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**Official Report
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Tuesday 15 June 2004

**Journal
des débats
(Hansard)**

Mardi 15 juin 2004

**Standing committee on
finance and economic affairs**

Budget Measures Act, 2004

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

Loi de 2004
sur les mesures budgétaires

Chair: Pat Hoy
Clerk: Katch Koch

Président : Pat Hoy
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

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

Tuesday 15 June 2004

Mardi 15 juin 2004

The committee met at 1002 in room 151.

BUDGET MEASURES ACT, 2004

LOI DE 2004

SUR LES MESURES BUDGÉTAIRES

Consideration of Bill 83, An Act to implement Budget measures / Projet de loi 83, Loi mettant en oeuvre certaines mesures budgétaires.

The Chair (Mr Pat Hoy): The standing committee on finance and economic affairs will now come to order. I would ask persons in the room to switch off their electronic devices. There is simultaneous interpretation available for those who choose that. We are working on the temperature in this room as we speak.

SUBCOMMITTEE REPORT

The Chair: To begin with, I'll ask for the report of the subcommittee.

Mr Mike Colle (Eglinton-Lawrence): I would like to move adoption of the report of the subcommittee, and I'll read that into the record.

Your subcommittee met on Friday, June 11, 2004, to consider the method of proceeding on Bill 83, An Act to implement Budget measures, and recommends the following:

(1) That the Minister of Finance be invited to appear before the committee on June 15, 2004, in Toronto from 10 to 10:30 am to make a 15-minute presentation and answer questions from the three parties. Each party will be allowed up to five minutes to question the minister.

(2) That following the minister, each party will be allowed five minutes for statements.

(3) That a media release be issued and an advertisement be placed on the Ontario parliamentary channel and on the Internet.

Mr John R. Baird (Nepean-Carleton): On a point of order, Chair: I would ask for the subcommittee report to be deemed to be read by Mr Colle.

Mr Colle: Usually, you put it in.

Mr Baird: It would just be deemed to be read.

The Chair: I think it would be better if it was read for the purposes of the recording Hansard.

Mr Colle: I'll try to be as fast as I can.

(4) That each party be entitled to select the same number of witnesses.

(5) That interested people who wish to be considered to make an oral presentation should contact the committee clerk by 12 noon on Monday, June 14, 2004.

(6) That following the deadline for requests, the clerk will distribute to the three parties a list of all the potential witnesses.

(7) That the three parties will provide a prioritized list of their selections to the clerk by 1 pm on Monday, June 14, 2004.

(8) That the scheduling of witnesses be done according to the selections provided by the parties on a rotational basis and that the clerk may move to the next selection on each list if a presenter cannot be reached.

(9) That each group be offered 20 minutes for its presentation and each individual 10 minutes.

(10) That the deadline for written submissions be 5 pm on Monday, June 14, 2004.

(11) That the research officer will provide a summary of recommendations with a list of presenters to the committee members prior to clause-by-clause consideration of the bill.

(12) That the clerk of the committee, in consultation with the Chair, be authorized prior to the adoption of the report of the subcommittee, to commence making any preliminary arrangements to facilitate the committee's proceedings.

I so move adoption.

The Chair: All in favour? Carried.

MINISTRY OF FINANCE

The Chair: This morning I want to welcome the Minister of Finance, the Honourable Greg Sorbara. Minister, you have up to 15 minutes for your presentation. As in the report just given, there will be up to five minutes for questioning.

Hon Greg Sorbara (Minister of Finance): Thank you very much, Mr Chair. I forget, do I have to press a button here?

The Chair: It's on.

Hon Mr Sorbara: It's on. There you go. It's been a long time since I've been here.

It's a pleasure to be here to begin these public hearings on Bill 83 and the measures taken. Can I just take a minute to introduce representatives from the ministry who are joining me today? I think they're all here. I did a quick check before I began. To my right is Colin

Andersen, the Deputy Minister of Finance. Gabe Sékaly, the associate deputy minister is here. Phil Howell, the assistant deputy minister and chief economist of the province, is with us. Tom Sweeting, the assistant deputy minister, office of the budget and taxation, who, by the way, participated in—was it the 33rd budget? Do I have that number right, Deputy? Oh my God, and he's only 34 years old. We had a special program for him way back then. And Mike Manning, the executive director of the Ontario Financing Authority.

I understand that representatives from the ministry will be here during the committee hearings to answer questions that might arise during the six hours this committee is going to be conducting hearings.

The first point I want to make is that I'm pleased we are having public hearings on the budget bill and that we are spending so much time in Parliament, both in second and third reading debate, for members to have an opportunity to have their say on this budget, on Bill 83, and what the budget is going to accomplish in the province of Ontario.

I've had an opportunity over the past four weeks, noting that today is the four-week anniversary of the bill, to be speaking about the budget in virtually every corner of the province, every day and sometimes two, three and four opportunities a day, to consult with people, address people and answer questions on the budget. I do want to spend a good deal of my time this morning talking about what it is that I've been hearing on Bill 83 and our budget.

Could I be so presumptuous, just to set the context for my remarks, to quote myself? I guess it's presumptuous to quote oneself, but I want to repeat what I said in the budget speech—

Mr Baird: I will repeat what I said.

Hon Mr Sorbara: I would really appreciate that, I tell my friend from Nepean-Carleton.

In the second paragraph of my remarks, I said this budget "sets out a comprehensive four-year plan: a plan for growth, a plan for prosperity, a plan for better health care and a plan for better education for our kids."

I should tell members of this committee that we worked pretty hard on that sentence, because we wanted to be able to summarize, in a very few words and in a very tight fashion, what this budget was really all about and what it is all about.

I don't think I have to go through the details in all the areas this budget covers for this committee. Members are very familiar. They've had an opportunity to read through the budget papers, and I know that all members—certainly the members of my own party—have been in a constant dialogue with their constituents on what the impact of the budget will be over the course of the next four years.

Could I just take a moment to point to some of the less publicized parts of the budget, but things that give me great pride as one of the participants in shaping the direction that we're taking under the budget.

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For example, I am so darn proud that we were able to allocate \$25 million to make some real improvements in children's mental health. Not a lot has been said about that, but it was so important for us to begin to move the yardsticks there. The fact that after 11 or more years we were able to make some significant improvements in disability support programs and social assistance programs is a matter of great pride. The fact that we could spend a section of the budget on what we wanted to achieve and what the budget had for northern Ontario was, I think, so very important. My own perspective is and has been that the north has been left out of the economic growth of this province over the past decade, and we really are going to be able to look back four years from now and see the benefits of what we seeded in this budget for northern Ontario.

Much more important than those individual elements is the budget's determination to bring this province to a state of financial health over the course of four years. There's no doubt that the controversy in the budget has to do primarily with the fact that this party and this government committed during the election campaign not to raise additional revenues and to balance the budget in the first year of its time in office. Certainly the controversy has been related to the fact that we were not able to keep those commitments, and I will want to speak to that toward the end of my remarks.

I want to put on the table for members of this committee, and I hope the opposition members perhaps will get some sense of this, that in every single locale I've been to since the budget—internationally, Boston and New York; in Montreal just a few days ago, last Friday; in Ottawa, Thunder Bay, Sudbury, London and Mississauga; a number of venues in Toronto; Brantford and Guelph; and I continue this exercise tomorrow in Hamilton and a number of other locales—the reaction to the substance of the budget, I want to tell my friends particularly in the opposition, has been very positive indeed.

The fact that we are beginning, with this budget and the investments it makes, to start to transform health care and at one and the same time start to move from a hospital and doctor's office model for delivery to a more community-based level of care has been very well received indeed. I've said and the budget says that over the course of the next four years, we are going to bring down the overall cost of health care and the rate of growth and that has been very well received.

I want to say to my friends that in the area of public education, the fact that we have made public education the area where the most significant new investments are being made, particularly over the course of the four years, has been very well received.

But more important than those individual areas of activity has been the primary theme of the budget, and that is to get this province back to financial health. It is not written about, and we do not speak very much in our debates in Parliament, that this budget presents a four-year plan to get us out of the debt spiral we inherited

when we took office on October 23, and I want to finish up on that theme.

The circumstances we inherited—I spoke about this in the fall economic statement—are referred to by economists as a structural deficit. In simple terms, that means you won't get out of the deficit situation simply by the organic growth in your revenues because the organic growth in your expenditures will constantly outpace and leave you in a situation of deficit. In practical terms, this meant that in the absence of major interventions, this province would have had a structural deficit of about \$4 billion to \$5 billion every year for the foreseeable future.

What's the way out of that? There are basically two avenues. Dramatic cuts in public services certainly was one alternative, and I want to give members of this committee a little bit of a sense of the extent to which we are talking about dramatic cuts in public services. This year we will have a deficit of \$2.2 billion if all goes according to the plan, and we think it will. That's with additional revenues of \$1.6 billion from the health premium.

Let's assume we wanted to put in place these budgetary measures but have a zero deficit this year. The \$2.2 billion represents one fifth of the entire hospital capacity and a half of everything we spend on colleges and universities, so close down half the system; close down all of the community colleges and still look for another \$1 billion. These kinds of levels of cuts should give members of this committee the extent to which getting ourselves back to financial health was not doable simply by cutting expenditures.

In the end, the appropriate thing for this government to do was to put the interests of the province and its public services and its people and its government ahead of our own individual self-interest as politicians. To be very frank, we decided that we will take the hit for having to raise revenues in this province and manage expenditures tightly, because to do so over the course of four years will get us to where we absolutely have to be, and that is, a province that has an extremely high quality of public services, particularly in the areas of education and health care, and an ability to pay its way, with a revenue base that is sufficient to keep us out of debt and in fact to keep us balanced.

Where are we going over the four years? If things go really well, we may be on the positive side of the balance sheet by 2006-07. We have reserves in the amount of \$1.5 billion in the three out-years of the plan. The economy right now is performing very well. The economic assumptions that underpin what we've put in the budget are described by economists as conservative. We're determined to create an environment where the economy outperforms what we've provided for in the budget.

The bottom line for us is that this budget sets us on a course to good financial health in the province, strong public services, a platform for a new generation of economic growth, and I think, once all the clatter of the politics behind the budget subsides, this budget will be seen as setting Ontario on a better and stronger course that will give us sustainability for years to come.

The Chair: Thank you, Minister. Each caucus will have five minutes for questioning, and we'll begin with Mr O'Toole.

Mr John O'Toole (Durham): Thank you, Minister, for your presentation. I just think it's rather hasty and hurried, that if you look at the subcommittee report and the short time frame for presenters, as well as the time allocation motion we're dealing with, it really has constrained public input on a budget that has been received rather jadedly. If you listened to question period, you would have to see that even the questions respectfully asked yesterday by Howard Hampton—what secrets remain to be discovered in this budget is really the question, let alone the clear uncertainty that you've presented to the electorate. That's really what this is about. It's confidence in your making clear and distinct disclosures and then doing the right thing. It's a matter of trust. I wonder how you would respond to that.

We're trying to do this respectfully, but you are constraining debate. I'm looking at the taxpayers federation presentation where you committed to a referendum if you were to raise taxes. I've asked you questions in the House, Mr Baird has asked you questions in the House, and it's clear you don't want a referendum. Do you call this process public consultation?

1020

Hon Mr Sorbara: Just on the question of consultation, before this budget was presented, we engaged in perhaps the most extensive pre-budget consultation that any government has undertaken in the history of this province, and we're very proud of it. I personally participated in 14 consultations around Ontario, each of them involving dozens and dozens of people, some involving 80 or 90 people, gathered together for a period of three hours. I want to tell you, Mr O'Toole, that this budget reflects the sum total of what we heard during those consultations.

My friend from Nepean-Carleton talks about a referendum over and over again: "Why didn't you have a referendum?"

Mr Baird: I didn't sign the taxpayers' protection pledge; you did.

Hon Mr Sorbara: He's asked that question in question period and publicly a number of times. Could I speak to that issue just for a moment?

Number one, the level of pre-budget consultations, as I said, was extensive. More importantly, I put to my friends in the opposition, can you have a referendum on whether or not you are going to ultimately pay your bills? The financial circumstances we inherited from the previous administration put this province at financial risk in a way that it has never been before, at least within this context. Over the course of eight and a half years, over the course of 10 years, this province had uninterrupted economic growth, yet notwithstanding that, this province's finances became weaker and weaker and weaker. So in the last three years of the previous administration, notwithstanding that expenses and locked-in costs were

rising, expenditures were rising, at a rate of 22%, revenues in Ontario actually fell by 0.6%.

We were on a collision course with disaster, given the circumstances we inherited. My view is, with circumstances that bad, there is no public question as to whether you should or should not pay your bills. You have to pay your bills. Provinces have to commit themselves to balancing their budgets, and that's what we did with this plan and with these additional revenues in the form of the Ontario health premium.

The Chair: You have about a minute.

Mr Baird: Sir, you're a smart man. You're intelligent. You're capable—

Hon Mr Sorbara: Is there a supplementary?

Mr Baird: I don't think you get the point. You signed the taxpayers' protection pledge. You promised the people of Ontario a referendum, and it is high and mighty for you to sit in this committee room, in this great pink palace, with the closed-circuit television and without more than 20 seats for the public to sit in, when you promised the people of Ontario a referendum.

For you to sit here and suggest that this budget has been well received by the people of Ontario—no one believes that, no one. There is not a single person in Ontario who would believe you when you say that this budget has been well received. Why wouldn't you honour your commitment to have a referendum? If you are so proud of this budget, if you are so proud of your efforts, why not let the people decide, just as you promised?

Hon Mr Sorbara: Could I just answer that, Mr Chair?

Mr Frank Klees (Oak Ridges): Before he does that, could I just ask one question?

The Chair: Your time has expired. We'll allow the minister a brief response.

Hon Mr Sorbara: I would say to my friend from Nepean-Carleton that I've probably travelled in a post-budget tour more than any finance minister in the history of this province, so I think I am a better authority as to whether or not this budget is being well received.

Mr Baird: I've travelled this province too.

Hon Mr Sorbara: But if I could, sir, let's go to some unbiased authorities. Moody's, for example, very recently confirmed Ontario's credit rating. They did so because, they said to me personally, "We are impressed with the fact that you've had the courage to raise the revenues necessary to pay your bills and you have put into place a very disciplined expenditure control program."

Mr Baird: I'm talking about this document that you signed. Have you talked to a working family? I've travelled the province—

The Chair: Order, please. We'll move to the NDP and Mr Prue. You have up to five minutes.

Mr Michael Prue (Beaches-East York): I'd just like to explore a couple of things you said. The first one was, you made a statement that you are out to transform health care and bring down the costs. We've seen how part of that happens by delisting chiropractors, by delisting

optometrists, by delisting physiotherapists. What other ways are you bringing down the costs? Anybody can cut service. Anybody can do that.

Hon Mr Sorbara: I think that's a good question. If we had half an hour or 45 minutes, and particularly if we had the health minister here, he would be—

Mr Baird: We don't; you're ramming this through.

Mr Klees: Give us more time.

Hon Mr Sorbara: He would be pointing out—

Mr Klees: Let's have unanimous consent to extend these hearings by a week.

The Chair: Order, please.

Hon Mr Sorbara: I think we would both be pointing to a number of very key initiatives in the budget. The major one is the move from the hospital room/doctor's office model of delivering health care to a community-based health care model. Mr Prue, you know and your party knows, because you have been among the most articulate and effective advocates of this very kind of move in health care. So, for example, we are going to be investing millions more in community health care centres. We are going to be establishing some 150 family health teams. We're going to be moving away from the fee-for-service, hospital bed model of health care to one that is more rooted in the community. I know that your leader and your previous leaders have been, as I said, strong advocates of this. We are going to be relying more on a wider variety of health care deliverers. Nurse practitioners become much more important in the system than they have been in the past. Community health teams will involve a wide variety of health professionals.

If we're successful in that shift—and we're determined to be successful—we believe we can make health care more accessible at the community level, solve some problems like the accessibility and availability of family doctors, and actually reduce the growth rate in health care from its historic highs of 8%, 9% and 10%, year over year.

Mr Prue: That's all well and good, but there is a process as to how you would put that together. I put it to you that you would have to put the process in in advance, before you withdrew the money from the hospitals, in order to have a new system set up, which is kind of expensive. I didn't see that in the budget, so I'm wondering how that—I mean, they're all very good words and I agree with them—

Hon Mr Sorbara: It's a good question.

Mr Prue: —but where is the money to do it? If you take the money away from the hospitals first and then set up the process after, you're going to have many people in despair.

Hon Mr Sorbara: One of the line items in the budget is a change fund that has about \$1 billion in it altogether, and some \$600 million of that has been allocated to the Ministry of Health in specific programs that help us make that transition.

You're absolutely right and on target that the administrative challenges in this transformation are significant. We make no bones about that. I'm really proud of the

leadership that George Smitherman has exercised in this area thus far. He knows this will not be easy, but ultimately we can create a better system if we move toward community-based care. It's one of the reasons we are putting more money into home care as well, because that will help us get there. It's one of the reasons we're putting more money into long-term care, because if it's a higher-quality care and there are more beds, it will free up hospital beds and allow us to dampen the very high rates of growth in carrying our hospitals historically, certainly over the past five and 10 years.

The Chair: We'll move to the government and Mr Colle.

Mr Colle: Mr Minister, in terms of the increased spending for health care this year, what is the total amount of increased spending for health care?

Hon Mr Sorbara: Altogether, about \$2.4 billion, if memory serves me.

Mr Colle: And how much are you collecting from the new health care premium?

Hon Mr Sorbara: This year, because we are really working on three quarters of the year, the new Ontario health premium is expected to raise about \$1.6 billion. So about two thirds of all of our increase in expenditures in health care this year will be funded by way of the premium.

Mr Colle: I just want to follow up on Mr Prue's question, which maybe needs more explanation. In terms of the transformation agenda for health care, it's not just about increasing spending, it's about changing health care to prevent the flow of people into emergency, into hospitals. What exact dollars or what programs that are in the budget are being enhanced to begin this process of transformation? One that I think has not received much mention is the uploading of public health. Instead of public health being covered by municipalities, the province is now going to fund 75%. How is that seen as part of the transformation, or home care expenditures or immunization programs?

1030

Hon Mr Sorbara: I think it's set out in fairly good detail on pages 43 and 44 of the budget paper A. But just to speak to it directly, there are a wide variety of things that are the broader determinants of health. For example, when you expand home care and deliver services in the home, some of the services that you might fund might come through other ministries, but overall you are enhancing the quality of health care and the overall health of the population.

I'll just give one example. I think it arose in the Legislature yesterday, although I was absent. I am told that people were criticizing expenditures in the Ministry of the Environment—and that's on page 44 of budget paper A—criticisms that programs in the environment in terms of safe drinking water and watershed management somehow weren't health care expenditures. If you ask no less a pre-eminent authority than Dr Fraser Mustard, who is an institution in this province and in this country, he will tell you candidly that probably the most important step

that a jurisdiction like Ontario has taken over the course of the past 100 or 200 years, the most important improvements in the overall health of mankind or person-kind on this planet have to do with clean water and sewage systems that keep poisons from people—the single most important determinant of health.

One of the reasons why we are investing in cleaner water and better sewage systems in Ontario is to ensure that we don't have a reoccurrence of Walkerton, that the quality of public health in the province is of the very highest standard, that we are the best at it in all of North America.

The Chair: Very briefly, we have one minute.

Mr Colle: In terms of the alternative—in other words, when the Harris government came to power, they were faced with a financial challenge left them. They proceeded with massive cuts in social programs, massive cuts to education, downloading on municipalities. Did you consider going that route?

Hon Mr Sorbara: Obviously, we had to consider the outcome of cuts right across all ministries. With the leadership of the Premier, we did a comprehensive review of expenditures in every single ministry of government. We superimposed a new style of financial management, which is referred to in the budget papers and described as budgeting for results. The budgeting-for-results process did result in some new financial discipline and expenditure discipline within government. In fact—

The Chair: Thank you, Minister.

Hon Mr Sorbara: Could I just, with the indulgence of the committee, make one more point, sir?

The Chair: Very brief.

Hon Mr Sorbara: We found it inappropriate to go that route. We found that the most important step we could take in this budget is to put forward a four-year comprehensive plan to bring the province back to health without compromising public services in the way that we believe happened in 1995 and 1996.

Thank you for your indulgence, sir.

The Chair: On behalf of the committee, I thank you for appearing before us this morning, Minister.

Now we have statements by the various caucuses, and we'll begin with the official opposition. You have up to five minutes.

Mr Baird: This budget is probably the most poorly received budget in contemporary Canadian political history. It is playing a huge effort in the cynicism that people have toward all politicians. I don't think there's been a single act in Canadian political history that has done more to make people believe that all politicians are liars. The public is furious. They are angry. They were promised a referendum.

Minister, I appreciate that we can have an honest difference of opinion. I know you to be an incredibly smart fellow. I know you're a capable individual. There is nothing inconsistent with your campaign promises and nothing has happened in the intervening period which would not allow you to hold a referendum and to consult the people of the province of Ontario. If Mr McGuinty is

so proud of this budget and feels he can make a compelling case to voters, I'm going to say they might have been open to hearing that case. But they are livid, they are furious that Dalton McGuinty is not honouring that pledge. To sign this pledge promising a referendum and then to be so dismissive I think does us all a disservice. We will see voting rates go down directly as a result of this. Young people will flock away from politics and from the democratic process because it doesn't matter. I don't know how Mr McGuinty will make any promises in the next election campaign, because, frankly, no one will believe him.

He had an option. He could have gone after Mr Martin. He didn't have a dime of new money for health care. Your two or three predecessors—four predecessors, including Mr Laughren—have suffered from federal underfunding by, frankly, both political parties. To not get a single dime from the Minister of Finance, as happened in this past budget—he had a choice. He could have gone after Paul Martin for that extra money and used this new special relationship he liked to brag about.

I cannot describe the visceral anger and hatred across Ontario for this budget. I too have travelled and have spoken before audiences of 2,500. I've spoken at the doorsteps with Ontario taxpayers right across this province, from Windsor to Ottawa to Barrie to Hamilton to Burlington to Oshawa, and I must be talking to different people than you are, because I see no support for this budget. I have not met a single person who believes this is a good budget—not a single person in the province of Ontario. The level of trust and contempt that people have out there is astonishing.

Mr Klees: Thank you, Minister, for your explanation. I'm going to pick up where my colleague left off. We obviously have different approaches to how to deal with funding of health care. The issue here really isn't whether you decided to increase taxes to the people of Ontario to deal with whatever additional expenditure, in your wisdom, you determined needed to go into the health care budget. The issue really is one of integrity.

I have to believe that you're getting the same calls from your constituents that I am; as recently as this morning an e-mail from Mr Stewart Fleming, angry not so much at what you've done but the attitude with which you've done it. The Premier is being quoted today, "Personally," he says, "I've always thought popularity was a bad thing, and so far I've managed to avoid it." This glibness is attacking people where it hurts. It's the attitude that you really don't care what the people who elected you are thinking today.

As Mr Baird indicated, you refer to consultations. We've asked for public hearings here so that we could truly get to the heart of some of the issues in this budget, and so we're restricted to a very few hours. Where in your consultations, Minister, did you come up with the idea of delisting chiropractic services? Where in those consultations did you come up with the idea of very vulnerable people in our society from whom you simply, overnight, take away the funding of health care that you

may not consider as important? You may think that immunization is more important than chiropractic services or physiotherapy, but have you spoken to the people who are actually getting those services on a day-to-day or week-to-week basis? These people are in distress.

All we get in question period—and this is what is so frustrating—are the same rote responses from either yourself or the Premier that somehow this is all in the public interest. The public are those individuals, seniors, young people, who are dependent on services that now they can no longer afford. That is the problem with your approach to this budget.

1040

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

Mr Prue: At the risk of sounding like a Conservative, I have to also agree with them that this budget has not been received in any kind of way that you might suggest. I know that when you go to audiences you may be able to convince them in the short term that the budget is good for them or that what you are doing has a long-term implication and ask them to wait. But the general public, I have to tell you, is very upset at this. If you have been out knocking on any doors for your federal colleagues, you will know that this is probably the single biggest issue in Ontario, even though it is not even remotely related to federal politics. The public is angry and they're not willing to accept your budget for what you say it is.

I have some considerable sympathy with some of the statements that you make. I have sympathy that the tax cuts of Mr Harris were devastating to this province. I have sympathy that municipalities were downloaded, that the hospitals don't have enough money, that our schools are in bad shape. I have sympathy with that because I know it to be true. There's no question when you describe a structural deficit existing in Ontario. Of course we have a structural deficit, and of course we need to find the money to balance that.

The whole thing comes down to how you are going about it. And that, I think, is the fundamental difference between what you say and what I say, or what the New Democratic Party says. You say you get rid of the structural deficit in two ways. One is to transfer the hydro debt over to Hydro so that the rates go up there and Ontario magically takes off \$3.9 billion, which allows your deficit to go down to \$2.2 billion. I don't know what trick you're going to use next year, but you're going to have to come up with something equally good in that range if you hope to have a non-deficit budget.

The second is the whole problem of the dedicated health tax, and I use the word "tax" on purpose. It is—

Mr Baird: That's what it's called in the act.

Mr Prue: I don't want to call it "premium." I've heard that word too.

Mr Baird: It's called a tax in the act.

Mr Prue: And it is a tax. It is unfair to those people in our society who cannot afford it, those who are at the poorest levels. I know it's put in \$60 to \$900, but it is still very unfair in terms of the actual tax that they would pay vis-à-vis income tax. I would suggest to you that you

might want to convince your colleagues here to change that aspect. If you change that one aspect of this budget, it may be more saleable. If you were to change it from a health premium to a simple income tax deduction, those who can afford to pay the most will pay the most. And I don't mean the range from \$300 to \$900. I mean a whole lot more that the Income Tax Act would allow for than that. If that was done, then perhaps this budget might be salvageable.

Right now, the problem that I see in terms of the funding is that you're following the same right-wing agenda as Alberta and British Columbia, who have instituted this.

Mr Baird: Whoa, whoa, whoa. I'm going to defend him on that.

Mr Prue: You are. And you're following the same agenda that easily delists services that people come to rely upon. I heard some of the answers on that yesterday accusing the NDP 10, 15 or 20 years or however long ago, of delisting removal of tattoos, that this is somehow in the same vein. Quite frankly, I will tell you that people rely on optometrists, physiotherapists and chiropractors in a way that nobody needs to rely on the surgical or laser removal of a tattoo. These are totally different things that have happened.

Quite frankly, I think you need to salvage this before it's too late. You need to make the modifications and the changes. If this hearing is to prove anything, if it is to do anything, it is an opportunity for you to backtrack. If you're not going to go out to the public on a referendum that you promised to do, at least have the courage and the political conviction to backtrack on some of the worst aspects of this budget, to make the changes in committee, so that when we go to third reading of the bill, you can say, "We have listened; we have changed."

If all we do is listen to these people over the next two days, and if all we do is pass the same budget that you brought down, then this whole process will be a sham, and it won't be me getting the political flak; it will be you.

Mr Chair, that's all I have to say.

The Chair: Thank you. Your timing is impeccable.

We'll move to the government and Mr Colle.

Mr Colle: Minister, I'd just let you know that in the past the previous government time-allocated almost every budget bill. They rarely sent bills to committee. In eight years the Tories never had more than three days of second reading debate on a budget bill. We've already had six days of debate—twice as much.

Mr Klees: We never had a budget like yours.

Interjection: You said you weren't going to close hospitals. Remember when they said that?

Mr Baird: We didn't sign a pledge. We didn't vote for—

The Chair: Order, Mr Baird.

Mr Colle: If I can continue, Mr Chair. In fact, talking about budgets, I remember a budget—

Mr Klees: Arrogance extraordinaire.

Mr Colle: —brought forth in 1995, just after they were elected. Talk about a budget from hell; this was the budget that cut welfare rates by 21%, fired one third of—

Interjection.

The Chair: Mr Baird, order.

Mr Colle: The truth hurts. I know.

Interjections.

The Chair: Order, please.

Mr Colle: Let's go back to the budget from hell that they passed: a 21% cut to social assistance; one third of the Ministry of the Environment slashed, gone, which led to Walkerton; slashed education funding by \$400 million, which began the deterioration—

Interjection.

Mr Colle: —not even going back to Mitch Hepburn.

Let's stick to 1995. You know, Mr Minister, when they brought forth this budget from hell in 1995, and they called it that, because they said, "This is a revolution. We're going to essentially bring down the whole structure of government and rebuild it." They never rebuilt it, but they never had any public hearings, not one day of public hearings on that budget from hell in 1995.

Then we can also talk about when they, who are now so loyal to the Taxpayer Protection Act, in the year 2002 broke the Taxpayer Protection Act with Premier Eves and Minister Ecker—no referendum. As the taxpayers' federation even said, "A tax deferred is a tax increase," yet they had no public hearings on that, no referendum; now the double standard.

I just want to tell you, Minister, that the opposition sometimes forgets. They talk about distress. The distress we've witnessed over the last eight years in our constituency offices: We get phone calls from 85-year-old seniors who can only get one hour of home care a week. They were in distress. Those are distress calls. We were getting distress calls from mothers who had sons or daughters who needed chemotherapy who couldn't get chemotherapy. Those were calls of distress. We had calls of distress about people needing hip replacements, waiting a year for a hip replacement, begging to get up on the list. Those were the calls of distress we were getting. We were getting calls of distress from our schools, where day after day they saw the cutbacks, the deterioration of the buildings, the special-ed deterioration of the support those children needed. Those were distress calls we were getting.

At least we're hearing, "Finally you're putting your priorities first," which are fixing health care, fixing education and fixing our cities. People also said, "All around us we see the deterioration of our cities. We need part of that gas tax money which you're giving." So those people who at election time were calling for fixing health care, education and cities are saying, "You're doing the right thing." They're saying, "Thank God, now we don't have to wait in emergency rooms for possibly six to eight hours." For eight years that was health distress: waiting in emergency, waiting in a hallway for eight to 10 hours to see a doctor in an emergency.

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Those are the things that the opposition doesn't want to talk about. Hopefully, that's what this budget will deal with. It's a challenge, but it is something that we've made a decision to do. I think we have no choice but to use this money, as you've said, not only to increase the spending in these areas; we also have to make them able to meet the demands. The demands are great, and that's why the transformation is essential.

Mr Baird: I'd like to ask unanimous consent to give Mr Colle another five minutes.

The Chair: Is there unanimous consent? Mr Colle has five more minutes.

Mr Baird: Keep going. I want to hear this.

Mr Colle: I also—

Mr Klees: Comment about chiropractic services, physiotherapy services.

Interjections.

The Chair: Order, please. If you gave him five minutes, you should allow him to speak. You wanted unanimous consent for Mr Colle to speak, so I'd ask you to listen to his comments.

Mr Colle: Mr Minister, one of the things that is critically important too, as I've said, is about the transformation agenda. I think the public has to be aware of the fact that many of the dollars we're spending in this budget go towards home care. I know they laugh about home care for seniors. They're laughing about that, but they didn't listen to the calls that we were getting daily in our offices for eight years, about 85-year-olds who wanted to stay in their homes. They didn't want to be a burden on the hospitals. They didn't want to be a burden on the emergency rooms. They wanted to be able to stay in their homes. This budget at least gives them the opportunity, with more home care, to stay in their homes and therefore reduce health costs down the road. We can't continue to just fund hospitals as they are. We have to take the pressure off our hospitals.

Mr Klees: What about seniors who need physiotherapy?

The Chair: Order, please.

Mr Colle: That's why the immunization program for children is also worth it. Minister Smitherman told us that a pediatrician told him, in Hamilton in fact, that by including immunization for all children in Ontario, he did more with a stroke of a pen than he had done as a pediatrician in 30 years.

Those are the investments we have to make to prevent the ongoing escalation of costs in health care, which are too hospital-dependent. That's why we have to continue to transform health care with more immunization programs, with more community health centres. This budget has \$14 million for—for the first time in nine years we're putting money into community health centres.

I've got two fantastic community health centres in my riding: the Anne Johnston centre and the Lawrence Heights centre. These are centres where people who normally would normally go to emergency instead go to the community health centre. There's a practical nurse, a

doctor, councillors. In essence, they work to give people the proper direction of how to be treated, where to go, give counselling. They set them up with Meals on Wheels. That's another very important part of this budget, our community health centres, which take the pressure off of our hospitals. We have 50 in Ontario; hopefully we can expand those community health centres.

Seniors, especially, are greatly helped by this budget too, because for the first time since 1992, we have increased the property tax break for seniors who are either tenants or homeowners by \$85 million. A 25% increase in that property tax credit is significant for seniors. That \$625 dollars that that low-income senior who's a tenant or a homeowner can use will also help keep that senior in their home, in dignity and with proper health care.

I would think that municipalities are also going to be able to provide the public health we need in our communities. The opposition has already forgotten about what a disaster like SARS can do to our communities.

Mr O'Toole: You increased taxes—

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

Mr Colle: When they cut public health in 1997, I remember being in a committee meeting in London, Ontario, and the medical officer of health for Chatham said, "You do this at your peril. You cut public health and you are liable to see an outbreak of a disease that you won't be able to control." This was in 1997 when the opposition Conservative government devastated and downloaded public health. So that's why the investment in public health, the uploading to 75% of the cost, is going to be able to, as I said, prevent and perhaps stop future SARS outbreaks from happening, hopefully.

The Chair: Thank you, Mr Colle. Your five minutes has expired.

Mr Klees: On a point of order, Mr Chair: I would like to present something to the Minister of Finance before he leaves. This was given to me by Dave Anderson, a chiropractor from Newmarket. It's a little cartoon that shows a huge line-up—

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

I would ask if the Ontario Association of Non-Profit Homes and Services for Seniors are in the room. Would you please come forward.

Mr O'Toole: Mr Chair, if I could ask for clarification if it's appropriate at any time during the committee to move amendments or recommendations to the committee—in an orderly and respectful fashion, that's all I'm saying. Because we lose track of these presenters as we go through. I know we have the researcher, but we have such a short time here. If we could get them on the record, it clarifies it for our researcher, and I don't mean frivolous or vexatious types of—

Interjection.

Mr O'Toole: Mr Milloy, you're new here, right? Why don't you just be quiet and don't embarrass yourself so frequently?

Interjection.

Mr O'Toole: No, John, you should be quiet. I've listened to you. You're trivial and boring, so just be quiet, OK?

Interjections.

The Chair: Order, please. There is a time allocation motion, as members would know, for this hearing. You will note that the deadline for filing amendments to the bill with the clerk of the committee shall be 12 noon on June 16. You can file those amendments up until that time. Of course, they would not be discussed until clause-by-clause, as per the motion from the House.

ONTARIO ASSOCIATION
OF NON-PROFIT HOMES
AND SERVICES FOR SENIORS

The Chair: I would ask again if the Ontario Association of Non-Profit Homes and Services for Seniors are in the room. If you would please come forward. I appreciate your being here and indulging us with the opportunity to hear from you on what might have been a difficult timeline for you.

Ms Donna Rubin: We just learned a couple of hours ago that we were on this morning.

The Chair: Well, we appreciate it. The committee did have some difficulty in scheduling the very first presenter, so we appreciate your being here. I would ask you to identify yourself for the purposes of our recording Hansard. You have 20 minutes for your presentation, and you may allow for questions within those 20 minutes, if you so desire. You may begin.

Ms Rubin: My name is Donna Rubin, and I'm the CEO of the Ontario Association of Non-Profit Homes and Services for Seniors. Again, I want to thank you for the opportunity to present this morning.

Given the time constraints, our documentation in your package is essentially our submission that we presented to the committee in February regarding the funding needs in long-term care.

OANHSS has been sensitive to the government's current fiscal situation, but we'd also suggest, and have been during the last number of months, that balancing the budget quickly needed to be weighted with the human impact of the funding requirements in this sector. The frail elderly who live in long-term-care facilities do not have the luxury of a lot of time to wait for better care. Those who live at home and cannot get access to services in the community are being prematurely admitted to facilities because community supports are just not available.

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We maintain that the government simply has to make a substantial funding commitment in this fiscal year. The alternative is to simply fall farther behind, and to do otherwise when the public is so much more aware of the situation in facility care would be to appear as completely uncaring, notwithstanding a huge deficit.

I have to emphasize that funding will make a difference to residents. The issue is not just about standards

and enforcement and more accountability within our sector. It's about having more staff on the floor, more bodies and more hands to deliver care and more highly trained staff, specialized staff, to meet specific needs.

The shortfall that we identified back in 2002 was not an arbitrary figure. At the time, we were trying to move toward about 2.75 hours of care and put more money into very needed areas such as food, rehabilitation and programming. At the time, we pegged a \$25 increase in the per diem as the need. Here we are in 2004 and the gap is still significant, at about \$15 per person, and that, costed out across 75,000 beds in the sector, was \$420 million, across the whole facility sector.

That funding requirement was consistent with the pledge that the Liberals were making during their campaign at about \$6,000 per resident. That's what they were also campaigning on. So if it takes a number of years to get to that amount, it will continually be a receding target because every year the gap grows larger.

Right now we've been told in the budget there's \$191 million toward long-term-care facilities, and I would ask the committee to try to ensure that every bit of that gets put toward the bedside, toward the resident. We have some reason to believe that some of that money will be going toward project money for other needs in long-term care, supportive care, but that would not affect the person at the bedside.

We're also calling upon the government to fix the funding inequity between the not-for-profit facilities—the homes for the aged—and nursing homes, which are predominantly for-profit. Homes for the aged and in particular most charitable homes are getting significantly less funding from the government than a typical nursing home. This is due to supplemental funding pots that are currently in the system, such as pay equity and others. There is no public policy rationale for the government to fund nursing homes at a higher level than homes for the aged. The difference can be as much as \$6 per resident per day.

A backgrounder on this issue is attached, and if I can draw your attention to the last page of the supplement that I've provided, there is a chart at the back. As you can see, if long-term-care per diem funding is stable—\$117.04 across the top—the supplemental funding pots are having a significant impact with an average per diem in a nursing home at \$124.82 and a charitable home at \$118.92.

An equalization solution was developed by OANHSS and our partners in care—the Ontario Long Term Care Association and the Association of Municipalities of Ontario—in 2002. While there has been no formal response to that proposal, we are currently working in earnest with government officials and our partners, OLTC, that would develop an approach that would implement a systems correction and it would be fixed when the new funding to the sector would flow as a result of this budget.

The best time to fix this inequity is when new money comes into the system so that no home is destabilized in

the process. If I can point out what would happen, for example, under pay equity, if nursing homes get \$3.31 compared to 82 cents in a charitable home and \$1.59 in a home for the aged, when the not-for-profit sector typically pays higher wages, what would happen is a flattening of many of those lines, and that money would be put into the care per diem above. So it would be an equalization across the types of homes.

Again, the best time to do this is when the government releases the funding to our sector so that no home would lose money as a result, because new money is coming into the system and all the money that the government is providing to homes would still go towards care. It's not as if it would go to make this correction. It's just that you don't want anybody to have less money this year than they had last year. That would destabilize them.

In conclusion, we fully believe that funding the long-term care continuum offers the province the best opportunity to invest to save. Every time a facility has to send someone back to hospital because they need an IV or they're dehydrated, we're not providing care that we could be doing with a little bit more. It's costing the system so much more to transfer them to a more costly part of the system. Again, the health care system pays more, not to mention the toll and the transferring on the individual.

I certainly support the amount that's been allocated for long-term care in the budget. As I indicated earlier, I would ask you to seriously urge the government to invest as much of the \$191 million as possible toward every resident in long-term care. Thank you.

The Chair: Thank you. We have about four minutes per caucus for questioning, and we'll begin with the official opposition.

Mr O'Toole: Thank you very much, Ms Rubin. A pleasure to see you again before the committee. Your advocacy is always respected. I just want to follow up on one comment and compliment. I fully agree with the observations on the transfers of patients from long-term care or homes for the aged. In today's environment in hospitals, I think it is a wise and prudent move to move services closer to the patients, eliminate the cost and indeed the risk. So I'm quite supportive of that.

There was quite a bit of attention paid—and there should be, with an aging population—to the commitment during the election, the \$6,000 per person. Would you like to comment on that? Do you think they're on the right track or is there more specific targeting? You've mentioned a couple in the supplementary report, of equalizing some of the funding envelopes, if you will. Would you like to comment on that? Are they moving in the right direction? Is it enough? Reinforce what you've said here in terms of a parity issue.

Ms Rubin: We're certainly moving in the right direction with having approximately \$191 million coming into the system. The point I was trying to make is that a couple of years ago we pegged that the need was dire, at about the \$420 million level. If we don't get there as quickly as possible, the gap—we're continuing to fall

behind. What happens is the money is basically keeping us up with pay equity and wage settlements, because 85% of our money goes to salaries and wages. You don't see an appreciable jump in care unless the larger investment is made.

We've gotten halfway there with this investment, so absolutely. Unless we correct the system, however, our homes, the not-for-profits, are disadvantaged because they're \$6 short, on average, from a typical nursing home. We've got to have funding fairness in the system as well, so that every home is given about the same amount of money to do the job.

Mr O'Toole: If all that funding does flow—as you say, it equates to wages and benefits, about 85% of the total operating budget—how do we increase the number of hours that the actual patient receives attention? If you are just trying to deal with the equity in this wages and income part, you can add a lot of money to that and not really provide additional service. That's a problem. Are there other efficiencies that can be—

Ms Rubin: If you add \$191 million into the system, you will buy that amount in care. It's not going to go to this inequity issue, it's going to go to buy the staff that was cited would be needed: 2,000 additional staff and 600 nurses. We will see those people hired. There is absolutely no doubt in my mind that we'll see more people on the floor.

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

Mr Prue: I'd like to go back to the statement that you have written here. It says, "This funding requirement is consistent with the promise made by the Liberals during the election campaign to increase funding by \$6,000 per resident. If it takes a number of years to get there, it will be a continually receding target because every year the gap grows larger." With \$191 million, how much larger is the gap?

Ms Rubin: We're about halfway there, just under halfway. The ask at the time of our submission was \$420 million; \$191 million is just short of halfway there. It is a good jump, but by no means are we at the level we had suggested. If we pegged \$15 a day as what was needed, I would anticipate that this money could be in the area of \$7. So we're about halfway there.

Mr Prue: Can you tell me, have you had any discussion with the minister or ministry officials on how the \$191 million is to be apportioned? I'm particularly mindful of the fact that private nursing homes seem to be getting a bigger bite than charities or municipal nursing homes. Have they talked to you at all about that, whether that can be redressed?

Ms Rubin: We've had no final numbers from the bureaucrats at this point and nothing from the government politicians, but we do ask—and that was my plea today—as much as possible of the \$191 million go toward care. Our understanding is that some of that money might be used for projects such as supportive care or transition beds. Those are very necessary in the system—so don't get me wrong; we support those

projects—but that will not add money toward the \$15 we said we needed at the bedside. Those are for different kinds of projects. So I'm asking the government to please consider that as much of the \$191 million go toward resident care in long-term-care facilities.

Mr Prue: Yes. But my question relates more to private health care facilities, nursing homes, that make a profit. They seem to be getting more in government subsidy than those that do not.

Ms Rubin: That's right.

Mr Prue: Have you had any discussions with the government about whether or not the charitable organizations can be put on the same footing as the private institutions?

Ms Rubin: Yes. We're currently in discussions. Currently, and when the money flows, the systems correction should be made at that time. But we're asking for the government to do that. We've had no confirmation to date other than that they are resolved to try and fix this problem. So the time to do it: If the money flows this summer, make the systems correction. Flatten some of those pots out so that the not-for-profit facilities get their fair share of it. I am asking this committee to make a recommendation, if you will, that that happen at that time.

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

Ms Kathleen O. Wynne (Don Valley West): Thank you, Donna, for coming today. I take your point about equalization and the gap. Thank you for making that comment. We will certainly take that back. You are in conversation with the ministry?

Ms Rubin: Yes.

Ms Wynne: OK. I just wondered, from your position of expertise—you've had a chance to look at the budget now, and you know that what we're trying to do is give people the care they need. So if they need to stay in their homes, we're trying to give them support to do that. If they need an acute bed in a hospital, we're trying to give them that bed. But if they need to be in an institution, we're trying to do that. Can you comment on the way this budget will contribute to that kind of rational apportioning of resources? Do you see that this budget moves us in that direction, to that continuum of care?

Ms Rubin: I think you are moving in that direction and that you've made investments in long-term care. You're also making investments in home care and community services. You need to shore up those other support areas so that if they're working as optimally as possible, then we aren't forcing people into the higher parts of the health care system. So as that money flows, and it has yet to flow, to community, home care and long-term care, I think we are going to see some of that begin to happen, but again, in a smaller amount. We're not all the way there yet, but you're moving in the right direction. Absolutely.

Ms Wynne: OK. You made a statement about you having no doubt you'll see more people on the floor. Can you just expand on that and what the significance of that statement is?

Ms Rubin: As much of the \$191 million as possible—when we cost it out as to what personal support workers and nurses and RPNs cost, and try and translate what that will mean in terms of FTEs, you're in the ballpark for the commitment that you made. I have no doubt, assuming that much of the \$191 million does indeed go toward resident care, that will materialize in our being able to hire more staff.

Ms Wynne: Again, thank you very much for your comments. I think it's important to note that we understand the complexity of what we're trying to do and the reversal of directions that haven't been helpful in the past. We're trying to turn this ship around. So thank you very much for your support.

Mr O'Toole: On a point of clarification, if I may: I thought my question to you about would there be more staff was that the \$191 million would not result in more staff.

Ms Rubin: No, the \$191 million will result in the staff commitments made at the time of the announcement. The 2,000 staff—

Interjection.

Ms Rubin: No, it will go toward the money to hire more staff, and that is wages.

The Chair: Thank you. Ms Mitchell, you have a question?

Mrs Carol Mitchell (Huron-Bruce): Yes. Thank you very much for coming and making the presentation today. My question is with regard to the standards. You had some concerns raised about that, and I just wondered if you could expand on that for me.

Ms Rubin: Well, when we've been talking about \$420 million and that need, it was basically to do what is currently being asked of us. We have to be careful about expectations of higher standards, because already money is flowing and everybody is assuming that standards will increase dramatically. So I think we have to have some caution around that.

When we were submitting that paper earlier in February, my worry was the issue in the media and elsewhere, that everything wrong with facilities, if you will, was that we needed to have more stringent enforcement and standards. We've been saying for years we need funding to do what we need to do: more people. Yes, we need clear enforcement and better monitoring and compliance, but you need the money in order to have the bodies at the bedside.

Mrs Mitchell: Just to restate, we clearly heard that through our public consultations as well as within our own ridings. Just for the record, we heard, listened, and I'm absolutely delighted with your response. That's where the dollars will be allocated.

The Chair: Thank you.

CANADIAN TAXPAYERS FEDERATION

The Chair: I would call on the Canadian Taxpayers Federation to please come forward.

Interjections.

The Chair: Order. I mentioned at the beginning for members and those in the audience that they are working on the cool air that's in here. I'm told that the other day it was very, very hot in here, and now we have it too cool. But they're working on it. The staff are attempting to regulate the temperature more evenly.

Good morning. Welcome to the committee. You have 20 minutes for your presentation. You may allow time within those 20 minutes for questions, if you so desire. I would ask you to identify yourself for the purposes of our recording Hansard.

Ms Tasha Kheiriddin: Thank you. My name is Tasha Kheiriddin. I am the Ontario director for the Canadian Taxpayers Federation. I want to thank you very much for the opportunity to address the standing committee on finance and economic affairs on the subject of Bill 83.

The CTF's submission will deal exclusively with one section of the bill, and that is section 17, which brings in the new health premium to be collected through the income tax system, starting on July 1.

This premium, which, in the CTF's view, constitutes a tax, raises four main concerns that I will address in turn. The first of these is lack of governmental accountability. The second is financial impact on taxpayers. The third is unreliability as a source of revenue. And finally, there is the issue of lack of necessity of this premium in the first place.

Lack of governmental accountability will probably come as no surprise to members of this committee. It's an issue that's been before the House since the budget has been out, really.

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I guess the first issue for us is that the health tax is being imposed, in our view, in direct violation of one of the most important statutes that protects taxpayers in this province, and that's the Taxpayer Protection Act. It also violates the taxpayer protection promise which was signed by Premier McGuinty during the last election.

Section 2 of the Taxpayer Protection Act clearly states that there can be no increase of an existing tax, or imposition of a new one, without public approval obtained either through the electoral process or through referendum.

Budget Bill 83 disregards the law and effectively establishes this new tax on health without any majority support whatsoever. At no time was this tax disclosed to the chief electoral officer during the provincial election last fall. At no time was a referendum held to get taxpayer approval for the new tax. This tax was not even mentioned during Minister Sorbara's public consultations, on which it should be noted the government spent about half a million dollars of taxpayers' money this spring. Yet as of July 1, this tax will be collected off the paycheques of Ontarians through the income tax system.

I can't get into more detailed legal issues, because the CTF, as you well know, has commenced court proceedings against Mr McGuinty and Mr Sorbara with regard to this matter and full arguments will be made when the case goes to hearing. Suffice it to say that the

Taxpayer Protection Act is the last legal line of defence that taxpayers have against governments which would raise their taxes without consultation, and it has not been respected in this case.

The other accountability issue we have to deal with is Mr McGuinty's signed election promise to the CTF not to raise taxes and not to implement any new taxes. During the last election, Mr McGuinty made this promise repeatedly, both in his platform and, most importantly, at a very well attended press conference organized by the CTF, where he signed the taxpayer protection promise with great fanfare.

This no-tax promise became a constant and inescapable selling point of Mr McGuinty's campaign, in advertising, in campaign literature and in his speeches. It's also worth noting that before the election, in the words of his own pre-election fiscal platform released May 23, 2003, Mr McGuinty said, "Fiscal discipline, holding the line on taxes and balancing our budget is not only the price of admission for governing at the beginning of the 21st century, it is the foundation on which we build the rest of our platform."

Recently, Ontario taxpayers have been treated to the excuse that because the Conservative government, the predecessor to the Liberals, left them with a \$5.6-billion deficit, the present government had no choice but to raise taxes. Yet during the election campaign, on September 5, 2003, when questioned as to what he would do if faced with a larger than anticipated deficit, Mr McGuinty told the Toronto Sun editorial board, "I will not break the Taxpayer Protection Act.... What we are saying is that if we have to slow down our investments, we will do so,... but we will not raise taxes and we will insist on balancing our budgets."

In addition, there is evidence that the Liberals knew well before the election that the deficit could be as high as \$5 billion. Comments made on June 4, 2003, by Mr Phillips to this very committee refer to a "\$5-billion hole" in the budget for that year.

All of the above, as I'm sure the members of this committee are well aware, have contributed to a great sense of distrust and disgust on the part of Ontario taxpayers. They are feeling this toward the government and its new health tax. This is borne out by the latest Ipsos-Reid poll, which shows that 71% of Ontarians think this budget is bad news for them and 61% think that bringing in health care premiums is the wrong thing to do.

To date, the CTF has also collected over 150,000 signatures on a petition calling on the government not to raise taxes or run deficits. This sense of outrage is growing, as we are adding signatures to this petition every day, further confirming the resentment taxpayers are feeling against broken laws and broken promises.

The second issue I will address is the impact on taxpayers of this tax. This tax will impact all Ontarians, but none so severely as low- or middle-income families. The average Ontario family of four earns just over \$60,000 a year. According to Minister Sorbara in the speech in

which he presented the budget, that family will pay an additional \$50 a month in taxes for health care. This may not sound like a lot of money, but considering that family's current tax burden—the fact that they pay almost half their income in taxes: income taxes, gas taxes, sales taxes and the like—this is a lot of money. This represents \$600 a year; that's 2% of that family's after-tax income, and that will be taken away with no direct benefit. Will that family actually be any healthier at the end of the year? Will the health system be in better shape to serve that family? With this government's record on broken promises, it's hard to believe that any of these things will actually change.

But what we do know is that every year that family will have \$600 less in its pockets to spend on rent or on mortgage payments or on food or on the education of the children. This will essentially reverse all the gains, in terms of income tax, made by Ontarians since 1999.

For lower-income families, the impact is even worse. When you break down the calculation, you can see that a \$72,000-a-year, single-income family would pay \$600, or 0.83% of its before-tax income. A single-earner family making \$48,000 a year would pay \$450, and that's 0.94% of its before-tax income. A single-income family earning \$25,000 a year will pay \$300, and that's 1.2% of its before-tax income. So not only is this tax to be imposed without any consultation, but it is most onerous on those at the lower end of the scale, who can least afford to pay it.

To add insult to injury, the third point is that this tax will not prove to be a panacea for health care because it's not going to bring in the amount of revenue the government claims it will. In fact, many taxpayers, in addition to paying for health care already through their income tax, are going to pay twice for this tax, through the tax for themselves and also for union members.

Many contracts with the province's two biggest unions, the Canadian Union of Public Employees, CUPE, and the Ontario Public Service Employees Union, OPSEU, provide that should health premiums be imposed, the government—taxpayers—must pick up the tab. According to Sid Ryan, president of CUPE, this will become a bargaining issue for all contracts up for renewal and he's been quoted as saying he predicts it will cause headaches. He believes about 30% to 40% of CUPE Ontario's approximately 1,000 collective agreements, covering, in his words, "tens of thousands of workers," still retain 15-year-old clauses stipulating that the employer, the government, must pay for health premiums. These were established under the former Ontario health insurance plan.

In the two other provinces in Canada that impose health premiums, British Columbia and Alberta, unions have systematically negotiated contracts that require employers to pick up the costs, so it's safe to say we predict this will also happen here in Ontario. Already a spokesperson for the CBC has said the company is examining collective agreements to determine what impact the budget measures will have. An official for OPSEU,

which represents 100,000 members at hospitals, community colleges and social services across the province, is doing the same and was quoted as saying, "It's sort of hit and miss all over the place."

In other words, there's a great degree of uncertainty attached to the payment of this new tax. In a labour relations context, uncertainty is never a good thing. In fact, it means only two things. It means protracted negotiations, and if those fail, it means litigation. I ask you, who will then pick up the tax for the government's legal bill if it's battling the unions in court? Again, it will be the taxpayer.

In the private sector, it's also unclear who will pay the premium. Will autoworkers' unions seek to have GM and Ford pay these costs? What about the thousands of other workers who are also in similar unionized jobs? Employers from a variety of sectors could face additional labour costs, protracted contract negotiations and court battles. As a result, they will hire fewer workers or will simply not give their current employees a raise. The result, very simply, will be even less money in the pockets of Ontario workers.

It's also unclear that these funds will actually go to health care, as they are supposed to, because they do flow, as the budget provides, into general revenue. As NDP leader Howard Hampton ably pointed out yesterday, and I believe this was also picked up in the Globe and Mail today, the 2004-05 budget classifies all sorts of things as health care expenses, including \$113 million for water and sewer construction. A tax going into general revenues, as is well known, is the worst kind of tax, because you simply cannot keep track of where it goes and you cannot keep track of the money once it's been collected.

Since the government does not know how much it will collect under this new tax, obviously how can it decide how much it's going to spend on the goal it seeks, which is health care, and how can it claim that this premium will improve the health care system? It doesn't know how much money it will collect because it will actually be footing part of the bill. It doesn't know who will be footing the other parts of the bill and what the impact on job creation will be. In other words, when you look at this, it's very clear that the government did not do its homework before imposing this tax.

If the tax had been put to the people in a referendum or an election, these issues would have been well aired before. They would have been worked out, and if people wanted the tax, they would have been able to approve it. Instead, they are saddled with this punitive and uncertain tax that will not do what it is intended to do.

1130

My final point deals with lack of necessity. We believe this tax is unnecessary to rebuild Ontario's health care system. Curbing spending in other areas of government would have been the prudent choice. Both the Canadian Taxpayers Federation, in our pre-budget submission to the Minister of Finance, and the Fraser Institute, in its recently released post-budget analysis—

which I believe actually came out yesterday—concluded that the government has a spending problem and not a revenue problem. You can refer to the chart that is reproduced lower on this page.

This problem was inherited from the previous administration, that is true, but the problem is that this current government has done absolutely nothing to correct it. The present administration is now spending at a level that is higher than that of Bob Rae under the NDP, when adjusted for inflation and population. By failing to get a grip on spending, this government is simply digging a deeper hole into which it will keep shovelling public money instead of tackling the spending problem.

Another interesting and important point is that we are in a federal election right now, and both the federal Liberals and the federal Tories currently running for election are pledging increased spending on health care. Under a federal Liberal government, next year Ontario would start receiving approximately \$620 million annually in additional health spending until the 2009-10 fiscal year, for a total of \$8 billion. Under a Conservative administration, payments of just over \$1 billion a year would begin flowing in this fiscal year itself and every year thereafter until 2008-09, for a total of \$13 billion. These calculations are based on a per capita allocation of spending relative to Ontario's percentage of the population.

Since it's reasonable to assume that one of these two parties will form the government, unless of course they follow Mr McGuinty's lead and break this promise, Ontario will be getting a substantial infusion of cash earmarked for health care. This, coupled with modest spending reductions, as we had suggested in our pre-budget submission, and the elimination of the \$1.2 billion in Tory waste that we heard so much about during the campaign from the Liberals, would in our view eliminate the need for the health care premium altogether.

In conclusion, we feel that the health care tax contained in section 17 of Bill 83 is an ill-thought-out cash grab that will not deliver the improvements to health care that the government would like to see. For reasons of accountability, adverse financial impact on taxpayers, unreliability and lack of necessity as a revenue source, this tax will hurt and not help taxpayers. It will also not fix the government's real problem, which is over-spending.

The CTF therefore recommends that section 17 be removed from Bill 83 or simply voted down when the budget bill goes to third reading in the House. If, despite its manifest defects, the government still wishes to impose this tax, our position is that it should proceed lawfully by means of a referendum and consult the people and get their consent to do so.

Thank you. That is my submission.

The Chair: Thank you. We have about two minutes per caucus. We'll begin this rotation with the NDP.

Mr Prue: Thank you very much for your detailed submission. I'd like to go to page 3 of your submission just to go over these figures again. It heartens me,

because it's something we in our caucus have been trying to present to the Liberals, that a \$72,000-a-year single-income family would pay \$600, or 0.083%, of its before-tax income, and then you go on to show it's 0.094% for a family at \$48,000, and for a family at \$25,000 it's actually 1.2% of its before-tax income. This is exactly the opposite of the income tax system, where the more you make, the more you pay. This is the less you make, the more you pay. Do you have any idea why this government would embark on such a bizarre taxation system?

Ms Kheiriddin: We have no idea why they embarked on this entire taxation proposal in the first place, but if I had to hazard a guess, it's that the bulk of taxpayers are located in these income brackets and they seek revenue from them because they think that's where they'll get it. Do we think it's fair? No. I completely agree with your comments that it is regressive and it hurts people who can least afford to pay it.

Mr Prue: If they need the money, where would you suggest—you're suggesting that they don't need the money, but they're suggesting they do need the money.

Ms Kheiriddin: We're suggesting that they should curb spending to find the money. We're not suggesting that they should simply raise taxes. I hear them groaning over here. But honestly, we have been saying this and the Fraser Institute is saying this too; we're not alone in this. Spending is at a record high, in terms of the last decade and a half in this province. There is waste that was talked about during the election. Why haven't they dealt with it in this budget? We don't see anything on that score.

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

Mr Colle: I just wanted to quote to you from your pre-budget submission. I think we know what your categorical position is on where we find the money. You say, on health care: "The government should control health spending, open up health care to innovation and private service providers and urge the federal government to amend the Canada Health Act to permit full private choice in health care."

Isn't that essentially the difference? And I respect that you've been consistent about that. You're saying that the real savings down the road, as far as the Canadian Taxpayers Federation is concerned, in health care provision is by allowing private health care, a two-tier system in Ontario.

Ms Kheiriddin: We believe the only way to save the health care system in the long term is to move to systems that countries around the world have, where you have a definite guaranteed public health care system and you also have a private option, yes. We do believe that.

Mr Colle: Like what country, for instance?

Ms Kheiriddin: I would say countries such as England, the US, Sweden: countries that are social democratic and have this system. What we are saying is the system right now is not sustainable. If you refer to our pre-budget submission, we actually, in our appendices, have a chart that shows that in about 30 years we're going to be spending almost 80% of our budget on health care, if we continue at the present rate.

Let me just say also, this does not only imply private delivery of health care services themselves; there are other services within the health care system this government could have considered, such as the government in British Columbia did, where they looked at things like hospital food, cleaning services, things like this that do not impact health directly, which could be rendered privately more cheaply than they are rendered now. Why did this government not do that? I put it to you that it's because you probably didn't want the labour strife they experienced there when they did it.

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

Mr O'Toole: I would just like to request formally—I have a copy of the taxpayers' promise and I'd like, for souvenir purposes, for you to distribute one of these, signified as a kind of copy of the original, to each member. Because this will be a symbolic moment in history of actually signing in writing and saying one thing and then doing exactly the opposite and breaking the law, if that's of any consequence. I think it's a historic document, and I think we should all be held to those standards of integrity and accountability.

Your presentation is not a surprise. I suppose you are, as you supported Dalton prior to the election, more disappointed than we are really, because it turns out you couldn't trust them.

Ms Kheiriddin: How did I know you would throw that at me?

Mr O'Toole: Anyway, I do want to say a couple of things. I want to be on record as supporting the five principles of the Canada Health Act.

I also want to put on the record the truth. Despite what the members say, about 38% of health care today is private; it has been for years. Those in the room who don't know that are misleading the people of Ontario. All oral health, almost all drugs, almost all clinics—as a matter of fact, they've continued the precipitous decline in public health by delisting chiropractic, physio and optometry.

The question I have to you is, in the future, are there other ways of communicating? The public of Canada doesn't like the words "other money" or "other sources of revenue" for health care. We need it; I will be first in the line to use it. Are there other ways of doing efficiencies?

Ms Kheiriddin: There are other efficiencies. In fact, at pre-budget consultations I attended, members of the health care profession themselves spoke about the need to look within the system and find those efficiencies. They cited examples in their own experience and said throwing more money at the problem is not the answer. We already spend so much money on health care in this province, relative to other provinces. Our standard of care can be improved by other means, by finding those efficiencies, and that's the government's job: to look for that, instead of simply taking money from taxpayers.

The Chair: Thank you for your presentation.

Ms Kheiriddin: Thank you very much.

CANADIAN UNION OF PUBLIC EMPLOYEES,
ONTARIO DIVISION

The Chair: I would call on the Canadian Union of Public Employees, Ontario division, to please come forward.

Interjection.

The Chair: Do you know whether he is in the building?

Mr Colle: We can just take a pause and go outside to warm up.

The Chair: We will then recess, but I would ask committee members to stay, in case he walks in the door. We will recess for a moment.

The committee recessed from 1138 to 1144.

The Chair: The standing committee on finance and economic affairs will please come to order. I will call upon the Canadian Union of Public Employees, Ontario division, to come forward, please. Good morning. You have 20 minutes for your presentation. You may allow time within that 20 minutes for questions if you so desire. I would ask you to identify yourself for the purposes of recording in Hansard.

Mr Brian O'Keefe: My name is Brian O'Keefe. I'm the secretary-treasurer of CUPE Ontario. I want to thank the Chair and members of the committee for the opportunity to present on this issue. It's short notice, so I'm going to make my remarks fairly brief.

For our union, the budget was a disappointment. The Liberal government was elected in October on the grounds that they would address the huge deficit that's been built up in this province in the public sector over many years under chronic under-investment. This was a golden opportunity to address some of these issues that have been around with us for a long period of time.

We do appreciate the tentative steps that were made toward addressing some of the issues in health care and education, but beyond that, there's a lot of work that still has to be done. Our public services in this province are in abysmal shape, and the amount of money, the \$4 billion in program spending for this coming fiscal year, as far as we're concerned, doesn't cut it. We appreciate that there are some steps to provide stable funding over a number of years, but it doesn't come anywhere near what's required. As far as a goal is concerned, we would be looking toward the figure that was mentioned in the document by the Centre for Policy Alternatives, the alternative budget, which looked to a figure of about \$15 billion over four years in order to address the chronic underfunding of public services that has developed in this province.

Another issue I think is very important here is that when we get to the 2007-08 year, at that particular point in time the proportion of program and capital spending in relation to GDP will be somewhere around 12.2%, which is actually lower as a percentage of GDP than the average for the spending under the previous government's term of office. That is of great concern to us. So there's a lot of work that has to be done here. Only five ministries—health, education, colleges and universities, social

services, and justice—got any real new funding. Everything else has been either cut or flatlined, and that is an issue that has to be addressed.

If I can focus in on how the government dealt with the revenue shortfall, it's very regrettable the way that this was approached. My union firmly believes in progressive taxation. I think the government should have been upfront. Quite clearly, with the \$14 billion that has been extracted out of the economy by the previous government in tax cuts, a tax increase of some form or other was called for, but we believe in progressivity. A progressive taxation was required here, a taxation on people who earn over \$100,000 a year. There's a huge polarization in the distribution and income that has crept up in this province; in fact, right across Canada and the Western world there's a growing disparity between the rich and the poor. So I think this period in history calls for progressivity more than any other that I can think of, and that's what should have been done here.

Also, the huge corporate tax cuts, in excess of \$3 billion, introduced by the previous government should have been addressed. These corporations can afford to pay their fair share, and that was not dealt with. Furthermore, there are huge tax loopholes out there that could have been addressed and could have dealt with this situation much better.

1150

The route taken with the Ontario health premium we see as regressive taxation. It's hitting the middle-income earner, the working person in this province. That's just one part of it. There's also the delisting of services, pretty basic services, as far as we're concerned: chiropractic, optometry and physiotherapy. This is going to have implications for our members. It will create added pressures at the bargaining table, because benefit costs are a huge issue with employers right now. The combination of a regressive tax hit, user fees and increased premiums for benefits is going to create huge pressures at the bargaining table. I can tell you right now, my take on this is that this is going to lead to a fairly confrontational labour climate in the broader public sector. I don't think that is in the interests of anybody in this province at this particular point in time.

I'll just mention a few issues around the different sectors. There is a real concern around the funding in the health care sector. We've made a huge issue of the level of funding in long-term care. It's been very clear. Our union, along with the Canadian Auto Workers, has called for 3.5 hours of a minimum level of care in the long-term-care sector. I notice in the budget the \$400 million pumped into this sector, which is laudable and we applaud it, but it's basically for new beds coming into the sector, the 3,760 beds coming on stream this year. So most of that money is going into an expansion of the system, and I just wanted to emphasize that there are huge issues out there with the existing system. It's falling apart and it has to be addressed. I don't see that in the budget and I think it's very regrettable.

On the education side of things, obviously we're pleased that some tentative steps have been made to

address the funding in the school board sector. Here again, Mordechai Rozanski made some very clear recommendations, and the funding that's coming through here is a very narrow interpretation of what he came up with. In actual fact, additional funding is required in this sector to stabilize it.

As far as colleges and universities are concerned, the funding here is pretty well—we see it, for all intents and purposes, as a flatlined budget. Additional money came in relating to tuition fees, and also previous funding came in around the double cohort. This is a sector which I think we should be ashamed of, to tell you the honest truth—the lowest funding per capita. I think it's the second-lowest in the whole of North America. This is not a good advertisement for Ontario. We're supposed to be working toward a knowledge economy, and we are the second-lowest in North America. I think that's pretty regrettable. Significant funding is going to have to go into that sector, and what's in this budget doesn't cut it.

On the social services side of things, there is appalling poverty across this province; there has been for a long time. If you factor in inflation, people on social assistance have taken a hit probably in the vicinity of around 37%, and the 3% increase that's been provided here, although we appreciate the effort that's been made to do that, is nowhere near enough to address the level of poverty that exists out there in this province right now.

The 4,000 new child care spaces are appreciated also, but here again, that is just a flow-through of federal money. I think this government is going to have to show a lot more leadership on that issue to ensure that there's proper, regulated childcare across this province.

I want to finish up talking about public infrastructure. We've made a number of deputations on this issue. We've talked to the Premier about it. I want to congratulate the government, actually, on the new Ontario Strategic Infrastructure Financing Authority. That is something our union has promoted, and I think this is a good step. This is a good way of leveraging money at low interest rates from the private sector. But I want to caution the government about going down the very negative road of promoting public-private partnerships. If this financing authority is there to tap into the lowest interest rates we have had in about 45 years—interest rates are at historic lows, and it's a golden opportunity for governments to tap into these low interest rates and address infrastructure needs in a creative way.

Going down the P3 route, the public-private partnerships—these are financial scams. We've made our position very clear on that. They've been condemned by public auditors right across this country, in the UK and in other countries. Recently, I want to point out, because I know the Liberal government has had some advice from the UK, the International Monetary Fund has taken the Chancellor of the Exchequer in the UK, Gordon Brown, to task on this issue of P3s, around hiding debt. I want to make it very clear: It doesn't hide debt. Most of these P3 contracts are over a 25- to 30-year period. You may end up paying a small amount of money at the beginning, but

its future generations that pick up the tab here, and all the evidence we have right now is that they're way more expensive than if governments directly finance public infrastructure themselves.

So I want to caution you about going down that road. You will meet vigorous opposition from the trade union movement. It's not just CUPE but the entire labour movement, the 2.5 million members of the Canadian Labour Congress across this country. This is bad public policy. It's not a good use of public money. It's a huge cost to the taxpayer. Tap into those low interest rates and provide the capital infrastructure within government.

Those are my remarks. Thank you very much for listening to me. I'd be happy to answer any questions you might have.

The Chair: Thank you. We have about two minutes per caucus. We'll begin this rotation with the government.

Mr Colle: Thanks very much, Mr O'Keefe. I think you've given a very fair assessment, and I appreciate the time constraints. It's a very valid overall perspective.

I just want to mention that there's an attempt by our government to try to transform some of the ways in which we deliver services. For instance, in health care, we know we can't just keep funding hospitals ad infinitum. We think that by getting people away from the hospital door, by doing more home care, community health centres and family health teams, we might be able to do that. That's going to take us some time, and then hopefully we'll be able to have more money for other essential public services. That's our goal.

Second, I want to say that one refreshing change I noticed at the Toronto school board discussions—for the last four or five years we've had nothing but agony over what we do with this deficit. But I noticed that this year, for the first time ever, they're wondering what to do with the \$7.1-million surplus.

There are no doubt challenges, as you've mentioned. I just think there are some things that are happening, and I just hope you will continue to work with us, with your public employees, to try and get things, as you said, back out of this hole of \$14 billion in cuts.

Mr O'Keefe: We're always prepared to work with governments, but the big issues, these funding issues around public services, have to be addressed. A big one for us is capital infrastructure. We want to make sure that's not done in a way that erodes public services and undermines the public sector and public sector workers.

Mr Colle: That's why we've also given part of the gas tax to municipalities, essentially for that same approach.

1200

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

Mr O'Toole: Thank you, Mr O'Keefe. It's good to see you, and your comments are important. I agree completely with you on the lack of progressivity in the tax on health care. On \$25,000 a year you're going to pay 0.83%, and Mr Prue will make that point, and the high-income, \$75,000 and over, will pay 0.83%.

I know Sid Ryan's very busy these days. I've seen him on local debates on the federal election, so I appreciate your standing in for him here.

I just want to be clear, though: Is there some trouble ahead? The bill says in section 17, "A provision that amends the Income Tax Act to establish a new tax called the Ontario health premium...." Which is it, a tax or a premium? If it's a premium, you're going to court to make sure that—the contract language today says a health premium will be paid by the government. What's your position, not just for CUPE but for all the organized workers in Ontario? Do you think they're going to recapture this as a direct subsidy in their paycheque?

Mr O'Keefe: There are a number of issues there. There are quite a number of collective agreements out there dating back to when we had OHIP premiums. Certainly we will be attempting to enforce that language, which still remains in the collective agreements.

Mr O'Toole: And be paid for by general government revenues.

Mr O'Keefe: Ultimately, transfer payments are going to have to address this issue, but working people generally across this province are taking a fairly massive hit with this Ontario health premium, and it's going to be an issue at the bargaining table, for sure.

Mr O'Toole: Mr Baird has a question as well.

Mr Baird: This might take just a minute or two. It's a question related to the budget and your members, a non-partisan issue with respect to social services. A lot of the presenters are talking about the budget, not just this bill, and that's fair. I wonder if you would be willing to provide the committee with an update—not now, but sometime in the future—on the whole issue of salaries of your members who work with persons with a developmental disability.

I noticed in the budget—I was pleased with it and I've acknowledged that in the House—that there is additional funding to support people with developmental disabilities. It's years four and five of a plan that was announced three years ago. I wonder if you might provide something in writing to all members of the committee that would assist us in talking about the budget in the upcoming session of the House on where that stands in terms of your members. I know it's a significant concern of a lot of Associations for Community Living, and I wonder if you would be willing to provide that to the committee.

Mr O'Keefe: That's a huge issue. I alluded to the fact that there are huge social problems across this province, and that's an area that isn't addressed in the budget. I know your government, the previous government, did introduce significant funding, but I have to tell you, there was a huge disappointment with your government around how quickly that money flowed into front-line staff, into salaries and wages. It was a big disappointment. A lot of it was used for matters other than for staffing.

Mr Baird: But it is in the budget that's there more money there, though.

The Chair: Thank you, Mr Baird. The time has expired.

If you care to provide any information in that regard, you can forward it to the clerk and the clerk will ensure that all members of the committee receive it.

Mr O'Keefe: We will do that.

The Chair: Now we'll move to the NDP. Mr Prue, you have two minutes.

Mr Prue: A couple of questions, if I can get them both in. The first one has to do with collective bargaining. You have stated that the existing contracts, some of which are 15 years old, have a provision for the health premium, and you're going to enforce those. What about the ones that don't? Are you going to do what the unions have done in Alberta and British Columbia and ask for this money at the time of collective bargaining, that the employer pay it? I would think you would.

Mr O'Keefe: Yes. Obviously, this is a huge hit on our members. Anywhere from \$300 to \$700 is a pretty significant amount of money, so our members are going to have to get redress for that in some way or other. It's going to be a very confrontational bargaining climate.

Mr Prue: So you anticipate that in dealing with this government, because of this particular provision, as a starting point you're going to be looking, for each of your members, for the \$300 to \$700 back from the government that they've lost as a result of this bill?

Mr O'Keefe: Absolutely.

Mr Prue: The next point: You started off saying you were disappointed with the number of ministries being flat-lined or that are taking a cut, and that's the majority of the ministries of this government. How do you see that affecting your members, the employees of the Ontario government?

Mr O'Keefe: A significant impact for our members and also for other unions. Obviously, we have a lot of members in areas that receive money as well, health care and education. We represent pretty well every type of employee in the broader public sector. In the municipal area, for example, what's being provided there is very, very tentative—absolutely nothing around housing. Anything that's coming through is federal money and money that's been announced already. The portion of the gas tax that's coming through doesn't come until October and it's spread over a number of years. This is a big concern to our members.

The Chair: Thank you for your presentation this morning. I want to remind the committee members that we are meeting this afternoon. Hearings will follow routine proceedings.

Mr Colle: Mr Chair, there's no heat. These are unsafe working conditions. Can we go to another room?

The Chair: Staff are continuing to look into this matter. If we move, we'll let members know. We're recessed until this afternoon.

The committee recessed from 1207 to 1546.

REGISTERED NURSES ASSOCIATION OF ONTARIO

The Chair: I ask our first presentation to come forward, the Registered Nurses Association of Ontario.

Good afternoon. You have 20 minutes for your presentation. You may leave time within that 20 minutes for questions if you so desire. I ask you to identify yourselves for the purposes of Hansard.

Ms Doris Grinspun: My name is Doris Grinspun. I'm the executive director of the Registered Nurses Association of Ontario. My colleague Kim Jarvi is our senior policy and economics guy. We are very pleased to have this opportunity to present before the finance committee. We applaud the government for bringing the budget before public scrutiny at the finance committee. In fact, I need to tell you that this is the first time in the eight years I've been executive director of RNAO that I am aware there is such an opportunity, so thank you very much.

Tough choices: On May 18 the Liberal government was forced to choose among campaign promises that had become incompatible. The party had promised to rebuild social services but at the same time had made promises to not run a deficit or raise taxes. The campaign focus was on the first promise, and that is what Ontarians voted for.

The new government inherited a large budgetary deficit and an even larger social deficit, so it faced very difficult choices. Before the budget, RNAO called upon the government to recognize its inherited revenue problem and address it by rolling back some of the irresponsible tax cuts imposed by the previous government. RNAO also recognized that chronic deficits would not be prudent but urged the government not to rush into a balanced budget at the expense of rebuilding essential public services like health care.

The government conducted extensive public consultations—we had the pleasure of participating in some of those consultations—and it heard much the same thing from most stakeholders and the public. The choices were difficult but clear.

Rebuilding revenue and services—a good start: The 2004 budget represents a positive and substantial shift from previous budgets in tone. It identified the government's revenue problem and elected to raise taxes, while waiting until the fourth year of its mandate to balance the books. Importantly, the budget and budget speech suggest the government will change rigid legislation that renders rebuilding public services difficult or impossible; for example, the Balanced Budget Act and the Taxpayer Protection Act. RNAO is pleased with the shift in direction but has some recommendations on the size of the shift and how it should be accomplished.

Our concerns about revenue and spending: In the RNAO's view, the government has taken excessive heat for not keeping its promises on no tax hikes and balancing the budget. While the Liberals should not have made those election promises, as they were not consistent with the rebuilding promises, the only responsible action in the budget was to stick to those rebuilding promises. And we need to remember that we didn't know the extent of the budget deficit we inherited. This was what they heard repeatedly in their consultations, and this is what we said too.

Having said that, we do have a number of concerns about the budget as it appeared on May 18. Future

spending is not budgeted to keep pace with need. Program and capital spending will grow as a share of the GDP in the first year, from 13.1% to 13.5%. This is an important improvement, but the spending share remains far below the average of the 20 years before 1996, which was 14.9%. The current spending share is simply not enough to meet the responsibility of paying for health, education and all the other social programs we badly need in this province. Yet from 2005-06 to 2007-08, the budget proposes spending that badly lags need and GDP growth. Program and capital spending will drop to 12.2% of GDP, which is extraordinarily low in comparison with the past 20 years in Ontario, and is also extraordinarily low in comparison with the other provinces, in the range of a full six percentage points lower than the rest of Canada. RNAO favours raising spending back at least to historic levels, particularly in view of the current impoverishment of social programs.

Revenue measures must be more aggressive, in our view, and must meet future need. As noted above, spending will badly lag GDP growth, yet there will still be a deficit for three years, implying that the government is simply not planning on collecting enough revenue. There were two major revenue measures in the May 18 budget. The biggest was not a revenue measure at all, but a withdrawal of a subsidy to Hydro consumers that will save the government \$3.9 billion. The other major change was the proposed Ontario health premium, which is really a tax. As proposed, it is a very regressive tax, in our view, disproportionately bearing on low- and middle-income people; for example, at \$25,000 income the amount paid would be 1.2% of income, while at \$500,000 it would be 0.18%.

RNAO favours rolling back past corporate and personal income tax cuts, as this would be much fairer, and we expressed that in the pre-budget consultations. Tax cuts from previous governments now cost the provincial treasury \$13.5 billion annually—\$3 billion corporate and \$10.5 billion on personal income taxes—a figure that dwarfs any current deficit. If rolled back, these recovered revenues would pay to cover much of the huge social and infrastructure gap that emerged in the past nine years in Ontario. By themselves, the two revenue measures in the budget will address current needs, but not the urgent need to raise more revenue to sustain rebuilding of public services.

If we proceed to raise revenue via the health premium, then we're asking that it be structured to be at least as progressive as our present income tax system. That is to say, it should have many more steps, rise more than proportionately with income, and have no cap. The exemption for very low-income people does enhance progressivity, but as currently proposed, the tax is very regressive for incomes over \$20,000.

Expenditure items: Reflecting the spending restraints that prevent meeting all needs, there were ministries that received some increased funding and those whose budgets were either frozen or reduced. Observers have called this a health and education budget, and that is

where the bulk of the new spending has gone. Total spending is slated to rise 6.9%, with health care rising 7.6%—or much less if one counts last year's SARS expenditures—training, colleges and universities rising 7.6%, and education 8.9%.

RNAO applauds the steps to improve circumstances for nurses. We are delighted that this budget provides vital, earmarked funding for full-time RN employment, an essential investment for keeping RNs in Ontario, the most important, in our view, of most investments in nursing. We will work with the government to ensure that its commitment to nurses continues on track.

Steps to reduce wait times are also welcome. The renewed focus on primary and community-based care is good, as are steps to address promotion and prevention, but we encourage an even more ambitious agenda. We are troubled by the delisting of essential services. For example, while physiotherapy has become increasingly difficult to get under OHIP, it remains essential to restoring function that has been lost due to illness or injury. Those who lack adequate private insurance for physiotherapy will increasingly be forced to live with a disability that is entirely curable. In fact, in front of this committee in the past during the public hearings we called it "rehab"—the secret and silent privatization of rehabilitation.

The government has taken another important step: multi-year funding for hospitals, which is absolutely essential for planning and investment.

RNAO also welcomes, as does the mental health community, the absolutely excellent investments in mental health services that will serve an additional 78,600 patients per year by 2007-08. Indeed, mental health services had received no increases in funding for the past nine years.

In primary and secondary education, positive steps, including a cap of 20 students per class and funding for 1,000 new teachers in 2005-06, are welcome. Critics state that the budget delivers \$1.5 billion less than recommended in the Rozanski report. RNAO was unable to find explicit commitment to a healthy schools approach as we have requested before, and as recommended by the Ontario Healthy Schools Coalition. We hope that positive details will emerge as details on the budget emerge.

In post-secondary education, spending will rise by 12% over four years, which will do little to catch up on lagging funding. Former Premier Bob Rae will do a review, and we hope that funding will be there to meet identified needs.

Other ministries: The budget offers helpful investments in some areas.

For example, municipalities will benefit from a phased-in transfer of two cents per litre in the gas tax for public transit. We applaud this investment.

Infrastructure spending is up, but only by \$400 million, and \$75 million below the average of the nine Conservative budgets. Ontarians must be vigilant about capital projects, as we still hear government weighing options on public-private partnerships. These so-called

P3s are horrifically expensive for borrowing money, whose only advantage, in our view, seems to be political gain. They relabelled borrowing as “leases” so that the capital expenditure disappears from the government’s immediate bottom line. As you know, we do not support moving forward with P3 hospitals.

Seniors will benefit from an enhancement of the property tax credit, greater funding for long-term-care facilities and affordable housing for seniors. This is indeed very good news.

The poor received slight acknowledgement in the budget. For the first time in over a decade social assistance rates rose, but only by 3%, after having fallen 35% in real terms since 1993.

Housing was, in our view, a serious disappointment. RNAO and housing advocates are disappointed with the housing allocation, which offered a small fraction of the \$1 billion that advocates were seeking for affordable housing, rent supplements and housing rehabilitation. The budget gave \$2 million more for homelessness prevention programs, an unknown portion of \$5 million for women’s emergency shelters and domiciliary hostels, only \$13.4 million for affordable housing, no new funding that we could see for rent supplements, no new funding that we could see for supportive housing, and no new funding for land for affordable housing.

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Summing up: The government has definitely taken a welcome new course from the previous government. RNAO applauds the halt of the decline in social programs. The recognition of the revenue problem is very important. We applaud the decision to raise taxes and to not rush to balance the budget in the first year. It appears that the government will change the legislation that blocks reinvestment in public services, and this is good news.

The budget, in year one, does take a significant first step in the direction of rebuilding public services, but then, in our view, reverses itself in subsequent years. Those who want to recover these social services must press the government to maintain the momentum of the first year. If government spending does not recover a reasonable share of the GDP—14.9% was the average in the past for capital and operating spending—the public sector will lack the stability and vibrancy which are so necessary to deliver essential services on a timely basis.

Rebuilding Ontario will also depend upon an adequate and equitably raised revenue base. We very much encourage the government to seriously consider rolling back some of the, in our view, irresponsible tax cuts of the previous government—enough to cover the above costs. If proceeding with the health premium, we urge the government to restructure it to ensure that it is progressive, as is the current income tax system, with no cap.

Given the level of spending, we as nurses can be encouraged that the budget seems to be responding well to our urgent needs. We will continue to monitor and work closely with employers and with government to

ensure that all commitments to nursing, and therefore to patients, are fully realized. Ontarians will indeed be the real winners of this move.

The partial recovery of spending still leaves many sectors underfunded. In particular, the needs of the poor continue to be sadly neglected, something that is unacceptable in such a wealthy society. While we argue that healthy public policy dictates attending to key determinants of health such as income distribution and housing, simple human decency dictates that we rectify the situation as soon as possible. This raises the urgency of recovering more revenue and committing to a bold vision for a truly just society.

Thank you. We will be happy to respond to questions.

The Chair: Thank you for your presentation. We only have time for one question, about two minutes, and we will begin with the official opposition.

Mr O’Toole: I apologize; I wasn’t here. I do have duty on the estimates committee. But I listened carefully to your last summation remarks, Ms Grinspun, and I’ve always appreciated the work and the voice that you bring to nursing in Ontario.

I would first say that I fully respect that the work you did when we were in government contributed largely to many of the investments, whether nursing strategy or other commitments, the nursing task force with Elizabeth Witmer. That should be part of the record. There was an addition, I believe, of over 6,000 nursing positions created. It’s not there, but I believe the relationship you’re working with here is important. They’re now the government and they have made significant commitments to front-line nursing, which I would support.

I guess my question would be in a broader sense. The history in health care has been a challenge, whether it’s mental health or nursing or doctors’ OHIP fees. It’s \$10 billion or \$11 billion of increased funding. Will the \$2.2 billion committed to in this budget be enough to resolve the four cost drivers: nursing settlements, the OHIP settlement, the drug incremental fee and the hospital operating budget? I believe they’re short by about \$800 million.

Ms Grinspun: I believe—and let me, yes, recognize Ms Witmer on the investments after we had serious challenges, as you are aware, from 1996 to 1999, her advocacy and role in moving the nursing agenda.

What is different, though, with this government—and as you know, we argued for it vigorously, myself included, with the previous government—is the move to full-time positions in nursing. There is no one more important agenda to resolve the nursing shortage than to move with the agenda of full-time employment for registered nurses in this province. Those are the nurses who are leaving this province, and they are leaving this province only because they cannot find full-time work. Hence, why the commitments to nursing in this specific budget are so important.

I believe that if revenues are insufficient, we should look at other ways of increasing revenues. We said in the pre-budget consultations, and we are saying it again, that

we truly believe we need to roll back previous tax cut commitments to increase those revenues. Therefore, we are asking that we be cautious in years 2, 3 and 4, because this is a four-year budget, and if revenues are insufficient, that we actually raise the revenues rather than creating an even bigger social deficit in this province. It's time to build. This is what Ontarians wanted, this is what nurses want, and we are prepared to pay our share.

The Chair: Thank you for your presentation this afternoon.

CANADIAN MENTAL HEALTH
ASSOCIATION, ONTARIO DIVISION

The Chair: I would call on the Canadian Mental Health Association, Ontario division, to please come forward. Good afternoon. You have 20 minutes for your presentation. You may leave time within that 20 minutes for questions if you wish, and I would ask you to identify yourselves for the purposes of our recording Hansard.

Dr Barbara Everett: Good afternoon. My name is Barbara Everett. I am the chief executive officer of the Canadian Mental Health Association for Ontario. I'm accompanied by Patti Bregman, who is our director of government relations. Our board president, Neil McGregor, is unable to attend.

I congratulate you on the Arctic atmosphere in here. It's astounding.

Interjection: We call it fresh.

Dr Everett: No. It's cold. Something has gone wrong.

On behalf of the people with mental illness and their families, we are here today to say thank you for the multi-year commitment this government has made to their well-being in its recent budget and again in Mr Smitherman's announcement yesterday. In a world of competing interests and one where it is a public perception that it's impossible to be too healthy, the allocation of health funding will always be a painful process of priority setting.

Ours is a service sector specifically founded and funded on the principle of getting people out of hospitals or jails and keeping them out. While it's obvious to all that no one wants to be in a hospital, let alone a jail, an additional factor is that we protect these very expensive and scarce resources.

An additional contribution of your commitment to people with mental illness is the leadership you've shown in speaking up and speaking out. People can no longer hide in the shadows without help and without hope. Each member here knows somebody with a mental illness, and certainly this is a government where their family members are going to be telling them they're proud of them for standing up and making a commitment.

Accountability is a message that we've heard loud and clear, and we completely agree that the taxpayers of this province are entitled to know that their money is being well spent. Yesterday the minister announced funding for a 24 by 7 on-line telephone-enabled service registry. It's

been languishing in the planning stages, if my memory serves me, for at least four or five years. One of its functions is data gathering so that we can measure who goes where, what happens to them and whether it helped or not, a simple and, I might add, cheap solution, but an incredibly powerful message directed squarely at accountability.

We would like to reiterate RNAO's comments on the need for housing for our most vulnerable. This is the first step in recovery for people with mental illness, because you obviously can't take care of yourself while you're on the street and you don't know where your next meal is coming from. So this remains extremely important to us, and we look forward to new commitments in that area.

Contrary to my usual visit to this committee, where I rail against you for not funding us, I'm here to say thanks this time, and it feels really good.

I think Patti has some comments on something else.

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Ms Patti Bregman: I have a couple of comments. One is, as I'm reading through this—we did this, obviously, with about 12 hours' notice. We'll replace this draft, because I think it actually seems to have been stapled wrong. So we will send you an updated copy.

I wanted to say a couple of things, following Dr Everett. We're quite struck by the fact this government has chosen to address what we call the deficit of hope. Coming into the pre-budget consultation, we asked you to pay attention not only to the budget deficit but to the deficit of hope that faces people with mental illness, their family members, friends, employers and others, who have watched for 12 years as the services they needed were dwindling away, as they ran into crisis with the police, with the emergency rooms.

Also, I wanted to congratulate you for recognizing—and I think the minister said this a couple of times yesterday—that this is also an economically sound investment. It costs less to treat people in the community. We know from the data that you can treat people effectively in the community. If you look at page 3 of our brief, where we talk about sound investments, it costs \$95.89 a day to support a person with a mental illness in the community; it costs you \$486 a day in a hospital. When you look at the addiction and substance abuse services, which have also been cut back, it costs over \$170,000 a year to keep somebody in the hospital for withdrawal problems and under \$40,000 to treat them in the community. So this is a good investment for people. It's also good for business, which spends more than \$14 billion a year dealing with people with mental illness who cannot get treatment.

I think to the extent that the minister's announcement addressed early intervention, crisis services, there are many happy families. I was at York region last night talking to the mothers of two young men who committed suicide. Twenty-four per cent of young people between the ages of 16 and 24 who die commit suicide, and early intervention services will hopefully be able to address that. That's part of this government's announcement.

The part that I actually was going to comment on is the more technical piece. As a lawyer, I tend to look at

the legislation. There is one piece of the budget act that we would like to address, and that's the amendments to the Ontario Drug Benefit Act. I think everybody recognizes that the drugs for people's mental illness are essential. People with mental illness live in poverty, their incomes are low, there's a very high rate of unemployment, so if they are not able to access drugs through the drug benefit program, they will not get the drugs at all.

The change that you're making—and it's not the change itself, but I think how it's implemented that we need to address—is to allow the minister to delist services based on public interest. I think it's section 18 of the bill. I think that's reasonable. You can already delist drugs based on public interest.

I think what we would like is a commitment from the government, and I will talk to the legal counsel about amendments, that would actually make sure that when you're taking into account what the public interest means, you look not only at cost, you look not only at effectiveness and does it lead to the same result, but you look at whether or not people are going to be willing to take the alternative. There are a number of side effects in any medication, and for people's mental illness, it appears that the side effects are often what stops them from taking the drugs. I think it would be doing a disservice to people's mental illness if you delist a drug that may be more expensive but is easier to take. Because I think in the long run, the cost will be much higher.

So just to reiterate what Dr Everett said, I think you deserve a lot of credit. Governments make a lot of promises and governments will always break promises, and that is true of every government of every party, but I think for people with mental illness and their families, we're used to being the first promise that sort of goes to the bottom of the pile. I know Ms Wynne saw me appearing on Bill 8, and I have to say we would also like to commend the government and the opposition parties for their support of Bill 8, in adding amendments to the preamble recognizing mental illness. But we're always the last one, we're always the next group to be funded, and so I think you deserve a lot of credit for making us one of the first and not the last. So thank you.

Dr Everett: Any questions?

The Chair: We have about three minutes per caucus. We'll begin with the NDP.

Mr Prue: Much of what you have to say about the government is laudatory, and I probably would concur, at least inasmuch as it's better than you had before. But I have to tell you, I was very disappointed with the budget in housing. There was only \$18 million for housing, of which only \$13 million was new money. It builds about 300 units. We have 75,000 families in Toronto and we have so many people needing supportive housing. Could you comment on that? That's what I think is the single biggest determinant of mental health: good housing. It's not there, and yet you applaud them.

Dr Everett: We agree. For what it is that we're saying thanks, it's accurate and it's fair, but the housing portion,

we agree, was inadequate. I understand there are 18,000 vacant units in this city. If we could fill those up with people who need housing, we wouldn't have the problem that we do. There is no question that housing is first among equals, so believe me, we're not going to give up on making our point, and making our point repeatedly on that subject.

Mr Prue: OK, but should the government have included this in the budget?

Dr Everett: There is a mention of it. Hopefully it won't be forgotten as time goes forward. Certainly it would have been absolute top of our wish list that it had been there. It was part of our three priorities that we had continued to put forward, but we didn't see it. You're quite right that it is disappointing.

Mr Prue: The second thing: You talked about disadvantaged people and the poor. Although a 3% increase is better than nothing to those on welfare and ODSP—welfare people had a 35% hit over the last 13 years and ODSP had a 13% or 14% hit—this seems like pretty small potatoes.

Dr Everett: It's true. We will always refer to it as a good first step. We hope to see that there are additional steps in that particular area. As we are always saying, the measure of a society is how it treats its vulnerable people, and people are starving in one of the richest provinces in this country.

Mr Prue: As I put it in one speech, this was akin to a 3% increase to welfare. At \$530 for a single person, it was probably half of one trip to the food bank less per month, although I doubted even that would occur.

Dr Everett: That wouldn't be where it would go, that's for sure.

Mr Prue: No.

Dr Everett: It's the people who are on subsistence that are putting it into their rent. There's, of course, the clear possibility that every landlord across this province just raised their rent by 3%. So it's very difficult.

Mr Prue: Do I still have more time? No? OK.

The Chair: We'll move to the government.

Ms Wynne: Thank you very much for coming today. Indeed, I have heard your comments on other bills, so I know that there are a number of moves that you needed to see. I wanted to ask you if you could make a connection. In your presentation on page 4, in the primary care section, you talk about community health centres. You know that community health centres are one of the models that we're really supporting and have put money in the budget for. Can you make the link between mental health in the community and the need for more community health centres, or how they address that need?

Dr Everett: Certainly. Community health centres are particularly kind to our population. In fact, we're established on serving populations that couldn't find health care in other areas. They often are located in areas where there are high concentrations of vulnerable populations. We've always been great friends of the community health centres.

While we saw a \$14-million investment in beefing up the budgets of those existing CHCs, we would be very,

very interested in seeing expansion of the system. For example, the Canadian Mental Health Association in Windsor has had a proposal for a CHC in to successive governments, for probably eight years at this point in time. Still it languishes. They have two NPs providing primary care, which is a new model for us, where the primary care is actually provided in the mental health agency backed up by a family doctor. They're serving over 1,000 people, if you can imagine it. With people who have not had access to primary care, they find undiagnosed cancers and urinary tract infections that are intimately related to the onset of psychosis, all sorts of issues regarding people with mental illness not having physical health care.

1620

Ms Wynne: Do you think having community health centres distributed more equitably around the province, going into your expansion—and that is one of the things that we're looking at—will help people with mental health problems then get care in their communities? Because there's a migration to the urban centres, right?

Dr Everett: Yes.

Ms Wynne: Is that a link that you're—

Dr Everett: No, we would support that 100%. We see it as a valuable model. It's not only people with mental illness, but it's a lot of other vulnerable populations that aren't able to get easy access to primary care. I can only laud the work of the community health centres. We support them.

Ms Wynne: I think Ms Mitchell had—

The Chair: We have less than half a minute. If you can be quick.

Mrs Mitchell: OK, it'll be very quick. I too was at the presentations for Bill 8, and I thank you for the support of our budget. I just want to give you the opportunity, and I'll talk quickly, to expand on your concerns with regard to the drug plan.

Ms Bregman: What tends to happen when they look at delisting is it's all about money. I worked at the Ministry of Health at one point, actually, on some of this. So the concern is that if you have a range of very effective drugs that may, for example, reduce the symptoms of an illness, but one has a lot of side effects that mean you don't want to take the drug and one doesn't, the drug plans that look solely at money tend to cut out the ones that don't have a lot of side effects because they say, "Well, take the one that has a lot of side effects first." I know the concern is that at times, if people are forced to take a drug that has side effects, they're not going to be very happy about taking the drug that doesn't.

So I think our concern is just to make sure there's a process in place that looks at more than money, that looks at whether there are other factors that make a particular drug a better drug. It may be money but, for example, if you've got somebody taking a drug that's not as effective and they're non-compliant, the end cost may be higher, but the actual drug cost won't be. So I think we're just asking for some guidelines and care in that.

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

Mr O'Toole: Thank you very much for your presentation. There is always more need. We had the privilege of opening a Canadian mental health facility in Oshawa. Doctor, you were there, and I appreciate that. Of course, it comes down to operating funding. Driving it into the community is a longer strategy tied to the divestment of the institutions, which is not complete. I think there's a huge amount to be done there in terms of the Whitby mental health centre, and certainly the central-east region needs to have those commitments in the broader sense.

Now, moving those people with special needs into the community—and I recognize that you used the cost per bed in hospital of \$486; actually, the number that the ministry itself uses is about \$580. It's a dispute that they need the services in the community first. I think the announcement yesterday is the right move because we see it, each of us, in our communities.

I also take note and do agree with the point you're making with respect to section 14 and the delisting. In fact, it was brought up by the NDP for the same reasons. Some medications, perhaps the generic or less expensive variety—who do you think is in the best position to make that decision of listing and delisting? Isn't it the health provider who would be making that decision? And what instructions would you like to see changed? The generic groups sent us a memo that it's a savings of \$30 million a year as a rough estimate, just on that delisting and using generic. Who should make the decision? Because Cam Jackson's dealing with it in cancer right now. It's a huge palliative care kind of issue. I would just put that one question to you. Is it the health care provider? In community mental health, many of them are nurse practitioners, in my riding. They can actually prescribe medications, the nurse practitioner extended class.

Dr Everett: I think you're right. The health care provider has to have a lot of say in those sorts of things, but I would really like to see consultation with the people who actually take the medication and their families, because they often have very valuable information that doesn't come out through the health provider's lens of seeing things. So I'd like a balance.

Mr O'Toole: I hear that schizophrenia—

The Chair: Thank you for your presentation this afternoon.

Mr O'Toole: They seemed to have longer than us. Have we been truncated?

The Chair: No, you took almost three minutes to ask your question, Mr O'Toole.

PEOPLE FOR THE ETHICAL TREATMENT OF TAXPAYERS

The Chair: I would call on the People for the Ethical Treatment of Taxpayers to come 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 our recording Hansard. You may begin.

Mr Mike Patton: Thank you, Mr Chair. My name is Mike Patton. I am the official spokesperson for People for the Ethical Treatment of Taxpayers, which is an Ottawa-based community organization which really began this year. I'd like to thank the committee, first of all, for its time and the process that my appearance represents.

People for the Ethical Treatment of Taxpayers had its genesis in this year's city of Ottawa municipal budget. While one city councillor in Ottawa ran on a promise to raise municipal taxes and was re-elected, most of the incumbents, elected rookie councillors and the mayor promised to hold the line and not increase taxes at all. In the first budget following the municipal election, taxes were raised substantially. Many in Ottawa were stunned that a group of politicians could so cavalierly promise one thing, then do another.

While there was initial skepticism when the Ontario Liberal Party and leader Dalton McGuinty repeatedly promised, "I won't cut your taxes, but I won't raise them either," Ontarians were prepared to give him the benefit of the doubt. Ontario voters were given further comfort that there would be no tax increase based on the Ontario Taxpayer Protection Act, which mandated a province-wide referendum before any tax increase, as well as the large production that was made of leader Dalton McGuinty signing the Canadian Taxpayers Federation pledge.

Ontario voters quickly became concerned when they did not feel that the promises in general made during the election by the Liberals were transferring into action. When the government made substantial tax increases in the budget without a perceptible effort to find savings, voters in Ontario who supported the Liberal Party were left feeling like suckers.

I'm not here today to debate the necessity of the tax increase or to speculate on whether there is or is not an inherited or manufactured deficit. My point is simple: Democracy is an act of faith. Leaving people feeling foolish for involving themselves in the political process is toxic. If people's faith in the political process is sufficiently damaged, they will opt out of the process.

Let's not kid ourselves. This is not the first time a politician has promised to do one thing and then done something else. So why are these promises unfulfilled by this government different from all those other promises unfulfilled by all those other governments? The difference is twofold. Ontario voters in 2003 considered themselves to be very sophisticated and they felt they had done due diligence on the packages of all three of the major political parties. You can't be fooled if you don't believe. Secondly, the Ontario Liberal Party clearly set out a process they would follow, should they be required to raise taxes.

People for the Ethical Treatment of Taxpayers believes we have reached a tipping point in Ontario. How can Ontario voters reasonably trust any politician of any stripe to actually act on their election promises? How can Ontario voters compare one candidate to another if neither can be trusted?

So what is to be done? It's pretty simple. If you tell the citizens of Ontario the truth and trust them, they will support you. If, as claimed by the government, they had no choice but to increase taxes, the government should make the case to the citizens of Ontario and put it to a vote. The citizens of Ontario will support good and responsible government and are prepared to pay for it.

Second, define what you mean by health care. The Liberal Party of Ontario has been running ads featuring the Premier saying that every cent of the health levy will go to health care spending. Reports this morning suggest that the definition of health care includes infrastructure projects such as water and sewage, and measures to reduce pollution and increase fitness. These are all worthy goals, but not what the average citizen in Ontario equates with health care.

Voters and citizens in Ontario are beginning to believe that this government has a secret agenda. Just tell the people of Ontario what you plan to do and have faith in the intelligence of the people of Ontario to support you. Thanks very much, Mr Chair.

The Chair: There has been a request. If you don't mind, members have asked that they could photocopy your presentation for their own reading. If you care to leave that, the clerk—

Mr Patton: Certainly. I wasn't planning on that, but I can do that, sure.

The Chair: The clerk can take care of that, if you don't mind. With that said, we have about five minutes per caucus and we'll begin with the government.

Mr Colle: Just a question. Thank you very much, Mr Patton, for your presentation. You mentioned that your genesis came about in the battle for trying to control tax in the city of Ottawa.

1630

Mr Patton: It wasn't really in the battle. It was the surprise that, after the overwhelming majority of council had run on a platform saying that none of them would vote for tax increases, a fairly large tax increase came about, and that's what really prompted people to action.

Mr Colle: What was the final tax increase in the city of Ottawa?

Mr Patton: Now we're getting into the politics of the situation. It depends on who you ask. City council will say 3.9%. They've added another percentage point since then, which makes it 4.9%. There was, I believe, a 6% non-tax increase the previous year, which only takes effect during this year. So approximately a little over 10%.

Mr Colle: As you know, we were involved a bit in trying to give them the flexibility to pass over some of the taxes to the industrial-commercial sectors so the residential wouldn't—that's why I asked that question. It was an attempt to try and let them deal with their issues.

The other thing is, how many people belong to your group?

Mr Patton: As I said, it's an Ottawa-based group of about 100 people. Since we went on-line with a Web page and have become active, I can't tell you exactly

how many people across the country have signed up, but it's about 100 people in Ottawa.

Mr Colle: OK. Are you a registered third party—

Mr Patton: For the purposes of the federal election, yes we are.

Mr Colle: What does that enable you to do? This is actually something new to me.

Mr Patton: What this enables us to do is spend money legally, should we choose, advocating a position during the federal election. Under the new federal elections act, if we were to advocate for or against an individual candidate or party and, in doing so, spent money—if we were to run radio ads, for example—we need to be able to declare that, and there are spending limits associated.

Mr Colle: How do you raise your money, just in general?

Mr Patton: Thus far, it has been internally from contributions of the members.

Mr Colle: Just people giving out of their pocket.

Mr Patton: Yes.

Mr Colle: One of the main points you made was that the real problem you expressed was not so much that, in some cases, governments have to raise money, but it was a problem with the commitment that there wasn't going to be an increase in taxes. That's what your real core problem is?

Mr Patton: Again, ironically enough, I have no problem with the city councillor in Ottawa who ran saying, "If you vote for me, I'll raise your taxes."

Mr Colle: Was that Alex Cullen?

Mr Patton: That's correct.

Mr Baird: They were NDP.

Mr Colle: How do I guess that? What did Peter Hume vote to do? I don't know.

Mr Patton: Peter Hume said, "We'll see." He was non-committal one way or another.

Mr Colle: But only Alex was definite.

Mr Patton: He was the only one who said, "We're going to need a tax increase," and he was returned quite soundly by his electorate.

My issue is simply this: You need to have faith in the voters of Ontario. They are prepared to pay for services. If you make the case to them, "Look, we need more money in order to provide the services that you so clearly want," they will support that, but because the pledge was made so clearly during the course of the election, to now not follow through with that looks very suspicious.

Mr Colle: By the way, when we went across the province with this committee, that's one of the things we heard repeatedly, that people didn't mind paying a bit more for services as long as essential services like health care, education and city infrastructure were fixed.

Mr Patton: I could get into a big discussion on programs and services that I personally think should be either cut or reduced, but that's not my point here today. My point here today is simply to say, "Look, the commitment was made," and there is an increasing sense, I think, among non-political people—with the exception of

myself, most of the members of this organization are not traditional political people. Many of them never even voted before and are shocked to sort of be introduced to the political process and see what it all entails.

Mr Colle: One last question: Have your members expressed any concern or outrage about the previous government right up until today still denying that there was a sizable deficit?

Mr Patton: Again, based on the newness of the organization, that was not an issue they've had to face. But the bottom line is that they're not arguing—their point with you is not whether the deficit is legitimate or not legitimate, who caused the deficit and how much more money is needed for health care or any other programs of the provincial government. The issue in this particular case is that they were told that if additional taxes would be required, they would be consulted prior to the implementation, and they don't feel that's been done.

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

Mr Baird: Thank you very much for your presentation. In the bill that we're having public hearings on, Bill 83, there was some debate as to whether this was an Ontario health care premium or a tax. In the act, it calls it a new tax—directly out of the bill on page 13. Do your members view it as such?

Mr Patton: Seeing as they've been asked for additional funds by the government, they view that as a tax.

Mr Baird: Do you think there would be a better name for it than Ontario health premium? One of our members suggested we should call it the Dalton McGuinty broken promise tax.

Mr Patton: You might need an extra line on my paycheque to fit all of that in. The real problem here continues to be the fact that if these monies are required, they should be asked for. Ironically, I really believe that had the government run on a platform of saying, "We're going to have to raise their taxes," it wouldn't necessarily have impacted the election that much.

Mr Baird: There is an out, though. Under the law, the government can obey the law and raise taxes if they want; they just have to have a referendum. Why do you suppose they're not having a referendum?

Mr Patton: That's the real threat to democracy here, not just the fact that they're not physically going to hold the referendum, but just the suspicion that raises, that the increased tax is not legitimate, that there is no real requirement for it. Because if there were, they could quite simply make their case to Ontario voters. I believe that if a proper case were made, they would support it.

Mr Baird: It's interesting. In California 65% of referendums on tax increases actually pass. When the government or the Legislature goes to the public and says, "We want more money for X, here's how we propose to raise it," they can actually make a case. Frankly, on the morning of the budget, before I went into the lock-up, I actually thought there might be—I wasn't certain—a referendum. I actually went to my caucus and said, "What would our position be on this if that were the case?" We have a little press conference in the budget

lock-up itself, and I was surprised they didn't. Do you think there's anything that's changed since they signed that referendum commitment that would negate that?

Mr Patton: I don't think so. We've seen the impact already of the suspicion this has caused by looking at the change in the voting patterns that are coming up to the federal election.

I'm from Ottawa, and the overwhelming majority of the seats, with the exception of one rural one, have been Liberal for a long time. The way things stand right now—the polling I've seen over the last couple of days suggests there's just one safe Liberal seat in the whole city.

Mr Baird: Is this a topic of discussion? You said you're registered with Elections Canada. The Minister of Finance sat in the chair that you're in this morning and said that wherever he goes across the province people support this budget. Do you have people wherever you go supporting this budget?

Mr Patton: I don't. There are two separate issues. There's great concern about the budget in general, but the idea that the taxes were increased when they were promised not to be increased is a problem everywhere. Nobody understands how they can do that—from highly educated, older, experienced people to children. It's very difficult trying to explain to a 10 year-old how the provincial government can just ignore a law. They don't understand it.

Mr Baird: Maybe we should bring in character education in our schools so that children know not to lie.

Interjections.

The Chair: Order.

Mr Baird: I could have balanced the budget. I showed you how to do it. I showed you.

Interjections.

Mr Baird: You'll be interested in this. I read the estimates today. For every minister they've included their full salary. They've budgeted to pay them the full salary. They're not even going to take the salary cut, according to the estimates that were tabled today, which is very interesting.

Interjections.

The Chair: Order.

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Mr Baird: Do you know what I gave these guys? A 17-page document telling them exactly how they could balance the budget. They got \$1 billion from the feds. They didn't include that as—

Interjection.

Mr Baird: Not selling anything. In the end, they got \$1 billion they could have taken from revenue for health care that was fully paid and spent on health care last year. They got \$800 million more in economic growth than Erik Peters predicted. They spent \$3 billion in new spending in the last six months alone. In fact, if you read the Erik Peters report, he says there's a "projected" deficit, because the fiscal year was only half over. That was last year. Their spending is going up by \$10 billion.

Even if it was a \$5.6-billion deficit, they could have easily balanced the budget.

The Chair: Thank you, Mr Baird. Your time has expired. We'll move to the NDP. Mr Prue has the floor.

Mr Prue: A couple of questions. I was intrigued by the statement you made that if politicians tell the truth, the citizens will support them, and you give Mr Cullen as an example. I'll give you another one. The New Democratic Party said we were going to raise taxes by \$2 billion on those who could afford it, above \$100,000. We were going to cut the corporate welfare and raise about another \$1.5 billion, for \$3.5 billion. That's how we were going to fund our stuff. We lost party status. Do you think that politicians like Liberals weren't a little bit more successful playing both sides?

Mr Patton: This is one of the big concerns about taking this sort of approach to politics. I said that if politicians tell the truth, people will support them, but everybody has to tell the truth in order for that to work. If the NDP had formed a government in the last provincial election—I'm a big fan of democracy. I believe in it. I believe this government was legitimately elected. I hope it does well, and I support it. But if the NDP had won in the last provincial election and had implemented the programs that they said they would, I wouldn't be here. I personally might not like some of them, but that's not the issue. It would have been: "Here's what we're selling, and here's what we're delivering."

You don't go to a car dealership, order yourself a blue car, and then come back two weeks later when the car's delivered and find out it's a green car and have the dealer say, "Just drive it for four years, and then we'll get you the blue car you asked for." That's not the way it works. But there are blue cars, green cars, red cars and all sorts. People should be able to make a decision—an intelligent, informed decision.

Mr Prue: You talked about the Taxpayer Protection Act too. That act has probably had the stormiest relationship with politicians of any act I can think of. The people who put it in were the Conservatives, and they broke it. The Liberals voted for it, and then they broke it. This is an act that will probably never be followed by a politician. I put it very bluntly to you: It is an act that will never be followed. What should we do with this act?

Mr Patton: Well, then, get rid of it. A law that no one is going to abide by is a bad law, whether it applies to politicians or anyone else. But that was the law in place when people were making a decision during the election. I don't have the act in front of me and I'm not that conversant with it, but as I recall, if you run, as the NDP did, on raising taxes, then you don't have to go back to a referendum, because you've had your referendum and that's how you got elected. So if that is a law that is unworkable, remove it, but that is a law that voters in Ontario used to assist them in making their decision.

Mr Prue: You made another statement here today, which I'd like to explore a little bit. You find it passing strange that within the health care budget and the new radio ads—I think it's costing the Liberals \$100,000 to

say that every single penny raised from this new premium or this new tax is going to health care. Do you, as an average citizen, think that the building of sewers or waste water or sports or anything—I mean, they're all good things, as you said. Can you think of any of those things that you, as an average citizen, would classify as health care?

Mr Patton: This is another important issue. If you're going to say that infrastructure such as sewers, or for that matter, the white line in the middle of the road because it's going to keep people from ending up in the hospital, is there for health care, then that's fine. Say so. Define it as such. But the fact is that most people in Ontario, when they think about their health care system, they're not thinking about sewers. They're thinking about hospitals, doctors, MRIs, emergency rooms, ambulances and certainly traditional health care, their family doctor.

The Chair: Thank you for your presentation this afternoon.

I call on the Ontario Health Coalition. Is Pathways to Education in the room? Would you mind coming forward at this time and making your presentation?

PATHWAYS TO EDUCATION PROGRAM

The Chair: Thank you for accommodating the committee at this time. You have 20 minutes for your presentation. You may leave time within that 20 minutes for questions, if you so wish. I would ask you to identify yourselves for the purposes of our recording Hansard.

Ms Wendy Shaw: Good afternoon. My name is Wendy Shaw. I am a member of the development committee of the Pathways to Education Program. On my right is my colleague Marni Schecter-Taylor, who is the director of development and communication for the Pathways program.

I am here, as I said, as a member of the development committee, as a citizen of Toronto, a mother, and someone who cares deeply about education, to talk to you about this program. I hope that we can take these few minutes to address a very powerful community-based program that's going on in this city that is consistent with some of the initiatives the government is taking.

I want to start by saying that our program applauds this government for their announcement in response to Dr Rozanski's recommendations about the need for public and private partnerships in order to close the achievement gap.

Marni's giving out copies of the document. I'm sorry; I should have said that we had copies for everyone.

Dr Rozanski said that the burden of closing the achievement gap cannot fall solely on the shoulders of the government.

The McGuinty government knows that a commitment to closing the achievement gap extends beyond the economic and social benefits. Indeed, it is a moral imperative as well. Michael Fullan states that "reducing the gap between high and low performers ... is the key to system breakthroughs," and that "focusing on gap reduc-

tion is the moral responsibility of all educators" and that "reducing the gap in educational attainment is part and parcel of societal development in which greater social cohesion, developmental health and economic performance is at stake. Mobilizing the untapped moral purpose of the public in alliance with government and educators is one of the greatest advances to the cause that we could make."

We at the Pathways program also applaud the government for making changes to the funding formula and for their June 8 announcement that cited Allan King's study that 30% of high school kids will not graduate. The McGuinty government has made a down payment toward increased funding to support the success of the most at-risk students. The additions to the funding formula are very important, particularly the \$65-million increase, to \$162 million, for the learning opportunities grant in support of increased literacy and numeracy.

Pathways to Education applauds the focus on reducing class sizes and more money for school boards, but it is important for the province to think beyond school-based approaches. First, risk factors are present in the community, and community-based approaches need to be given equal weight and support under a funding formula that hopes to fill the cracks through which these kids are falling. Second, school-based supports have, to this point, shown few demonstrable results, likely owing to the fact that the community-based factors have proven to have far greater impact on achievement than school-based factors.

To the best of our knowledge, not one penny of the \$17-billion provincial budget has as yet been allocated to community-based approaches to close the achievement gap and reduce the dropout rate. Numerous studies of federally sponsored youth programs in both Canada and the United States suggest that the cost of addressing the dropout problem after the fact are considerable and that the effectiveness of such programs is highly questionable. The lessons learned from the litany of previous attempts include that dropout prevention is both programmatically and cost-effective.

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In addition, the findings related to youth development amplify the need to consider the role of communities in student success. Specifically, evidence with respect to mentoring, academic support, recreation and related programs suggest that key risk factors are present in the community and, as a consequence, the likelihood of successful outcomes is increased when protective factors are created in our communities.

The success of the Pathways to Education Program in Regent Park is in its ability to harness community resources. The Pathways to Education Program stands as an example of a community-based approach explicitly designed to reduce the dropout rate and increase post-secondary access for youth in the most economically disadvantaged community in Toronto. The program has, over the past three years, shown clear and consistent results. Predicated on an understanding that the risk factors are largely in the community, the program is

comprehensive, accessible, demonstrably effective, cost-effective and accountable. The minister's clear desire for demonstrable results is something we've integrated into who we are from the beginning.

I'd like to take a moment to talk to you about the results. Let me tell you what we've been able to achieve in Regent Park in the past three years:

Cut in half the proportion of students with the most serious attendance problems;

Cut in half the proportion of students with the most serious academic problems compared to previous youth from the community;

Significantly increased the proportion of students earning their English, science and math credits, and they have generally outperformed their peers at the same schools and in some cases significantly outperformed their peers;

Twenty-six of our grade 11 students received their first university course credit through the University of Toronto STEP program this year;

We have achieved in each of the three years of the program a 95% enrolment and re-enrolment rate of the eligible students;

Finally, we've mobilized over 18,000 volunteer hours this school year alone.

Pathways has achieved all of this because the private sector—and only the private sector—has supported the program: foundations, corporations and individuals. To keep Pathways alive and thriving and to continue galvanizing this model now desired by communities across the province, we have raised over \$3.8 million over the past three years. What's happening now? The private sector is saying, "And where is the government in all of this?"

On February 19, 2004, the Chair of Management Board enunciated the five priorities to be developed in the government's first term. In addition to the previously mentioned results, the Pathways to Education Program addresses all five. Let me explain.

The first, better student achievement, is obvious. The program can significantly increase the graduation rate. While other initiatives may also support the broader goal, Pathways may be the best, if not the only, initiative that has already demonstrated results the government is after for secondary school retention.

As well, we know of no Ministry of Education funding at the secondary level going to community-based approaches directly improving the likelihood of graduation for those most at risk. Tom Fleming's work for the C.D. Howe Institute, as well as numerous other sources such as the 2001 Pan Canadian Symposium on Children and Youth at Risk, co-sponsored by the Council of Ministers of Education and StatsCan, suggests that the risk factors contributing to the achievement gap are clearly in the community, not in the schools, and need to be addressed in the communities.

The second priority articulated—healthier Ontarians—is a direct result of our success with the first. Specifically, we know that the social determinants of health

makes absolutely clear that educational levels matter most when considering the factors affecting individual health and our overall expenditures.

As the educator Coleman noted, those with the lowest incomes are 50% more likely to be hospitalized than residents with higher incomes and use 49% more physicians' services. Other data relating to education, income and health outcomes could be provided, including the relationship between academic success and positive youth development and a reduction in risk behaviours, several of which are direct health effects of negative expectations and experiences. Suffice it to say that by increasing the educational and employment outcomes of our young people, Pathways to Education clearly contributes to this priority.

The third priority, better works for better jobs, is similarly a result of increased educational attainment. Perhaps more important, our results would suggest that the government will be able to reduce expenditures for youth employment programs which are both far more costly and far less effective than ensuring that our youth graduate high school and move to post-secondary programs. Fewer would need the provincially funded services of JobConnect, Literacy and Basic Skills, or the myriad of activities funded through the Federal Youth Employment Strategy—all of which target those 16 years of age or older and out of work and out of school, and cost over \$200 million annually.

Whether provincial or federal, these are ineffective and expensive ways to address after the fact what we can prevent by ensuring increased attainment while young people are still connected to secondary schools and to their communities. Our partnerships with U of T, York and others give Pathways youth an exposure to a world they could only dream of entering. The bursaries we provide will help make those dreams real. Most important, the culture of the community has begun to change from one of failure to one where we expect our youth to succeed, and indeed they expect it of themselves.

The quality of life identified in the fourth priority is a function of many factors, but the impact of the Pathways program on the community is undeniable. From the hopelessness that was felt prior to the program, the community is indeed changing. There are many reasons, but Pathways is among the most important. Of all the reasons to feel proud of changes in Regent Park, the youth themselves—without prompting—cited Pathways as their reason to feel things could be different. These responses were overwhelming and were part of the consultations conducted for the redevelopment by Toronto housing.

The program and the health centre are integral to the community-wide efforts of the School-Community Action Alliance in Regent Park, which brings agencies together, including the front-line youth workers from across agencies. We were the recipients of the first grant which supported the development of the Safe Walk Home program, which is now being sustained through grants from, among others, the Ontario Trillium Foundation.

Of course, we should note that Pathways to Education was honoured with the Chair's Award from OTF for "innovation, partnership, and community impact," and the community service award in 2003 of the Arthur Kroeger College of Public Affairs at Carleton University. The fact that over 95% of eligible youth and their parents participate in our program is yet other evidence for our impact.

Finally, the fifth priority, more active citizens, will be yet another benefit of our work. The importance of connectedness for youth cannot be overstated. The literature on youth engagement clearly demonstrates the importance of community support for increased academic achievement, and it is an important factor in further social engagement. The costs—both social and financial—of not ensuring greater success for our youth is considerable, amply demonstrated by the Rand Corporation model.

We applaud the treasurer and Premier McGuinty for the government's commitment to support programs and ideas that work, that might fall outside of the funding formula. We are heartened to see that the Learning to 18 strategy, for instance, is set to support community-based pilot programs like Pathways to Education.

But these monies are just a down payment. In order for us to give communities like Scarborough, Rexdale, Thunder Bay and Kitchener—who have asked us for an opportunity to replicate Pathways to Education—demonstrably effective, results-based, proven community-based models like ours, there must be some funding support from the government. When the government is visionary in harnessing, supporting and empowering innovative solutions that are emanating from the grassroots and seals this commitment with significant funding, we can move forward with saving hundreds of kids in Regent Park and thousands of kid across the province in similar communities.

The Chair: Thank you. We have about two minutes per caucus. We'll begin with the official opposition.

Mr O'Toole: Thank you very much for your presentation. I also want to thank you on behalf of the changes and the impact you've made on the students at risk that you've described. I also want to comment on the very powerful wording of your presentation. They are some very triggering words here. "Engaging the whole community" is an overused expression, but certainly Pathways seems to be building many partnerships in co-operation with the school system.

I guess in a general response, before asking a question: If we take the outcomes of the public school system today as acceptable, 30% of the people aren't receiving the supports they need, in the climate and method they need it.

You have a program here. Is there something this committee can do to get them to move forward on the Pathways program as part of the existing education funding? Or would there be a bit of a wrangle with the school boards, who are kind of replicating the current model, the 30%-failure model? What could we do? Cer-

tainly one former trustee here knows that the current system is pretty hard to work with.

Ms Wynne: Don't get me started.

Mr O'Toole: I'm not asking for your chatterbox here, but the fact is, having been a trustee for a similar time—

Ms Wynne: Then don't refer to me.

The Chair: Order.

Mr O'Toole: The point I was trying to make, though, is to try to get some envelope funding for a pilot like this, which is a non-traditional model using 18,000 volunteers, as you've said. What advice could you give the committee here, that may still be listening?

Ms Marni Schecter-Taylor: To date, we've had some very important and exciting dialogues with the Liberal government. We've found them very willing to talk about community-based initiatives like ours. It took us five years to put together a business plan for our little program in Regent Park, so we're willing to be patient while the Liberals operationalize this part of the budget and try to figure out where that Learning to 18 strategy money is going.

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To answer the previous question, I don't believe the Pathways to Education Program model is overlapping anything that already exists in the schools. We provide a comprehensive blend of four supports: academic, social, financial and advocacy. Maybe one or two of those supports exist in the schools. I'm not sure that our existing in tandem isn't necessarily a good thing. The school board should continue doing what it's doing, and it does it well. Our expertise is at the community and the grassroots level.

To answer your question about how this committee can push—I think you used the word "push"—

Mr O'Toole: Encourage.

Ms Schecter-Taylor: —encourage the government to make some sort of funding decision, I'll leave you with a couple of simple facts. We've raised \$3.8 million to keep this program alive and support 630 at-risk young people and their families this past three years. Not only has it been exhausting, but the private sector is exhausted. Our major donors, our major stakeholders, the families, are asking us where the government is in all of this.

We would like to be able to move forward with this program, replicating it in the communities my colleague cited. We in fact had a contingent in the health centre not a week ago from South Africa, wanting to know what we were doing with the Pathways to Education Program. The long and short answer is that we need a public-private partnership, and we need it soon.

Ms Shaw: Give us some sustainable operational funding and we can fundraise the rest.

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

Mr Prue: A few questions. First of all, are you a for-profit or not-for-profit organization?

Ms Schecter-Taylor: We're not-for-profit.

Mr Prue: You said you've had dialogues with the government of Ontario. Are they recent dialogues or did you have them with the former government as well?

Ms Schecter-Taylor: We had them with the former government as well.

Mr Prue: I take it that with the former government, that bore no fruit.

Ms Schecter-Taylor: We were getting very close to coming to some sort of understanding when an election was called.

Mr Prue: In the seven or eight months since then, where would you say you are today?

Ms Schecter-Taylor: I would say that the Premier's office is very supportive of this program as a demonstration project and a pilot project and understands the importance and implications of replicating it across the province, I would say that the Minister of Health understands the health implications of this program, and I would say that Minister Sorbara is supportive of this program.

We are now in conversation with the Ministry of Education to talk about where funding for Pathways might fall, as a demonstration project and a replicable project in the grand scheme of things in the plan in the budget.

Mr Prue: First of all, I should tell you that I am myself a boy from Regent Park. There was nothing like this at all. In fact, I don't think anybody from my grade 8 class finished grade 12 except me.

I guess I'm a little perplexed about why you think you should be dealing with the Ministry of Education. It seems to me that this is a program that does things that families should do and don't. It does things that government should do, in terms of getting more money so the kids have an opportunity to go to school and learn, giving them a role model. I'm not sure it fits into education as much as perhaps community and social services.

Ms Schecter-Taylor: This has been our challenge for the past several months. It is actually an interministerial opportunity. We are listening to the advice of those who know better than we do about where we should go to ask and keep ourselves alive and sustainable so we can replicate this program.

Ms Shaw: We fall cleanly in no ministry. That's the issue.

If I might address one thing you said about things parents should be doing and are not, this is, you know, the most economically disadvantaged, lowest-census-track income in the country. It's highly overrepresenting refugees who haven't English, single-parent families. They simply have not the resources to support these kids to get through. They're not familiar with the system. Many of them don't have the language. So it's really not a question of these residents choosing whether or not they will support their children; they don't know how.

Mr David Oraziotti (Sault Ste Marie): Thank you very much for your presentation today. I see you started off by recognizing the contributions and the steps that our government has taken to support reinvestment in education. We very much respect that. We have been working hard to give education its due and the investment it needs. It has obviously been underfunded for many years now. We will be exceeding the investment that Rozanski

had recommended in his report. You should be aware of that.

I just have a couple of brief questions for you. Being someone who has spent 10 years in education myself in the classroom and as part of the cabinet education committee, we take these comments you've got here very seriously with respect to the number of students not finishing high school education and having the skills they need to go on into the communities. Can you elaborate a little more specifically perhaps on the types of programs that you deliver and how you're able to have the successes that you're indicating or highlighting here with respect to improving test scores and reducing attendance problems?

Ms Schecter-Taylor: Oh, that's a long conversation. The program was researched extensively for five, six years before it was ever rolled out. We did a lot of best practices research and we did quite a bit of research from the community itself. The Pathways to Education Program model comprises four supports. There's academic support; we provide tutoring four nights a week in five core subjects. There's social support; we provide group mentoring and specialty mentoring to the older kids. There are financial supports in the form of TTC tickets, which the kids earn through attendance at school, and bursaries that we provide to them when they graduate, the cheque being written to the institution, not to the child. Last but not least, there's advocacy support, which means that we have devised a staff role called a student-parent support worker who can advocate for the kids in the 34 high schools that our kids are scattered to when they leave public school, because there's no local high school in Regent Park.

Within each of these four supports is a program unto itself. There are controls, accountabilities, communications that create, in a sense, a safety net through which our kids can't fall. I could go on for days about each one of those four supports. I guess what I'd rather say is that the guiding principle behind the creation of this program and how we roll it out, and its integrity, is that we decided a long time ago that in order to have an impact on the community rather than just on an individual child or one family, it had to be everybody's kids or nobody's kids, so we are one of the only programs in North America who support all of the kids from the community. Eligibility is linked to geography only, so come September 2004 we will have 630 young people in this program.

The Chair: Thank you for your presentation this afternoon.

Ms Wynne: As the next presenters come up, I just want to apologize to the presenters and to the committee for my outburst in reaction to what was said across the floor. As a public school trustee, I am painfully aware of the state of education when I came into office. Thank you, and I apologize for that.

ONTARIO HEALTH COALITION

The Chair: Ontario Health Coalition, would you please come forward? Good afternoon. You have 20

minutes for your presentation. You may leave time for questioning within that 20 minutes if you wish, and I would ask you to identify yourself for the purposes of Hansard.

Ms Natalie Mehra: My name is Natalie Mehra. I'm the provincial coordinator of the Ontario Health Coalition. We have provided just a very basic summary of a few key issues. We actually had exactly 24 hours' notice of our appearance today, so we haven't had time to put together anything bigger than that.

So very quickly, we want to note and recognize with some appreciation the investments in the budget in the health care system, including the money for hospitals, for home care and long-term care, for public health, for more nurses and doctors. This is important and we have recognized that publicly.

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But we also want to draw attention to a few key areas of concern. I guess the place to start would be with the delisting. It's quite obvious that delisting and attacks on the universality and comprehensiveness of the health care system are a false economy, replacing progressive taxation with regressive and inefficient out-of-pocket costs, which are simply another form of taxation. After the recent years of the Conservative government, Ontarians now actually have the highest out-of-pocket costs of anyone in the country, an average of \$1,072 per person per year, much of that made up by the cost of drugs. However, the delisting of optometry, chiropractic and physiotherapy services will increase this out-of-pocket burden for Ontarians and reduce access to services that promote health and prevent illness, and we urge you to rethink that.

We also believe strongly that funding for health care can't just come from anywhere, that it should be levied on a progressive basis. Health premiums are known across the country as actually being tied to the provision of health services. Whether they actually are or not, they certainly are in the minds of people, and tied to access. As such, we view the government's use of this term as unfortunate, to say the least. But it's clear from the budget announcement that the government hasn't actually put in health premiums as we've come to understand them. You have instead put in a surtax. While we absolutely support the increase of taxes—I want to make this clear—as a means to pay for a social good such as health care, we believe that this funding should be levied on a progressive basis. The increases that you have proposed are in fact a more regressive choice than was necessary to make, and again we urge you to rethink that.

We're also concerned that Ontarians are extremely confused about whether this is a health premium or a tax, how it works. We've received a flood of e-mails and phone calls and letters to our office asking us how much people will have to pay and if people lose services if they don't pay. People are enormously confused about this, and that needs to be cleared up.

Given that the public reaction has not been very good for this, we think it's absolutely imperative at this point

that the government actually ensure that the money that is being raised is not wasted. To that end, we urge you again to revisit your decision to move forward with P3 hospitals in Brampton and Ottawa. It's clear now, from information that has been revealed from the William Osler Health Centre, that the Brampton hospital is going to cost more in terms of borrowing costs than building that hospital in the public system. If you use this method to build all the necessary hospitals across Ontario, we will cut seriously into clinical services for patients in the province, so we urge you to rethink your direction on P3s, not just on hospitals but also on the privatization of other services.

So while we applaud your decision to increase funding for long-term care, for home care etc, we urge you also to reconsider the privatization of the home care system. Research shows that the publicization or stopping the for-profit corporations' takeover of the home care system would save, at minimum, a quarter of a billion dollars a year that could be plowed into patient care, and we believe that that's important.

We also urge you to ensure that home care services that you refer to not only cover post-acute care but also services for the frail elderly at home.

Home care services: We also want to ensure that when you define home care services—and again, we applaud your re-funding of the home care services—that you actually refer not just to post-acute services, so those people who used to be in hospitals who are now receiving care at home, but also the preventive services that are so critically important to care for the frail elderly, the chronically ill and persons with disabilities.

We also note that in the budget we see another increase in the cost of drugs. As a cost driver in the health system, this is something the government must take on to ensure that money is available to be spent on ameliorated patient care. In the upcoming Premiers' conference, we hope your government will make it a priority to push the federal government to institute mechanisms to control the cost of drugs: control the cost of new drugs, control the marketing practices of the pharmaceutical industry, stop the practice of evergreening or extending the patent time for drugs by minor changes to the drugs and renewal of the patent. So it's looking at the ways governments can control the cost of drugs so as to ensure this doesn't continue to eat up a greater and greater portion of the health care pie.

I'll conclude by noting that where money goes within the health system is also important, and that improved democracy, transparency and democratic control over our health institutions would improve ensuring that money makes it to front-line workers, not just to administrative and management personnel. Thank you.

The Chair: Thank you very much. We have about four minutes per caucus. We'll begin with the NDP.

Mr Prue: I'd like to go first of all to your statement that you believe the government is justified in some of the health care initiatives they're taking, but you disagree with how they're raising the funds.

Ms Mehra: Yes.

Mr Prue: You believe the money should be taken from a progressive tax system.

Ms Mehra: Absolutely. We're quite concerned that the health premiums, for lack of a better word, are too flat, that they should be at least as progressive as the income tax system, if not more progressive.

Mr Prue: Are you suggesting to this government that they withdraw the provisions for health premiums and substitute instead an equivalent raise in general taxation of \$1.6 billion for this year?

Ms Mehra: Unfortunately, I can't answer that. We haven't reached consensus on that yet.

Mr Prue: OK. What's your position as an individual?

Ms Mehra: My personal—

Mr Prue: Yes, you're the one who's here. I have to ask the question.

Ms Mehra: My personal position is that I believe it should be replaced with a much more progressive revenue-raising system.

Mr Prue: You also said the delisting of optometry, chiropractic and physiotherapy services is causing an increase in the out-of-pocket burden. Of course these have now been privatized or will be privatized very shortly. Obviously, poor people won't be able to afford it and people who don't have private insurance won't be able to afford it. What do you see happening to these services? Will they just wither away? Will only the rich get them? Will people go to their family doctor to have their eyes tested? What will happen?

Ms Mehra: People will find ways to try and access services if possible, and if it's not possible, they'll go without. What is notable here is that people feel they've been hit with a double whammy, that not only are they paying more but they're also getting less. I'm not saying this is the case, but the appearance is that low-income and middle-income people are going to pay more for health care out of pocket and get less in the end. I think that is an enormous cause of anger. Ultimately, how people will access physiotherapy or chiropractic services or optometry, if they can't afford it, is really an open question. It varies around the province how people might be able to access them and the costs for them are definitely out of reach for many people.

Mr Prue: You were also talking about home care being republicized as opposed to privatized. We had a deputation this morning that had facts and figures showing that nursing homes get \$5 or \$6 more a day than charitable homes or municipal homes. If we were to simply say that there's no more cost advantage to the private industry, that they had to compete on an equal footing with public, what do you think would happen to them? Is that their whole profit margin, the extra \$5 or \$6 a day they got from the previous government? I'll bet you it is.

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Ms Mehra: In the case of nursing homes, the funding formula is fairly complex, but I guess the easiest way for me to answer is to say that certainly there is enormous

profit being pulled out of the for-profit homes. Extendicare reported record-breaking profits in November of this year. That money is funded by our tax revenues. The problem with the privatization of health services is that we end up paying public funding to profits of companies and also to a whole host of things that don't exist in a public health system.

Yes, the worldwide evidence is that for-profit health care costs more. If you transfer services, as they did in the Pan Am clinic in Manitoba, for example, from for-profit to not-for-profit, you would find savings you could plow into patient care. That's what we're advocating for home care.

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

Mrs Mitchell: Thank you very much for coming today and making a presentation. I would like to speak to you about accountability for a minute. I know you know that we have brought forward bills that are still in the process of moving forward, and we will be looking for more accountability of how those health care dollars are allocated, and the levy will be allocated to health—the premium. I just wanted to get that upfront.

One of the things I would look for a comment from you about is that I come from a rural area, and I think one of the strong supports of the health care premium support is the family health teams. You have not made a comment on them in your presentation. I would look for what your thoughts are on the family health teams, because I think that's a very strong component of our health plan.

Ms Mehra: We're buoyed by the fact we're talking about teams that include a variety of health professionals as well as physicians. We think that's the right way to go. We're concerned—and we're looking more into the details about this, so I can't speak in exact specifics about this—about the ability of those teams to incorporate as for-profit entities. We're concerned that the new primary care reform money coming from both the federal and provincial government not be used to set up a health system that won't be sustainable. We are looking into how to ensure that those teams be not-for-profit, that there be as much democratic governance as possible, very much like a community health centre model, in which there is community governance and a not-for-profit structure around the delivery of primary health care in the community.

Mrs Mitchell: But you do support the team atmosphere?

Ms Mehra: A team-based approach? Absolutely.

Mrs Mitchell: Because of the shortage we have seen in so many of the communities, I feel that the team moving forward is really how we will meet the health care needs of the people of Ontario.

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

Mr O'Toole: I apologize for not being here, but I have since read your presentation and listened to the other questions and compliment you on trying to provide more accountability, as you say, in health care. I think

everyone would like to see that. No question, there's a growing frustration with the resources available for health care, across Canada, really. They didn't have Roy Romanow go around because it wasn't a problem; there is a problem.

I think your approach—we had a mildly successful attempt with what we called family health networks, which were really collaborative health care providers. I see collaborative health providers in an expanded role, as we did with the role of nurse practitioners. We extended, as you probably know, their scope of practice. I think the NDP actually brought in the nurse practitioners, but they didn't give them any OHIP billing privileges.

Ultimately, at the end of the day, they've taken one small step backward, which you mention in your summary number 1: delisting or privatizing certain health services.

I'm disappointed. My riding of Durham is the home of chiropractic. There's a park named after Dr David Palmer, and his home is still a historic monument and site. They're outraged, simply outraged. Not just the chiropractors, but the other health care providers in unison are afraid of the future of these other providers you grouped collectively, other collaborative health care: pharmacists, the rest. I think of Dr Dianne Lott in my riding, who would be outraged to think that this small amount of money is actually going to cost more, because people are now going to emergency or are going to take some kind of medication, which they'd expect to be covered.

Now that they've increased a tax, delisted services and put a kind of ring around some of the health care money, Bill 8 and Bill 31, what advice could you give—they're the government now—to get into more community health, more non-institutional health, technically? I think their move to community health centres is a good move. I support it. If doctors don't want to work in a collaborative practice, culturally that will change. That's where it really starts. We have no doctors in many parts of my riding. We're underserved. We need much more—you can butt in any time you want. Monte Kwinter had a private member's bill when he was in opposition, which I supported, that talked about collaborative health: nutritionists, naturopaths and chiropractors.

Ms Mehra: I guess one quick answer for you is that if this government ties up billions of dollars in P3 hospitals—you're not going to like this—then they're not going to have money available to spend on community care. That's going to be one problem. At this point, we already have the shortest average length of stay in hospitals for the country, so perhaps—

Mr O'Toole: The longest waiting lists too, though.

Ms Mehra: —a vision of restructuring hospital care may not be the most effective way to look at restructuring the system. As I said, we do need ameliorated home care services for the frail elderly, for prevention, for people with chronic illnesses and persons with disabilities to enable them to live independently and also to keep them out of more expensive parts of the health

care system. That language is missing from the budget, although I've heard there has been a promise from Premier McGuinty on this.

Mr O'Toole: Don't count on that. It's not a promise.

Ms Mehra: But it needs to be made more clear as a direction. Those sorts of things are not going to be possible if the continued privatization of the health system sucks out all of the money.

The Chair: Thank you for your presentation this afternoon.

ONTARIO FLUE-CURED TOBACCO GROWERS' MARKETING BOARD

The Chair: I call on the Ontario Flue-Cured Tobacco Growers' Marketing Board. Good afternoon. 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 Hansard. You may begin.

Mr Fred Neukamm: Thank you, Mr Chairman. I'd like to thank the committee for having us here today. My name is Fred Neukamm. I'm the chairman of the Ontario Flue-Cured Tobacco Growers' Marketing Board, and to my left is our general manager, Jason Lietaer. We represent about 1,000 farm families who grow tobacco across southwestern Ontario, employing about 14,000 people and generating nearly half a billion dollars in direct and indirect economic activity across the province.

It is a real pleasure to have the opportunity to discuss our issues with this committee. We were not provided an opportunity to participate in pre-budget consultations, in spite of the dire circumstances we are facing and the near-certain negative implications for our industry coming out of this budget. In fact, I understand that about half of the bill you are considering deals directly with tobacco issues. I plan to spend about half our time outlining our issues for you, and then we would be available for any questions you may have.

It is no secret that government tobacco policy is affecting our farmers. We're not here today to quarrel directly with those objectives. We understand that government will continue to discourage the use of tobacco products. However, we are here to give you an idea of some of the unintended consequences that tobacco policies are having and may have in the future.

Ontario tobacco farmers ask three very simple things: (1) to supply the Canadian marketplace, whatever that demand is; (2) increased law enforcement to curtail criminal activity; and (3) to be compensated fairly for being forced out of business by government policy.

In Ontario today, we are losing the opportunity to supply the Canadian marketplace. Up until the last couple of years, the Canadian content in domestic products was over 90%. The companies who supported Ontario tobacco farmers had the market for tobacco products nearly cornered and they supported our communities and families.

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High-tax policies change all of that. As the price of cigarettes goes up, companies are forced to compete on price. They look at ways to cut costs, substituting cheap offshore tobacco for Canadian product. Imperial Tobacco Canada, which has 60% of the Canadian market share, is currently putting incredible pressure on the price of tobacco, primarily because of the high-tax, anti-tobacco policies of government.

In short, we have been left exposed by government policy and we are in a downward spiral that could mean the wind-down of this industry in Ontario. That's 14,000 jobs and half a billion dollars in economic activity lost forever.

In the last few years, governments have been spurred on by anti-tobacco advocates to raise taxes on tobacco. In 1993, federal and provincial taxes amounted to about \$35 a carton; today they are about \$42. To emphasize, tobacco taxes are higher now than they were in 1993, the historical high point in black market activity in tobacco products.

In the period leading up to the tax rollback, there were estimates that up to 20% of the national tobacco market was supplied by criminal, black market suppliers. These people found product wherever they could and sold it to whoever would buy it. For example, criminals could regularly be found selling cigarettes out of the back of cars or vans to underage children near school properties.

We know there are those who will say that by raising taxes, governments are pursuing a public health agenda. But we know that during the late 1980s and early 1990s, when taxes were high, people simply acquired their cigarettes from smugglers, usually at lower prices than what they would pay at the corner store. As we found out before, government does not always meet its goals on health, and the unintended consequences to farmers and communities are severe.

The board has proposed and will continue to propose the following three-pronged approach to dealing with this problem:

(1) Transition for growers: Over the past two years, nearly 100 farmers have left tobacco production each year. More will be forced to leave this year. The federal government has come through with a transition program. They have recognized the responsibility to compensate tobacco farmers for putting us out of business, as outlined in the International Framework on Tobacco Control, a treaty that Canada has signed. This provincial government made an explicit promise for transitional assistance to help tobacco farmers move out of growing tobacco during the last election campaign, and we expect that commitment to be honoured.

I understand that this committee dealt with that issue, with unanimous support for a resolution tabled in March which stated, "That the standing committee on finance and economic affairs recognizes that this government is committed to banning smoking throughout the province, and therefore recommends to the Minister of Finance that the government keep its promise to 'establish a commun-

ity transition fund to help farmers move away from growing tobacco' and announce specific funding levels as part of the 2004-05 provincial budget."

To this committee: Tobacco farmers very much appreciate your support on this issue. Unfortunately, we have already been hit with the tax increases but have not yet received any transitional assistance from the provincial government. This assistance is required, and it's required now. Each day, farms are going bankrupt.

(2) Ensuring that all Canadian manufacturers use Canadian tobacco: Domestic production is the cornerstone of the grower sector. In order to ensure that Canadians consume domestic product, Canadian manufacturers, be they large or small, should be encouraged to purchase Canadian-grown tobacco. In addition, imported tobacco should be subjected to the same regulatory standards currently applicable to Ontario tobacco, including phytosanitary standards.

Admittedly, many of these issues fall primarily under federal jurisdiction. However, some also affect provincial government departments, and we recommend a co-ordinated policy on these matters. It simply makes no sense to rid Canada of a tobacco farming industry while a significant portion of Canadians still smoke. Our position is simple: As long as there are Canadians who use tobacco, that tobacco should be Canadian.

(3) Augmenting law enforcement: With the return to a high-tax policy on tobacco products, experience suggests that unscrupulous profiteers will exploit the opportunity to engage in contraband and counterfeit activity. Black market sales will erode the legitimate tobacco market and that, in turn, will negatively impact on our crop size. In order to protect the integrity of the legitimate market for tobacco products, it is essential that law enforcement be augmented to safeguard the livelihood of honest citizens, including tobacco farmers.

We are concerned that government is not fully considering the possibility that raising cigarette taxes will backfire on its goals of raising more revenue. We believe that Ontario has reached and passed the break-even point, that cigarette tax increases and the growing underground economy will result in less tax revenue, not more.

We can assure you that this problem is acute right now, despite the advice you are receiving from the anti-tobacco industry. Across Ontario, unfortunately, it is now very easy to buy illegal tobacco products, and this recent further tax increase will only exacerbate this problem.

According to the Canada Border Services Agency, in 2003 about \$23 million in tobacco products were seized in Canada, significantly surpassing the cumulative total value of tobacco seizures made over the past five years. Between June and November 2003, over 300,000 cartons of counterfeit tobacco products were seized, representing more than the production of a good-sized farm. That's just what has been seized. How much got through?

Illegal products hurt every stakeholder in the tobacco industry except the criminals. It hurts the growers, governments and legitimate manufacturers that support a Canadian industry and pay taxes, and it spirals into other

criminal activity. I think the RCMP put it best when it stated, “The profits from these types of low-risk crimes are used to fund other criminal activity, with a direct effect on public safety, such as the importation and trafficking in drugs and weapons.”

Retailers are being broken into at greater rates. The news clippings back up the story. From June 2001 to June 2002, before taxes were increased, the press reported 20 break-ins in Ontario. From June 2002 to June 2003 there were 58, and from June 2003 to this June there were a whopping 185 break-ins.

It is important to point out that government recognizes the risks. Many portions of this bill contain measures to jack up fines for these types of activities. But stronger fines and threats don’t do the job. Tobacco smuggling is big business and it needs to be treated seriously.

But don’t take our word for it. Read the RCMP report on organized crime, which states that tobacco smuggling is an increasing concern. Read the RCMP and border control press releases detailing container after container of counterfeit product coming in from Asia. Talk to the OPP about the increased numbers of break-ins. Ask a retailer in your riding if they feel more threatened by cigarette thieves.

In summary, the conditions we are facing today are exactly what tobacco farmers and, we believe, governments do not want to see: contraband cigarettes taking tax revenue from governments and opportunities away from farmers, black market tobacco increasingly available to children, and cheap tobacco imports with unknown and untested pesticide usage and cultural practices taking the place of Ontario production.

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Unfortunately, we are heading down a road where Ontario and Canada will have a sizable proportion of the population using tobacco products, but we will have lost the 14,000 jobs and nearly \$500 million in economic activity that tobacco farming supports.

We understand that government has promised a war on smoking, but that does not mean that there also has to be a war on tobacco farmers. The two issues, although linked, are not the same.

We are just regular farmers who happen to grow tobacco. I have a farm in Elgin county, where we raise our three young daughters and also support my retired parents. There are over 1,000 families like mine in this industry.

The government needs a plan to deal with these issues. Right now there is plenty of thought given to the tax and health side, but it seems there is little consideration for our growers and our communities. In the 1980s, we went through a similar time and faced family breakups, financial ruin and suicides in our communities. Disaster is coming, and the government is not heeding our warnings.

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

Mrs Mitchell: Thank you very much for the presentation today. As we have two minutes, I’ll be very quick with my question.

You made reference to the 1980s. There were many initiatives at that time, and one of the things I would like to ask you is, how successful were they in helping the communities make transitions at that time? Were there some that were more successful than others? Certainly large amounts of money were given to ventures, but they often failed; some of the funds weren’t used. I wondered if you could just elaborate on that for me.

Mr Neukamm: During the mid- to late 1980s, there was a joint tobacco assistance plan that was cost-shared between the federal and provincial governments. That did effectively remove a lot of excess production. There were significant numbers of farmers who were able to exit the industry. From that perspective, I believe that program was successful.

Part of the problem we face is that there needs to be a plan for orderly transition, and the grower sector cannot do it alone. So far, a great deal of research has been done, but there has been no magic bullet as a replacement crop that could be rapidly implemented to replace tobacco in our area.

So while that program, in my view, was successful, a more comprehensive long-term strategy, and the dollars to go with it, need to be put in place.

Mrs Mitchell: I’m sure that back in the 1980s that was one of your considerations and was part of the discussions, that you needed a long-range strategy back then.

Mr Neukamm: Yes.

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

Mr O’Toole: Thank you very much, Mr Neukamm. I can only share my time with Mr Barrett, because his riding—the very last page summarizes his grave and immediate concerns.

A statement first and then a question. I like the statement you made that this isn’t really an issue about whether smoking is good for you. I think there would be a general consensus that it’s not, but it’s still a personal choice thing; it’s not an illegal product etc.

What I’m most concerned about is that I heard, prior to the election, many things: 230-some promises, something like that. Premier Dalton McGuinty promised transitional funding, among other things of course, all of which were false, basically. The federal government has now committed \$71 million, I think it is, in transitional. My issue here is that we have a product; let’s not talk about the product. We’re talking about those families, the thousand families, and a commitment of transitional funding to get you into peanuts or potatoes or whatever the next agricultural product is. To you it’s an agricultural product. Safe: You’ve covered that as well.

What do you say to the members here on this issue, which really threatens lives in Ontario of those honest, hard-working people in agriculture whose main duty is to grow a safe, legal product? Not the issue of both smoking and non-smoking—that’s a whole different debate. What would you say to the members? They’re in control. Mike Colle is the parliamentary assistant to Greg Sorbara. He

could change things single-handedly if he wanted; courage is another issue. What advice do you have for this today?

Mr Neukamm: The advice is that that promised funding is needed now more than ever.

Mr O'Toole: Do you want us to move a resolution now that Mike Colle approach Greg Sorbara tonight—they're probably going out for cocktails afterwards—and ask him very poignantly if he would help these thousand families? You mentioned the 1980s: I don't like to put a cloud on this, but the suicide and the travesty in families' lives. I won't do it in a formal motion, but I know he's listening. He looks troubled.

The Chair: We did discuss that amendments to the bill could be made by noon tomorrow, I believe it is. You understand that part of it.

Mr O'Toole: We will be moving amendments.

The Chair: We'll move to the NDP now.

Mr Prue: Two questions. The promised funding: How much per farm, on average, will be needed for you to produce safer, more environmentally capable products—potatoes, peanuts, soy beans?

Mr Neukamm: I'm sorry, I don't quite understand the question.

Mr Prue: Well, how much does it cost for a farmer to switch? Say the government says they don't want you to grow it any more. There are 1,000 families left. How much does it cost each one of those 1,000 families to switch?

Mr Neukamm: I'll allow Jason to answer that question.

Mr Jason Lietaer: Mr Prue, there was a federal round table on this issue and a lot of study that was put forward. The numbers that were put forward for compensation for exiting the industry were about in the \$500,000 range, and a lot of the establishing the other crops you're talking about was in the \$400,000 to \$500,000 range as well. Mostly fruit and vegetables are the alternative crops that are viable in our neck of the woods.

Mr Prue: So that's the sale of machinery that will no longer be necessary and the purchase of new machinery that you're going to need for alternative crops.

Mr Lietaer: Tobacco machinery is virtually worthless in many cases, and the investment into, for example, ginseng infrastructure or fruit and vegetable machinery or marketing plans, that type of thing. That was the analysis put forward.

Mr Prue: So we're looking here—my fast math—at about half a billion dollars for 1,000 families?

Mr Neukamm: For a complete exit, yes, at least that.

Mr Prue: OK. My second question relates to smuggling. I remember all that smuggling. I remember that some of it took place on Indian reserves and some of it took place at border crossings, but a little bit after the smuggling stopped it was found out that the chief smuggler, the one doing it the most and making the most profit, was Imperial Tobacco themselves. What does the industry have to say about that? If anybody was breaking the law, it was them.

Mr Neukamm: I can't dispute that. The nature of smuggling has changed. It has become a global phenomenon. The loopholes that existed in the system at the time are now closed. The smuggling truly has become a global phenomenon. As we said in our presentation, the smuggling that comes into our ports from the Far East is escalating. It's no longer confined to what we saw in the 1990s, where Canadian tobacco was leaving the country, turning around and coming back tax-free. That does not exist. It truly is a global phenomenon now.

The Chair: Thank you for your presentation this afternoon.

Mr O'Toole: On a point of order, Mr Chair: I think Mr Barrett has—

Mr Toby Barrett (Haldimand-Norfolk-Brant): I'm sorry. Maybe it's a point of clarification. I've just joined my colleague. The government did promise \$50 million, and we hear a cost for 1,000 farmers of roughly, say, \$500 million. Just for the record, everyone does realize that across the Dominion of Canada, tobacco generates \$8 billion a year.

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

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ONTARIO ASSOCIATION OF OPTOMETRISTS

The Chair: I would call on the Ontario Association of Optometrists to come forward. Good afternoon. You have 20 minutes for your presentation. You may allow time within that 20 minutes for questions, if you so desire. I would ask you to identify yourself for the purposes of our recording Hansard.

Dr Judith Parks: Look at this: The last person left their glasses.

Mr Chairman and members of the committee, good afternoon. Thank you for the opportunity to present before the committee. We were not selected to present as part of the committee hearings prior to the budget, but we did provide a written submission for the committee's consideration. We welcome the opportunity today to present to the committee on the budget tabled by the government.

My name is Dr Judy Parks. I am an optometrist practising in Ancaster. I am currently the president of the Ontario Association of Optometrists. As I am sure you are aware from the numerous pieces of correspondence we have sent to all MPPs over the past several months, the Ontario Association of Optometrists is a voluntary professional organization representing over 1,000 optometrists.

In order to speak to the budget, we feel that it is extremely important to remind the committee of how the Ontario Association of Optometrists finds itself here today. On March 31 of this year, Ontario optometrists felt forced to take the extreme measure of rallying at Queen's Park to protect the quality of eye care their patients receive. Some 400 optometrists attended that rainy day at

Queen's Park to call on the government to stop the optometry funding crisis that was putting patient care at risk.

The March 31st date is important, as it marked the four-year anniversary of the expiration of the last funding agreement between Ontario optometrists and the provincial government. The lack of an agreement is exacerbated by a 15-year freeze in the fees paid for OHIP services provided by optometrists.

The OAO has made numerous requests to have a mediator appointed to resume negotiations. Talks between the optometrists and the government broke down almost 12 months ago. We are still waiting to meet with the government. We have been told that this will happen soon, although there has been no guarantee to speak about this funding issue. So we were very anxious about what would or wouldn't be included in this year's budget.

As everyone now knows, the 2004 budget saw a delisting of routine eye examinations for adults. I would like you to note that this was not something that the OAO had been consulted about. Children under 20 and seniors were specifically mentioned as excluded. In addition, the OAO was told during the budget lock-up and after, by key officials, that those adults who had sight-threatening conditions such as diabetes, glaucoma and macular degeneration would still be covered under OHIP for optometric eye examinations.

We knew that the government had difficult fiscal choices to make. The OAO has supported the consideration of options that would continue to protect OHIP-insured optometric care for the most vulnerable members of our community, including children, seniors and adults at risk for sight-threatening conditions.

However, I must be clear that we expect the government to provide reasonable remuneration for the services that continue to be covered. The fact remains that we have not had a fee increase in over 15 years. Our optometrists have faced skyrocketing costs—rent, instrumentation and salaries, in the last 15 years. We have been subsidizing every OHIP eye examination that we do. The government must continue to fund the OHIP optometric pool to the same level to support the optometric services that will continue to be covered by the government.

Reviews of optometric coverage have suggested that even if the government delists parts of optometric services, the provincial funding available previously needs to be maintained within the eye care envelope to ensure that the populations who continue to be covered receive the best care possible. The OAO will be watching the estimates tabled by the government to ensure that this has happened.

We are also strongly recommending that if the government is going to delist routine adult eye examinations when provided by optometrists, it be consistent and remove the billing codes for all practitioners who use them, including physicians. If this is not done, you will be simply downloading the service to another provider group, which defeats your purpose.

We spent the days after the budget trying to get information out of the government about exactly what and who would continue to be covered and found it incredibly difficult to get a clear, consistent answer, specifically around those adults at risk for sight-threatening diseases due to medical conditions. We were told many stories—again, without consultation—that the government had intended to require our adult patients with sight-threatening conditions to only be covered by OHIP upon referral from their family doctor. To us, this is an unworkable solution.

To date, the government has not been entirely clear on this point. We held a press conference at Queen's Park to try to get clarification on this issue from the government. Hours before the news conference, we received a letter from the assistant deputy minister of health and long-term care, which stated:

“As announced in Ontario's 2004 budget presented last week in the Ontario Legislature, as of November 1, 2004, the province will no longer provide routine optometry services for adults between the ages of 20 and 64. All those 65 years of age and over as well as those under the age of 20 will continue to be covered. I also want to make clear that medically necessary eye examinations for those adults between the ages of 20 and 64 will be continued. A program for those on low incomes will also be instituted.

“Over the course of the next few months, we will be working closely with you and others to implement these changes in an effective and timely manner. I look forward to our discussions in the weeks ahead.”

OAO welcomes the chance to work closely with the government over the next few months to review and implement the specific details around those eye examination services that will remain covered by OHIP, including: fees paid to optometrists for providing those services; the medical conditions that will be covered; the timing of implementation; and how many patients will access services and other implementation issues.

But let me be extremely clear: Ontario's optometrists do not want their patients to have to go through a referral from their family physician to see them. Optometrists are front-line primary care providers who have had years of training and are qualified to diagnose eye conditions. They find it insulting to be prohibited from providing services directly to their patients. It also reduces accessibility, significantly increases costs and burdens the already overloaded health care system.

We have had concerns from optometrists, physicians and patients, in both large cities and remote areas, that many Ontarians have no family doctor. Almost 140 communities across the province have already been designated as underserved for family practitioners. Emergency room doctors have expressed concern directly to me that they fear patients will plug the emergency rooms, costing in excess of \$140 per person per visit just in administration costs, seeking referrals for eye examinations.

We all know that family physicians already face huge workloads and stresses due to their own funding issues

under OHIP. The government's approach will only exacerbate the problem unnecessarily by placing a greater workload on them, and it will increase pressure on after-hours clinics and emergency rooms.

The only way to ensure that adult patients with sight-threatening conditions have access to diagnostic check-ups and receive timely treatment is to ensure they continue to have direct access to services covered under OHIP for visits to their optometrist.

The government has referenced the fact that it wants optometrists to be part of primary care reform. As mentioned before, optometrists are currently trained to be primary care providers for eye care for Ontarians and already work in co-operation with family physicians and ophthalmologists to provide all aspects of eye care. However, even if optometrists are included as part of the government's primary care teams, it still makes no financial sense to incur three billings to OHIP instead of one by forcing physician referrals.

Forcing patients to be referred to optometrists through their family physicians ignores the years of specialized training that optometrists undertake to detect, diagnose and treat eye conditions. In fact, the government is not currently using optometrists to their full potential. Government needs to give optometrists the tools to modernize the delivery of optometric services in the province, including expanding the scope of practice of optometry in Ontario to include the use of therapeutic prescribing agents, or TPAs. I think you may have heard that phrase before.

1800

The OAO has been getting calls from our members letting us know that their offices are booked solid through until the anticipated implementation date of November 1. Those with serious sight problems are hurrying to get their optometric appointments in before the service is delisted. When they come in to see us, they are asking questions about whether they are going to be able to continue to directly access our services. Unfortunately, we are not able to provide them with any clear answers.

The other point we want to make clear is that this five-month window will drastically increase utilization of optometric services for this fiscal year and must not be shouldered by the profession, as the implementation date was a unilateral government decision.

In conclusion, the OAO wants to make this committee aware that the consequences of this budget must ensure that Ontario seniors, children and those adults with sight-threatening conditions continue to receive primary eye care services directly from Ontario optometrists; that Ontario optometrists are fairly compensated for the OHIP services they continue to provide; that the government return to the table to negotiate a fair agreement; and that optometrists be used to their full potential in Ontario by allowing them to prescribe TPAs.

We are waiting eagerly to start the consultative process this government has alluded to but to date has not implemented.

I'd like to thank you. I am now happy to answer any questions you may have.

The Chair: We have about three minutes per caucus, and we'll begin with the official opposition.

Mr O'Toole: Thank you, Dr Parks, for your continuous attempt to educate MPPs. I have responded to and spoken with you before, and with the optometrists and other regulated health professions in my riding who are concerned. I also compliment you on your patience. You haven't been quite as outraged as some who have been delisted.

I know full well, having worked in health, the long-standing arguments with respect to the three points you've made. On the scope of practice, the government relations OAO members in my riding have explained to me how they're trained in very specific ways to deal with certain conditions. Just so I can get it on the record here—I'd like to send this out to my optometrist—there are opticians, optometrists and ophthalmologists, and then you deal with the whole issue you've described: the scope of practice for each and who can work for whom and all those minutiae issues. But the point you raise that should be dealt with here today is the scope of practice, the TPA issue.

I can't for one moment understand why someone has to go through a GP, who has virtually no training in that area, to get to see you or other optometrists. It makes no sense; it never has to me. Even as government, I think it was a mistake and a failure not to address that.

What do you think is the barrier to this issue, or am I asking too leading a question here? We've just come through the OMA negotiations. Perhaps you could comment on that. I'm not trying to set you up.

Dr Parks: We've had a lot of support from both sides of the government on this. I think maybe the delay is in the bureaucracy.

Mr O'Toole: Sharing the OHIP funding?

Dr Parks: Possibly sharing the OHIP funding, as well, is an issue.

Mr O'Toole: That's a shame.

Dr Parks: But you're right that it doesn't—

Mr O'Toole: The referral makes no sense. Members here should know that to get to an optometrist now, if you're over 20 and under 65, you basically are going to have to go to the family doctor or emergency. It's 140 bucks or something. Then they're going to have to go to you and probably pay until the paperwork is covered and never get the money. I think it's shameful.

You've made an excellent presentation. I can't say any more than that I commend you.

Dr Parks: Thank you.

The Chair: We'll move to the NDP.

Mr Prue: An excellent presentation, but I have a couple of questions. You have here under "Physician Codes," "We would also strongly recommend that if the government is going to delist routine adult eye exams when provided by optometrists, it be consistent and remove the billing codes for all practitioners who use them, including physicians." That makes eminent sense to me.

Do you think the government should be telling doctors that they cannot do or that they cannot bill for those exams?

Dr Parks: Oh no, that they cannot bill. The problem is that if they don't remove the same code that's in the physician schedule, the patients will be downloaded on to the physicians. That doesn't make any sense. The physicians are overworked now. It just diverts the patient load elsewhere, which doesn't make any sense when we know that physicians are already working to their limit.

Mr Prue: I also have to tell you that I think it is absolutely bizarre that someone as highly qualified as optometrists are to do eye examinations have to have a referral by someone who is not qualified. This must be more of a matter of pride than anything else.

Dr Parks: I can't speculate on that, but since the budget—I have many physicians who are my patients, and I also have many physician specialists. The physicians I speak to in my office don't want to have to try to refer patients to me. They understand the complexity of eye health enough to know that sometimes they aren't going to be able to detect something, because they don't have the expertise and they don't have the instrumentation. I don't know, if it's an issue, what the issue is and why it has been designed this way.

Mr Prue: My colleague Gilles Bisson had a person in his riding, in Timmins-James Bay, who went to see an optometrist who discovered a tumour behind the eye, something that would never happen if there weren't routine examinations. Do you think the delisting of this service will actually put people at risk of death?

Dr Parks: We feel that whether it's listed or not, annual eye examinations are an important part of everybody's health. One of the priorities optometrists in the association will have is to make sure that patients are educated on the importance of eye examinations, because you're right, it's important to have eye examinations. It's part of everybody's health care to make sure that things work properly and that there is isn't something sneaking up on them. You're right.

Mr Prue: If you can't afford it, though, that may be gone.

Dr Parks: Well, part of this program the government is instituting is that they're going to have something in place for those who can't afford it. We have yet to understand what that is or learn any more about it, but we'll see what that brings.

Mr Prue: Thank you very much.

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

Mr Colle: Thank you very much, Dr Parks. Is Ontario the only province that funds routine eye examinations for adults through provincial funding?

Dr Parks: Across the country there are different setups for how things are covered. We are the last province that continues to cover the 20-to-65-year-old group. Some provinces don't cover anyone in the province at all. Other provinces continue to cover the 20-and-under and the 65-and-older.

Mr Colle: Or children or whatever.

Dr Parks: Yes. And some have the medically necessary component in the adult group as well. It's a mish-mash, though.

Mr Colle: In the pre-budget submission you made, you asked us to consider certain options. One option you asked us to consider as the government was the delisting of optometric services entirely from the OHIP schedule. Could you explain why you would suggest that we look at that option, and then when we take up that option we're getting all kinds of negative feedback from you, when you suggested we look at delisting?

Dr Parks: Where this problem has started is in the fact that optometrists have not been remunerated fairly—

Mr Colle: For a number of years. Right.

Dr Parks: —for a long time. As Minister Smitherman said when he was asked before the budget, "It's a hard ask." What we came to the government asking for in our negotiations was that we wanted to be fairly paid for what we do. We're doing eye examinations every day, and every one of them we actually subsidize, because the cost of the examination we cover is higher than what we are actually paid by OHIP. Whatever it takes. We're at a point now where optometrists are against the wall, so a hard choice had to be made: Either government had to find the money or it had to find a way it could pay us fairly for what we do. So these were options we offered them sort of in desperation.

Mr Colle: I understand that. I think you explained that well.

In terms of meetings, has anybody from your association met with Ministry of Finance staff? My understanding is that there have been some meetings.

Dr Parks: We've met with the Ministry of Finance staff since the budget. I think we had one meeting with them. I spoke with the minister last Wednesday night at a garden party, if that helps. So we've had some talks.

Mr Colle: The other question I had is that you've had an ongoing problem. The last government wouldn't meet with you, you said, right?

Dr Parks: Yes, that's right.

Mr Colle: They refused to meet with you?

Dr Parks: Our negotiations broke down at about this time last year, and at that point there were no more meetings.

Mr Colle: Do you find it strange that now they're great defenders of optometrists, yet they refused to meet with you? It's kind of ironic that they've changed their tune, as they usually do. That was then, this is now. Anyway, it was a very good presentation. Thank you.

Dr Parks: Thank you.

The Chair: Thank you for your presentation this afternoon. The committee stands adjourned until 10 am on June 16th.

Mr Colle: Mr Chair, if we can't get reasonable temperatures, can we move to another room?

The Chair: You would note in your package that we are meeting in room 228 tomorrow. That was set up prior to even being in this room.

The committee adjourned at 1810.

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