for the purposes of Hansard.

Mr Terry Rees: It's Terry Rees. I'm the manager of Sustainable Peterborough. It's a program of Peterborough Green-Up association. I thought I had a tough spot when I got on in the pm, but I had no idea. I won't be singing this, because in the last 10 minutes I couldn't find a rhyme for "demand-side management."

Members of the committee, I'm pleased to be able to come before you today and speak to some perspectives on Ontario's energy future and some potential budgetary implications. I've provided some background material, which I'm hoping you'll take the chance to look through. I'm not speaking directly from the notes, but most of what I'm talking about as well as some supporting documentation is contained in the package.

The Ontario energy picture is a complicated story and I plan to speak specifically to the demand side of the equation and not the supply or generation side. We know that collectively it's a stable energy future for Ontario. It's going to rely on support from many friends. Using

our precious energy resources efficiently is going to be an absolute must, no matter what the rest of the recipe looks like.

Peterborough Green-Up is a member of the Green Communities Association, which was established by the NDP some years ago. Peterborough Green-Up has been around since 1991 and has undertaken a number of community environmental programs across this region. Peterborough Green-Up has done about 6,000 green-home visits, which have dealt specifically with home energy use, but a number of other household environmental issues as well. Peterborough Green-Up is also the local delivery agent for the EnerGuide for Houses, which is the program developed by Natural Resources Canada to assess and make recommendations about the energy efficiency of homes.

Peterborough was the location where the current federal energy incentive program was born in 2000 and 2001. The pilot program here included 200 households, 100 of whom took advantage of the pilot program incentives. By way of reference, in terms of how vital this type of information and this type of program can be to achieving energy efficiency, the combination of specific energy advice that comes through this program as well as some creative financial support, which is reasonably modest in the scheme of things, the 100 householders who participated saw their energy costs on average drop by 34%. I should note at this point that it was in large part due to the demand-side management provisions that were in place at that time that allowed Enbridge Gas Distribution to be a key part of that program.

What we're looking for in the future is continued participation on that front, including the early adoption of demand-side management by local distribution companies, such as the Peterborough Utilities Services, to undertake public education and programs and to do on-bill financing for capital projects which are better designed to use our electrical resources. Having that type of capability is a necessary and important element in a comprehensive program to reduce overall energy burden.

1510

The Peterborough Utilities Services in particular has had great success in some respects managing peak loads through their water heater load controllers, which allow them to essentially control peak demand and move it to off-peak times.

Similar future initiatives such as time-of-use metering, which will accomplish the same type of benefits and more in terms of changing the load shape of Ontario's overall demand, are going to rely on access to demand-side management financing.

I'd like to encourage the province to carry on in terms of implementing the tools through demand-side management for local distribution companies and, if possible, to accelerate that so we can allow for the early capture of some of those savings.

Community designed and delivered programs are amongst the most effective at driving change that sticks

and has results. If we want to seek out sound programming and support these ideas, we can find examples that we can apply across the province. We know they can yield long-term benefits that engage people not just at their homes, but in their workplaces as well.

In Peterborough we've had the opportunity to work closely with Sir Sandford Fleming College, which as you know is quite a novel organization that has done great things with the buildings they own and operate, and they have won a number of energy efficiency awards in their quest to serve as leaders in the community and to provide real-life examples of how to build smart.

Ongoing costs often aren't covered when we have funding and capital considerations. The fact that people are willing to be informed and given the opportunity to take advantage of mitigating their long-term costs is a benefit to all.

We have an incentive program envisioned—not just a financial incentive program but also a technical incentive program available for small businesses, which in this community, not unlike elsewhere in the province, have continued to be a strong engine for growth. The federal government, by way of the offset energy efficiencies, indicated a strong commitment to this by way of a couple of hundred thousand dollars. The local chamber of commerce is very excited and interested in having their members participate. It's a way for them to show demonstrable changes to their members in their long-term energy burden and make them more competitive.

We've sought ongoing interest from the Ministry of Energy at the provincial level and made a submission in the summer of 2003, much of which is contained in your package. We would like to encourage the revision and a relook at those provisions of that pilot program, which we'd like to do in Peterborough, which we know has the potential to be duplicated across this province and in other communities. There are also advantages that are in place through this kind of program to address some of those issues about social housing and affordable housing, where the people who can least afford it have some of the least efficient housing in the province.

Small business in this province is worried about a number of things, whether it's the dollar or insurance, but in particular what's going to happen with the stability of energy and the stability of energy prices. By providing them with the tools we might develop out of this pilot in Peterborough, we're hopeful that we could deliver something for an otherwise underserved constituency.

I'd like to finish up there. I would welcome any questions.

The Vice-Chair (Mr John Wilkinson): Thank you. We have about three minutes for each caucus and we begin this rotation with the NDP.

Mr Prue: As always, some very good words from you. I note here in your statistics on the first page that in Peterborough alone, homeowners and small businesses could save \$13 million a year in utility costs. You go on to say that that would cost up front \$84 million. This would be about a seven-year repayment?

Mr Rees: In simple terms, yes.

Mr Prue: But in terms of the benefits to Ontario, particularly the energy mess we appear to be in around hydro, the escalating costs of natural gas, the non-sustainability of our hydro system, I don't think there's any way around this. Has this government, since its election—and I know it's only been four months—been open to any of these ideas?

Mr Rees: I think a number of the measures that we're hopeful will be in place are already in the works, including the demand side management I spoke of, and a number of other provisions in Bill 210. As far as I'm concerned, it can't be soon enough, because we're going to be back into the summer season very soon and I think there needs to be an early adoption of all of those measures and probably more. I think the collaboration at the federal government and the leadership the federal government has shown—most of this comes via their Kyoto commitments—should be taken advantage of by the province at the earliest opportunity.

Mr Prue: Do you have a number for all of Ontario, not just for Peterborough, about all of these energy-saving measures? We know that it will pay back in seven years, which is probably a whole lot better than Pickering 2 and 3 will pay back in seven years.

Mr Rees: I won't agree.

Mr Prue: OK. We already know that's billions of dollars wasted, totally gone, will probably never work. How much will this cost the province?

Mr Rees: I don't know that I have a province-wide number. I could probably find one for you if you like. I think what I'd like to say is that, unlike building more capacity or utilizing more technology, these are measures that are available through conventional means, through readily available and current technologies, and there are things that we can do today. So this is not anything that anyone needs to invent or that's speculative in any way. There's a proven type of numbers.

The Vice-Chair: To the government.

Mr Peterson: What percentage of total expenditures in utility costs is this \$13-million number on the first page?

Mr Rees: What percentage could they save?

Mr Peterson: You said they can save \$13 million. What percentage is that of the total utility cost?

Mr Rees: That they're paying today?

Mr Peterson: No. The total utility costs are X.

Mr Rees: Approximately \$145 million in the city of Peterborough is being spent on—

Mr Peterson: So this would be about an 8% saving on total cost?

Mr Rees: Correct.

Mr Peterson: Are you aware that a lot of asset-based leasing companies will finance upgrades with that type of return? Is that knowledge that would come to you here at all?

Mr Rees: Yes. Financing becomes a very interesting portion of this. What we found is that without a little bit more sophisticated approaches to selling the upgrades

that are available to buildings—because there is financing available—people are usually more willing to look for their three-year payback project than their seven-year payback.

Part of the pilot that we've envisioned and part of what we've found works elsewhere is where there are demonstrable savings, so you can prove to people that they're going to get their money back, because there's been a lot of speculation about how much money you can save doing different measures over the years.

So although the financing means are there for most of the people we're hoping to compel to and help to do the upgrades on their buildings, they often don't make it over the line, if you know what I mean, in terms of the paybacks.

Mr Peterson: Yes, I would presume that could be part of the problem, and maybe that's where a collective effort on the part of the government could assist.

I find your philosophical approach excellent. The more specific you could be in terms of sending us more information on specific examples of specific funding for different types of buildings and the upgrades that do energy savings, the more helpful it would be to our government and the more helpful it would be to us, if we're trying to give an assisted funding model for making those upgrades, because certainly I think this is a key interest to everyone.

The Vice-Chair: You're asking that that information be tabled with the committee? Yes.

Now for the official opposition.

Mr Flaherty: Briefly, I have two motions that I'd like to make later.

Mr O'Toole: I'm genuinely interested in the whole issue of energy. You've brought a number of suggestions here. I want to start by making a couple of statements and then ask you a question.

The concept that the people of Ontario have been living under is power at cost from Adam Beck's beginning of Ontario Hydro. In fact, that's actually been false. There's never been a time in Ontario when it's been power at cost. It's been subsidized by all levels of all stripes of government. That being established, the province did look at the Macdonald commission report and looked at the renewing of the nuclear facilities and all of those studies I'm sure you're familiar with. Have you looked at the work done by the alternative fuels committee? A number of recommendations are in there, some of which you've mentioned here. One is the demand side management solution and the other one is the renewable portfolio standard, which has been made law in Ontario, which means that a percentage of new load coming on the grid would need to be from renewable sources, like wind, solar, methane and biomass.

1520

We also took measures to reduce the PST, the provincial sales tax, on energy-efficient appliances. The intent, of course, going forward was to increase the number of appliances eligible. Bill 2, which they've passed, only extended that to the period of March 2004, which is

imminently going to match when they've increased the price of energy. Now, we could argue about the price of energy.

I'm asking you a question: Do you think those solutions to drive the control of demand side—that's shaving peak load—into the hands of consumers, given that the residential rate is only about half of the whole load; it's more the industrial sector that consumes most of it—do you believe they should fund the implementation of time-of-rate metering, time-of-use metering or interval meters? Do you think they've got to give the consumers some tools? Otherwise, there is no movement if I reduce my energy consumption between 8 in the morning and 8 at night. It's just a bundled rate. I'm asking you the question, not the audience.

Mr Rees: Why, are they nodding?

Mr O'Toole: Sure.

Mr Rees: I think there's the concept to give people the economic tools to see the impacts of their decisions, which means moving their demand to after 8, for instance—that's the saying around here—and washing their dishes at night and this sort of thing. At the consumer level, to be honest I think you rely a fair bit on the goodwill of people and the fact that they can collectively see it. It's a matter of perception, in many respects. Particularly small business and people who have nominally larger utility bills, without giving them the tools to see that there is a benefit from shifting their loads, I think it's very difficult to compel them to change behaviour or to help collectively.

Mr O'Toole: One solution is the time-of-rate meter, where we could educate the consumer. If I'm using it, I would know the rate I'm paying. If it was seven cents an hour or four cents per kilowatt hour, I could make decisions. That's what consumers need, whether they're small business or residential users. Today, when you stop using your dishwasher during the day, it doesn't mean a thing to your bill. It moves peak load, which means when they're buying bulk energy off some other grid, maybe the American or Quebec or Manitoba, but there's a huge educational issue. I think you play an important role in educating consumers.

I charge the current government, and I'd like to leave you with one remark. What would you recommend they do going forward with the considerable restructuring of the energy sector, both generation and transmission and distribution? What would you recommend that they do first?

The Vice-Chair: I'd ask that you keep your answer short. Thank you.

Mr Rees: That type of information you mentioned, which is time-of-use pricing, if you can do it proactively and give people the opportunity to react against a price, in other words move load before they use it, I think that's a vital piece of the puzzle. I would urge the government similarly to do so.

The Vice-Chair: Thank you very much.

CAMPBELLFORD MEMORIAL HOSPITAL

The Vice-Chair: I call on the Campbellford Memorial Hospital, please. The committee welcomes you.

Ms Kelly Isfan: Good afternoon. My name is Kelly Isfan. I'm the president and CEO of the Campbellford Memorial Hospital. With me today is Mike Seeger, vice-president, finance and operations.

We have apparently brought you half a presentation—a clerical oversight. We just looked at it, and I said, "Oh, my half is here, Mike." Mr Seeger has prepared his remarks and will be pleased to send you the rest of it. Your staff person has given us the address.

I just want to paint you a bit of a picture about the catchment area and demographics related to the Campbellford Memorial Hospital. We're a small community hospital located about an hour from here. The map that you can see on page 1, our prime service area, has a population of 12,500 people. Our catchment area includes Campbellford, Havelock, Norwood and a portion of the Brighton area.

In 2001, the census for Trent Hills was 12,569, and we are finding that our catchment population is a bit broader than that, with a total estimated population of 30,000 people.

Some 11% of our catchment population is aged 75-plus, compared to 6% for Ontario, and 23% of our catchment population is aged 65-plus compared to 13% for Ontario. The median age of our population is 45.1 years, compared to an Ontario median of 37.2 years. In our hospital, we do see older folks with the attending health problems and diseases that you would expect.

The average earnings for full-time wage earners in our catchment area was \$36,286, according to the last census, compared to an average earning for Ontario full-time workers of \$47,299. Those determinants factor into the volumes we see at the hospital.

Next, moving on to our hospital itself, our emergency department over the past two years has experienced 21,000 visits. That is a 10% increase from previous years. Now 20% of our emerge patients have no family doctor when they're registering with us, and our increased emerge volume is directly related to a lack of family doctors in our catchment area. As our volumes have increased, waiting times are now three to four hours for patients coming to emerge and needing routine care.

The next page illustrates the top eight reasons for emergency department use. They are what you would expect for people who are accessing basic primary care services in a hospital instead of at a family practitioner's clinic: ear, nose and throat infections, skin disorders, tracheobronchitis, influenza, urinary tract infections, asthma, headaches and orthopaedic after-care.

Our in-patient care is composed of 34 active acute beds. We have 1,400 discharges a year, and our length of stay is getting to be seven days plus. In 2002-03, we had 1,500-plus discharges, with a slightly shorter average length of stay of seven days. Some 52% of our in-patients have no family doctor or have a non-local doctor without

hospital privileges, which is driving the statistic on our length of stay. It's increasing because of that.

I've listed the top reasons for in-patient admissions, which are consistent with an older population. I'll leave those with you for review.

We do have 10 chronic care beds that average only 31% occupancy. We do not have the full complement of physiotherapy, OT and speech therapy required for this kind of chronic care patient.

We provide basic surgical services and have had an increase of 600 cases in 2001-02, 848 cases in 2002-03, and this year we're predicting 900 cases. Some 90% of our surgery is done as day surgery, which is a lot more cost-effective than having people come for in-patient surgeries.

Our most frequent surgery is gastroscopy and colonoscopy, dental surgery, ear, nose and throat, biopsies, excisions and hernias. We are providing basic services for folks to come and get these surgeries done in their hometown, rather than travelling farther afield.

We host various consultants, also known as specialist doctors. We average around 3,500 patients a year coming for consultant clinics so that people don't have to drive to Peterborough or farther afield. We have had a dip this past year, which we might want to attribute a little bit to SARS, when the hospital was closed for a couple of months.

We refer out our CT scans. It's hard to trend these when you're a small hospital. They do go from 252 to a high of 370. This year we've referred out 285 CTs, and that's at a cost of \$94,000 to the Campbellford hospital.

Similarly, our radiology in-patient and outpatient volumes are increasing slightly from 15,700 in 2001-02. It has increased slightly over the years, and we're predicting 16,000 visits to radiology this year.

We wanted to paint you a picture of a small community hospital that provides basic core services to people in our community.

1530

Mr Mike Seeger: I just wanted to give you a quick overview of the financial issues involved in running a small rural hospital. Again, our apologies for not having this section with us today. I guess if I had brought my tap shoes, I could have ad libbed a bit here.

In terms of our staffing, we are the largest employer in the area, which is quite typical for a rural hospital. We employ about 200 staff. In terms of the cost drivers, I think if you hear from other health care agencies and hospitals, they are similar. We have an aging population, as Kelly mentioned. The cost of technology is constantly a challenge for us in terms of new equipment, computerization and so on, in order to provide services more effectively. We see a constantly increasing demand for our services, again, in our area, partly related to the aging population. Our rurality is an issue as well. Our location is such that providing service close to home, in the case of the services that were mentioned, is quite cost-effective. A lot of our catchment population find it very

difficult to go elsewhere as well, in terms of the lack of infrastructure, local transportation and so on.

In terms of our cost structure, again very similar to other hospitals: Roughly 80% of our costs are wage related, staffing related. We don't really have a lot of control over that, given the degree of unionization in the workforce. We are facing other cost drivers as well, which you've probably heard from other agencies, in terms of our utility costs. Hydro was mentioned by a previous speaker, insurance; things of that nature are going up.

In terms of funding, our budget is approximately \$13 million. The majority of those dollars come directly from the ministry, so we are very reliant on the ministry for our operating dollars. Until three years ago we did have a balanced situation and we've always strived to be as efficient as we can. We've generated over \$300,000 in savings and reductions in each of the last two years. We are still falling behind, and unfortunately three years ago there were some one-time dollars provided to all the hospitals that were not annualized. Because our budget is so small, that has really given us a lot of difficulty in meeting our requirements. It was approximately \$550,000 at the time, which would have covered off our accumulated deficit to this point, which is about \$1.2 million.

The big issue for the hospital sector and ourselves is that we would really like to see predictable, stable funding so that we can plan for the future. It's very difficult to plan effectively, especially with the size of the system, even in a smaller hospital such as ours, if we really don't know what our funding is going to be in advance.

We have seen a 4.5% increase in our funding each year for the last three years, which is substantial. Unfortunately our costs have far outstripped that, with wage increases and other costs being far ahead of that.

Another major financial challenge for hospitals is on the capital side. We don't generate enough working capital to be able to buy the equipment we need, to fix the mundane things such as our leaking roof. Those kinds of issues are important, and the ministry does have some limited dollars, but it's very difficult to access them. Currently there is a limit of 50% funding for major bricks and mortar if it's not through the restructuring commission funding.

Also on the capital side, of course, we need to replace our equipment regularly. Radiology is a big issue for us, and certainly across Canada it's a major issue as well. Radiologists as a group have brought that to the government's attention and we did have some one-time dollars for the system a couple of years ago in that regard. But unfortunately, fundraising can only cover a certain proportion of those costs, and you see that in your own communities, I'm sure, as well.

One other quick note for you, just to give you a bit more information on who we are. We also sponsor a number of other organizations on the same physical site. We have a seniors' apartment complex that we sponsor and administer; our multicare lodge, it's called. We also have a health centre that was built three years ago that

houses our doctor group as well as other related groups, physiotherapy and so on. We sponsor an adult mental health program on the site as well.

One reason for mentioning these is that if the hospital didn't exist, these organizations wouldn't be there to serve the community either. We're the hub of that group of organizations, and certainly they would not be there without the hospital as the driver over the last 10 to 15 years.

The Vice-Chair: Thank you for your presentation. We have time for questions. In this rotation it will be about three minutes.

Mr Leal: I note that Norwood, Havelock, Belmont and Methuen are part of your catchment area. To be fair, I commend the previous government for the establishment of the nurse practitioner in Havelock. But I'm interested in the correlation. The number of visits to your emergency room have gone up by 10%, but the top eight reasons that you identify here are the things that I thought nurse practitioners were going to look after in order to reduce that pressure on emergency rooms. Could you just respond to that?

Ms Isfan: Sure. I understand from talking to that particular nurse practitioner that she is no longer taking new patients in her own practice. I think we're just reaching the point where that nurse practitioner and others are stretched and people are coming seriously, acutely ill; they are not emergently ill but they are coming because they do need or feel they need physician care. Perhaps, just anecdotally, I can tell you, they're worried, they're sick, they're upset, and they want to seek out a physician in most of those cases.

Mr Leal: Another quick question: Does Campbellford have a foundation?

Ms Isfan: Yes, we do; the hospital does.

Mr Leal: Have you made any representations regarding Bill 31—I've been on the Bill 31 review committee—and how that might impact on foundation activities?

Mr Seeger: I don't believe we have made any representation.

Mr Leal: The issue there is consent in terms of people giving consent for solicitation. I'll leave that with you.

Mr Klees: Thank you very much for your presentation. I was actually going to follow the same line of questioning as Mr Leal regarding the nurse practitioner because I know that the former member, Mr Stewart, advocated very strongly to ensure that there was a nurse practitioner here. What I'm hearing you saying is that that is working very well but it looks as though there is room for another one. It also sounds as though there is room for some education here, that people need to understand that this is a very qualified health practitioner and that those services in fact should do when a doctor isn't there.

I'd like to go on to the issue of technology. You refer to CT scans being referred out, I'm assuming. Where do you refer to?

Ms Isfan: We refer to Peterborough and more recently now to the Northumberland Hills Hospital in Cobourg.

Mr Klees: I'd like your opinion on something and that is a mobile MRI or mobile CT scanner, which is being used internationally in many jurisdictions very effectively. As a government, we had initiated a couple of pilot projects. You're no doubt familiar with that; The actual technology comes to your hospital; it's there for a couple of days and makes that service that much more accessible. Is this something that you feel would be helpful in your community?

Ms Isfan: It's something we certainly want to investigate further. We'd certainly be open to that. The advantages would be that folks in our community, as they're older, sicker, wouldn't have to be driving to access a basic diagnostic service, and it would be affordable then, instead of advocating for every hospital to own a very expensive piece of equipment. Also, those professionals who run the CT scanners are in short supply and we would think it's nearsighted to advocate for every hospital to have that basic diagnostic equipment. So certainly a mobile scanner would be something to look at for us.

Mr Klees: Chair, I'd just like to put you on notice that in light of this, I'd like to put a motion at the end of proceedings that the committee make that recommendation to the finance minister.

The Vice-Chair: Thank you, Mr Klees. Turning to the NDP, Mr Prue.

Mr Prue: I can see the difficulty in a small town. I have to tell you, my parents live near Bancroft and they have an equally small, little hospital. But I don't think they would stay, quite frankly, if that hospital were to leave. Both being in their 80s, they make some use of it, and I can understand why you need this in Campbellford. But what was more intriguing to me was the other community groups that you have there—the seniors' complex, a lodge for the doctors and the adult mental health. They must be funded separately. They're not part of the hospital.

Ms Isfan: Yes, they are funded separately. We provide them support—administrative, housekeeping and other services.

Mr Prue: On a fee basis?

Ms Isfan: Yes.

Mr Prue: Are they running deficits as well?

Ms Isfan: Their funding envelopes are a little different from ours so, as such, now they're not in that position to be having deficits.

Mr Prue: So they are not causing a drain on you at all?

Ms Isfan: No. In terms of hard dollars, I guess I could let Mike speak more to that.

Mr Seeger: We do charge for our services on a cost-recovery basis, so we are actually making some dollars for the hospital by having them on our campus and providing those services.

Mr Prue: If a decision were made—and I don't think anyone is thinking even remotely of this—of shutting down the hospital, of consolidating, of going to bigger units as was all the rage a few years ago, what would be the impact, do you think, on Campbellford and its sur-

rounding community? I'll tell you quite bluntly I know what it would be in the Bancroft area. What would it be in Campbellford if that were to happen?

Ms Isfan: I think there would be a lot of downside to that in terms of limited ability to promote local fund-raising. When you are a small hospital like us, you are really dependent on the goodwill of the local public. So something we have great concern about would be the ability to connect with our public as the Campbellford Memorial Hospital and to have relationships with the donors through our foundation.

I also think we've done a great job of having the synergies, of having hospital oversight and supervision for these other groups. I think that is a remarkable success of our hospital that we wouldn't want to lose.

The Vice-Chair: Thank you very much.

1540

ONTARIO HEALTH COALITION,
PETERBOROUGH CHAPTER

The Vice-Chair: I would call on the Peterborough Health Coalition, please. Good afternoon and welcome to the committee.

Mr Roy Brady: Thank you very much for the opportunity and thank you for listening at the tail end of a long day. I think, Jeff, you must have posted me at the end of this day.

I'm Roy Brady. I'm representing the Peterborough chapter of the Ontario Health Coalition. It's a non-partisan network of about 400 organizations serving the needs of Ontarians. We try to empower members and other citizens to become involved in the making of public health care policy and protecting and improving public health care.

Our message is simple: Do not cut health care spending, no matter how the economic situation is perceived. We shall try to convince you of the importance of health care remaining a substantial part of the Ontario budget, but at the same time we're going to responsibly advise the government in how money can be spent for maximum benefit and patients' needs.

Health care has consistently been the highest priority in polls, as shown by the Ipsos-Reed poll on the eve of the last election. The Ontario Liberal Party, the government, campaigned on maintaining at least the present level of public services—health in particular—realizing how the Tories had devastated the public sector, and the environment in particular.

The deficit does not have to be slain before public health care is protected and improved. Federal transfers will soon be delivered, but hardly are they going to be given to supplement a system undergoing cuts. Dalton McGuinty is on record asking the federal government to release funding to the provinces despite any federal shortfall of their own.

Unfortunately, the government has sent out some trial balloons for cutting seniors' health care costs. You should not demand sacrifices regarding less access and

coverage, as well as the reintroduction of OHIP premiums. All of that would just encourage these citizens not to seek full service when they are ill. Please consider that seniors have already sacrificed themselves pre-medicare. That was a time of a private health care system. Presently, Ontario has the highest out-of-pocket health care expenses in Canada. Please, we cannot sustain another round of health care cuts. We hear rumblings of an intent to reorganize and reinvent government. This cannot be a rationale to reduce public responsibility for health care.

The present government has made rather a big deal of conferring with Roy Romanow, which is good, and announcing that its platform had the commission's endorsement. Obviously, Romanow assumed you intended to follow it. In that case, you will follow the following recommendations. Some of these would require lobbying the federal government, with whom you feel you can work very successfully. This is a very quick list:

- Increase federal dollars in an escalator provision, with conditional and accountable transfers;
- Insist on strengthening the Canada Health Act to include accountability for spending, priority home care services and diagnostic testing, which would effectively remove privatized delivery in that area;
- Integrate coverage for prescription drugs within medicare as part of a long-term strategy;
- Protect health care from potential challenges under trade investment agreements;
- Address the serious disparities in health for Canada's aboriginal peoples;
- A rural and remote access fund would help what has transpired today from speakers;
- Collaborative teams for primary care 24/7;
- Public delivery; and
- An increase in public diagnostic technologies and the personnel.

Promise and responsibility: The present government has assumed the dual responsibility to remove the deficit, which was outlined rather minimally during the election but primarily after victory, and to maintain and improve public services, particularly health care, which was stated throughout the entire calendar year 2003. I ask you, is this a choice? Will there be a winner selected? You put your signature on a pledge to the Canadian Taxpayers Federation at the same time as you made clear promises to the people. Are you going to keep one promise and not the other? Whom do you represent, the people who elected you or a tiny minority?

There will undoubtedly be intense pressure from minority private groups preferring deficit reduction and tax relief rather than publicly operated services. Because we endorse the holding of these hearings to be a very democratic dialogue with the public—and we congratulate you for doing that—we worry about the extent of undemocratic, covert dialogue with these minority interests. You have been labelled, seriously and unseriously, Tory Lite, but you did pledge to be different from the Tories in at least one way: without an agenda of

privatization and reduced role of government. If helpful, amend or repeal the legislation binding the provincial government to balance the budget every year. Don't bind yourself or we might just consider this to be deliberate.

Measures requiring little cost: Government can carry out policies and directions where there is little short-term cost and where savings can be long-term, not just over the next two years. Consider the following recommendations to be an investment, an essential service, your mandate and your obligation to the people of Ontario:

—Democratize community care access centres, allowing local boards to find savings and enhance services;

—Buy MRIs and CTs and place these in hospitals which you own, instead of a policy direction introduced last spring where the government pays for years of private delivery;

—Keep up your noteworthy measures regarding preventive medicine and lifestyle adjustment. I congratulate you on that approach, keep that up;

—Bring all public providers together to obtain the best recommendations and to develop foolproof communications;

—As much as possible, avoid the need for treatment in hospitals. When possible, treatment should be with family doctors and community health centres;

—Increase the family doctor fee schedule to get doctors out of hospital practice and into family practice, which costs less;

—Insist on an increase in the number of basic long-term-care beds to reduce the waiting lists of candidates presently occupying hospital beds while they await the less expensive long-term-care beds;

—Also regarding family doctor practice, redefine under-serviced communities and update all ministry physician records;

—Speed up the process of certifying foreign-trained doctors, keeping in mind the large number of health care practitioners nearing retirement;

—Fully support the health council of Canada to introduce accountability for spending priorities such as the expansion of home care, catastrophic drug coverage, 24/7 primary care, all of these endorsed by Romanow, with whom you consulted;

—Thoroughly monitor violations of the Canada Health Act in your province and report to the federal government—of course, the province might end up being the violator, so strengthen the health council, please.

1550

Attack poverty: This is another preventive measure. There has been considerable research into the social determinants for increased health care costs. Poverty has become a health issue. Medicare is a social equalizer. At the same time, long-term savings can be attained—another preventive measure.

Reassert minimum standards for long-term care facilities. Deliver funding based upon standards of care rather than level of administration. Because the privately delivered components of health care spending have had

the largest increases—namely, drugs and rehabilitation—analyze and accept that public health care is actually sustainable, but apparently private delivery is the cost escalator.

Gradual savings: these are in addition to and including what I've just listed. There are areas where specific gradual savings can be attained. Don't just think of tomorrow or the next budget. Again, lobbying the federal government is sometimes the procedure to use.

—Increase visits to family doctors and community health centres, rather than encouraging more expensive hospital or emergency visits. To accomplish this objective, increase the supply of doctors in family practice and the number of community health centres, which employ the alternative services of other health practitioners at less cost.

—Implement a home care program. The Tories promised one as an alternative to keeping all hospitals open, but didn't deliver it. Lobby for a national home care program but, in the interim, vastly improve home care as a provincial option besides hospital or nursing home care.

—Clean up excess administration costs throughout the entire health care system.

—Work with the federal government to lower prescription drug costs. Help to develop one national purchasing system and one drug formulary. Reduce the level of patent protection to bring on the use of generic drugs sooner. Help inform doctors regarding necessary and unnecessary drug prescription. Stand up to the massive pharmaceutical lobby and reduce its massive control over our entire system. They are the cost escalator.

—Place doctors and surgeons on salary. Until that point is reached, increase the family doctor fee schedule and ensure that surgeons are compensated as much for a complicated or life-saving operation as for several elective surgeries.

Hospitals must be financed from provincial capital grants. For new hospitals, reject the P3 model, which costs more over time, perhaps much more—more about that later.

Yes, there are immediate health care spending requirements. Yes, there is money that must be spent. Unless the government is a bottom-line business for shareholders rather than citizens, the following spending must occur, and is costly.

—Hospitals require secure, long-term funding. They have to be able to undertake any emergency preparedness or response in addition to their regular patient services. New hospitals cannot afford to make proposed mortgage payments out of their operating funds.

Compensate family doctors similarly to other doctors, and include lifestyle considerations and overhead assistance as well as pay. Such spending increases will keep doctors in family practice, which is less expensive than other physician practice, and would encourage medical graduates to enter family practice. Government must act now to keep doctors in family practice by increasing the supply.

—Support the Peterborough primary care report proposal, you heard that this morning. Thus, you are working with municipalities for local solutions. You promised community health centres, 150 of them. The Peterborough plan can easily become a community health centre with your financial support. The key is keeping and attracting family doctors. Let doctors provide the most critical services. In addition, the centre must include an interdisciplinary team of health care providers. A firm commitment must be made to serve thousands more patients and provide 24/7 service. Medical administrative duties can be handled by an appointee. It would be non-profit, with a community board and in-house scheduling, all parts of a local solution financed by the provincial government, one of 150 you want to provide.

Nine years ago there was a process in Peterborough to develop a community health centre. The Tories cancelled the negotiations, consistent with their policy to deter non-profit health care provision. This community health centre concept must be redeveloped in Peterborough, and it is essential that the use of a more than adequate number of allied health professionals be fully funded. I'm asking my MPP, Jeff Leal, to argue this at Queen's Park.

It is very important that government extend funding increases for the provision of all health care providers and sufficient support staff and, in addition to regular hospital grants, ensure the hiring of more full-time nurses—Ontario has the lowest per capita supply.

A recent Ontario Hospital Association and Canadian Institute for Health Information report outlined the secondary medical damage from the absence of nursing care; for example, infection control and detection of change in patient condition. Clear roles must be set for nurse practitioners, whose usefulness is often overlooked or who are just assigned to be convenient emergency stop-gaps in rural health care delivery.

Out-of-pocket health care dollars increased under the last government. Reverse this pattern. Develop a home care program, which is often more appropriate and less costly than hospitals and long-term care for an aging population. The program does require fully qualified staff and increased hours of service. Otherwise, acute care patients must remain in hospital or long-term care at increased cost. In time, there should be overall savings.

Privatization: We must remind the government of the perils and shortcomings of the privatization of services that are essential and involve little or no consumer choice. The private sector works very well when producing goods and services where there is full consumer choice involved.

Private health care systems cost more, as the US example has revealed. In fact, private delivery has been responsible for much of Canadian health care cost increases. As well, public health care is still one of our competitive economic advantages.

Privatization of essential services does not serve the needs of the whole population; Romanow was clear on that point. It can only be an option if public health care has been starved until it can't function as well—at times, deliberately so.

Savings are unlikely because of the high priority to enhance profit. When there are emergencies, a need for high maintenance, and unforeseen reinvestment requirements, the public sector is expected to intervene and make up any financial shortfall or, as in the United Kingdom, bail out the private corporation or consortium. In the first place, the private sector prefers to bid only if there is a guaranteed profit, a long-term binding contract, very little risk and little requirement to provide equity in service.

It is interesting to note that lifestyle is creating health care cost increases, yet unhealthy lifestyles are encouraged and marketed by corporations—hardly a concern here for a healthy population.

There is the myth of shorter waiting lists. Private sector bids tend to follow substantial waits in the public system that are caused by a political refusal to increase staff and hours, creating the urge to subsidize private delivery. For-profit corporations, however, will not substantially reduce waiting lists, because these crisis lists are the very reason for corporate existence in this business in the first place.

More private surgeries or diagnostic testing would be necessary, but private employee lifestyle needs and the shortage of specialists will prevent these increases from ever occurring. The private and public sectors compete for specialist labour, which, by the way, is trained and paid for by the public sector. So we subsidize private clinics.

The Chair: I want to remind you that you have two minutes left in your presentation.

Mr Brady: Oh dear.

A few quick shortfalls—and I'll be very fast: little chance of reinvestment because of the continual need to reduce costs; access to information laws, often not applying; higher borrowing costs for the private sector; an exemption for liability; accountable governments that are usually, instead, more suitable for handling environmental safety and ensuing health risks or outbreaks.

A future sale to an American or other foreign corporation or consortium would create a further public problem. Trade investment agreements would then apply. It would be difficult to halt the spread of private health care services if even one is permitted.

A health service must be run entirely on a non-profit basis to prevent GATT from being used to pose the challenge that, because the public sector is subsidizing public delivery, private corporations providing the same service should be eligible for public subsidy. The agreements have been written to deter regulation and to restrict a government's ability to govern in a way that might adversely affect this foreign private investment, even if it is of public benefit.

Even NAFTA, with its ominous chapter 11, does provide an exemption for "social services established or maintained for a public purpose."

1600

A further problem is that a privately built and administered hospital, or anything public, may not be deemed

by an investigating trade tribunal to be public because profit is involved. Therefore, what the Liberal government is now trying to negotiate, called “under public control,” is empty and dangerous.

We turn to P3s, the last part. Cancel P3 hospital projects—in fact, any P3 model for essential services which don’t require profit. As always, the questions are, who is profiting, and is it important to the people of Ontario that they profit?

In this case, why would the public sector negotiate a public hospital? It’s theirs. It’s the public’s. It’s like negotiating the use of your own house. Negotiating public control is a comedown; it’s a loss.

Any mortgage or other payments would come out of hospital operating costs at the expense of health care delivery. Debt would effectively be transferred to hospitals and communities. Government would be displacing its costs onto a future government, perhaps another Liberal one.

The P3 would be more costly for the taxpayers over the long term. There’s also no evidence that P3 hospitals work, either financially or, of most importance, for health care provision. There are never any comparisons made between P3s and public capital grants projects. Audits are never done before a contract is approved, and when they are conducted afterwards, as in the United Kingdom, the audits have been highly critical.

The confidentiality involved is so undemocratic and publicly irresponsible. In these partnerships, the private sector has so many protections, several of which I mentioned a few minutes ago.

To maximize profits, the private builders and operators have taken strict business measures: fewer beds, reduced maintenance, labour cutbacks, part-time employment, reliance on government for bailout; or make up all kinds of commercialization all over the place, sort of like a Disneyland in the north, which includes a hospital.

We ask, in what way would health care be improved? Or are financial, budgetary and political considerations more important?

In conclusion, the government has a mandate to look after the interests of the entire Ontario population, particularly its health care, not just to improve budget sheets and please deficit-fighters—a formidable task indeed. Do it. Our health care is not for sale.

The Chair: Thank you for your presentation this afternoon.

We have four motions to deal with now. We’ll begin with Mr Klees’s motion on tourism.

Mr Klees: I move that the committee on finance and economic affairs recognize that snowmobiling helps boost tourism in many rural and northern Ontario communities, that the impact of organized recreational snowmobiling on the Ontario economy is considerable and is indeed growing, and that the committee recommend to the Minister of Finance that the government review of auto insurance be expanded to include snowmobiles. The review should examine how to reduce risk factors, such

as personal injury and liability, and make snowmobile insurance more affordable.

The Chair: You have two minutes for comment.

Mr Klees: Thank you, Chair. I think it’s very important, particularly in this area and the Kawartha area. We were in northern Ontario last week. The tourism sector is extremely important to the economy of this province. It affects jobs throughout the province. I have had many representations, as I’m sure other members on this committee have had, from owners of snowmobiles who are finding that it’s virtually impossible to get these machines on the road, simply because of the high cost of insurance. I’m simply asking that the committee bring this to the minister’s attention and that the appropriate work is done as the entire insurance portfolio is being reviewed, and that snowmobiles be considered an integral part of that review.

The Chair: Comment?

Mr Prue: I listened with some considerable interest. I don’t know whether this motion is going to do much. I’m going to vote for it. I have to tell you, any decrease would be a good decrease, but we’ve already seen what’s happening with automobile insurance; we’ve already seen that when the previous government introduced their legislation, it took away benefits—benefit after benefit, cost after cost that is going to be borne by the policyholder. Nothing was saved. The insurance kept going up. I see this as much the same thing. The review now is taking place. The government is looking for a 10% saving, but the insurance companies themselves have said repeatedly that they don’t think there’s any way they can reduce their costs. All that’s going to happen is that the benefits paid out will be reduced.

I don’t know what to do with this, quite frankly. Unless there’s some form of public insurance, this is never going to work and I think this industry will decline, much like trucking and much like the problems that individual drivers are having.

The Chair: Comment? This motion will be dealt with at report writing on March 10.

Now we have a motion by Mr Flaherty.

Mr Flaherty: I have two, actually. One of them is that I move that the committee on finance and economic affairs recognize that there is a need for the government to find new and innovative solutions for the problems that lie within our health care system, not the least of which is the fact that thousands of Ontarians do not currently have access to a family physician; and

That the committee recognize that the pilot project proposed by the Peterborough County Medical Society would result in each and every doctor taking on about 200 new patients; and

That the committee recommend that the Ministers of Health and Finance support this pilot project and, if successful, support implementation of similar projects across the province.

That’s the motion, Chair.

The Chair: You have up to two minutes for comments.

Mr Flaherty: We heard this proposal this morning, explained to us clearly and directly by two Peterborough physicians, who happen to be specialists. They assured us that this proposal has the support of family physicians in the city and county of Peterborough. I applaud them and those who have worked on this proposed pilot project for not only coming before the committee and pointing out a challenge but for providing a potential solution, which we don't often hear, regrettably. So I applaud their efforts. I congratulate them for that. Surely this is an issue that's important to the people of Ontario and the people of Peterborough, and we ought to give this pilot project an opportunity to succeed. I commend it to the government and urge my fellow committee members to support the motion.

The Chair: Comment? Mr Prue, you have up to two minutes.

Mr Prue: I listened with some interest this morning, and I must admit I had some considerable difficulty understanding the difference between what the doctors were recommending and a CHC. I am mindful of the last deputant here today, from the Peterborough Health Coalition. He said it very well, and I'm going to quote it: "Support the Peterborough Primary Care report proposal; thus, work with municipalities for local solutions. You promised community health centres, 150 of them. This Peterborough plan can easily become a CHC with your financial support." Because of the statement made there, it seems to me this is something that should be seriously looked at. But in the long term, I think the closer they can come to becoming a CHC, the more likely it is to be approved by this government.

The Chair: Comment?

Mr O'Toole: I just wonder if the Liberals are prepared to make any public statement about this—

The Chair: Any member can make a comment up to two minutes.

Mr O'Toole: And they're not. They're refusing. I find that part of this whole process of public hearings, to respect the hearing and the work that has been done—

The Chair: You must speak to the motion, Mr O'Toole.

Mr O'Toole: In this respect, you've heard this motion, Jeff, from your own constituent group. I encourage you to—

The Chair: Speak to the motion.

Mr O'Toole: I am encouraging the government to speak to the motion.

The Chair: I'm reminded by the clerk that you're not the substituted member this afternoon. You weren't allowed to make comment.

On this motion, any comment?

Mr Leal: I'll spend one minute. I've been terribly supportive; I've been working with them. But one of the things we want to hear from the group is a detailed costing of this proposal, which quite rightfully can be dealt with at the report stage on March 8. We are waiting for the rest of the information to come forward.

The Chair: Comment? This motion will be dealt with at report writing on March 10.

Mr Flaherty has a further motion on provincial gas tax revenue.

Mr Flaherty: I move that the committee on finance and economic affairs recognize that hydrogen technology—and in particular, hydrogen fuel injection systems such as the one produced by GlobalTech—provide cost-effective and innovative solutions to reduce emissions and contribute to a cleaner and healthier environment; and

That the committee recommend to the Minister of Finance that distribution of the \$300 million in provincial gas tax revenue promised to municipalities by the Liberal government be tied to capital investment to install hydrogen (or other emission reduction) technology in municipal transit vehicles.

The Chair: Two minutes for a comment.

Mr Flaherty: Very quickly, Chair, because it's late in the day. We all heard today the proposal from GlobalTech that would reduce emissions at no cost to the users in reference to the transit systems in Ontario—Clarington Transit, the Toronto Transit Commission—and the wonderful benefits that this could have for the people of Ontario, not only in terms of cleaner air but, in the long run, in advancing the cause of cleaner vehicles being used on our roadways. The technology exists today and I urge my fellow committee members to draw this directly to the attention to the Minister of Finance by means of this motion so that, as the promise is kept, one hopes, by Mr McGuinty to transfer the percentage of the gasoline tax to the municipalities, it will be in part tied to advancing environmental protection and clean air in this province.

Mr Prue: I would support this, but only in part, because I think that's what is left out, that the Liberal government be tied to capital investment to install hydrogen or other emission reduction technology in municipal transit vehicles. I think it would not behoove the government to tell municipalities what they must do with the two cents of the gas tax if, in fact, they ever get it. I'm not going to hold my breath on that one. If you look at a city like Toronto, which has much of its transit based on a subway system which is electrified, I don't know how they are going to get around this. I can see that they do have buses and I can see that, in part, it may be one of our goals. Perhaps by the time this gets to report writing, this motion can be further fine-tuned so that it is one of the components and not the only component, as this seems to read, in getting that two cents of the gas tax.

The Chair: Comment? This motion will be dealt with at the report-writing stage, March 10.

We have a motion from Mr Klees on mobile diagnostic services.

Mr Klees: I move that the committee on finance and economic affairs recognize the importance of accessibility to diagnostic services by patients in rural Ontario, and that the economic benefits of utilizing mobile MRI and CT units be fully investigated for the benefit of the

patients and in the interest of reducing the cost of diagnostic services; and

That the committee recommend to the Minister of Finance that a cost-benefit analysis be prepared to accurately assess the benefits of mobile diagnostic services in rural Ontario, and that such analysis include case studies of jurisdictions where mobile diagnostic services are currently being used.

The Chair: You have up to two minutes.

Mr Klees: We had an interesting presentation this afternoon from the Campbellford Memorial Hospital. It's really very consistent with presentations that we've heard elsewhere, that is, the problem of remote hospitals that don't have the kind of diagnostic services that are found in larger urban centres. For example, when we were in Thunder Bay, we heard that Dryden was actually referring patients to Winnipeg for diagnostic services. There is technology—mobile MRI, mobile CT units—that is currently being used in other jurisdictions—very cost-effective. I think it's important that this committee implore the Minister of Finance and the Minister of

Health, as they search for ways to bring services closer to people and make them more cost-efficient, that this is one option that we seriously consider.

The Chair: Comments?

Mr Prue: I think it's a good motion; I think it should stand just the way it is.

Mr Wilkinson: I just want to thank both Mr Klees and Mr Flaherty for bringing the travelling Tory leadership road show to the good people of the county of Peterborough.

Mr O'Toole: Mr Chair, I would just like to make one other comment, if I may, in the light of what has just been said. I'd like to recognize as well that Steve Gilchrist is still working for a sustainable environment. As well, Gary Stewart, the former member from Peterborough, is here. He has listened diligently. I hope the future is bright for him.

The Chair: Thank you. This motion will be dealt with at the report-writing stage on March 10. This meeting is adjourned.

The committee adjourned at 1614.

Continued from overleaf

Peterborough Raging Grannies.....	F-577
Ms Linda Slavin	
Ms Ruth Hillman	
Ms Joan Smith	
Ms Joan Gibbon	
Ms Silver Fox	
Ms Cindy Buott	
Ms Nora Martyn	
Sustainable Peterborough.....	F-579
Mr Terry Rees	
Campbellford Memorial Hospital.....	F-582
Ms Kelly Isfan	
Mr Mike Seeger	
Ontario Health Coalition, Peterborough chapter.....	F-585
Mr Roy Brady	

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Clerk / Greffier

Mr Katch Koch

Staff / Personnel

Mr Larry Johnston, research officer,
Research and Information Services

CONTENTS

Monday 9 February 2004

Pre-budget consultations	F-537
City of Peterborough.....	F-537
Ms Sylvia Sutherland	
Ms Sandra Clancy	
Ontario Federation of Snowmobile Clubs	F-540
Mr Paul Shaughnessy	
Mr Ron Purchase	
Service Employees International Union, local 183	F-543
Ms Barb Gannon	
Peterborough County Medical Society	F-545
Dr David Swales	
Dr Renwick Mann	
GlobalTech.....	F-548
Mr Steve Gilchrist	
Mr Ira Lyons	
Peterborough and District Labour Council	F-551
Ms Marion Burton	
Mr Bill Astel	
County of Peterborough	F-554
Mr Dave Nelson	
Mr Bryce McLean	
Trent University.....	F-558
Ms Bonnie Patterson	
Mr Richard Beck.....	F-560
Greater Peterborough Chamber of Commerce.....	F-562
Mr Bill Casey	
Mr Dan Stanford	
Kawartha Heritage Conservancy	F-564
Mr Ian Attridge	
Mr Terry Rees	
Peterborough Community Housing Development Corp.....	F-567
Ms Frances Adams	
Ms Casey Ready	
Mr John Martyn	
Sir Sandford Fleming College	F-571
Mr Gary Lounsbury	
Ms Barb Cameron	
Peterborough and District Home Builders' Association.....	F-573
Mr Scott Wootton	
Mr Paul Lumsden	

Continued overleaf