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Jeudi 7 décembre 2006

Standing committee on finance and economic affairs

Comité permanent des finances et des affaires économiques

Pre-budget consultations

Consultations prébudgétaires

Chair: Pat Hoy
Clerk: Douglas Arnott

Président : Pat Hoy
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Thursday 7 December 2006

Jeudi 7 décembre 2006

The committee met at 0904 in room 151.

SUBCOMMITTEE REPORT

The Chair (Mr. Pat Hoy): The standing committee on finance and economic affairs will now come to order. I'd now ask for the report of the subcommittee. Mr. Arthurs.

Mr. Wayne Arthurs (Pickering–Ajax–Uxbridge): Your subcommittee met on Thursday, November 2, 2006, to consider the method of proceeding on pre-budget consultations 2007, and recommends the following:

(1) That the committee request authorization from the House leaders to meet from January 22 to 25 and from January 29 to February 1, 2007, for the purpose of pre-budget consultations, and on February 22 and 23, 2007, for the purpose of report writing.

(2) That, subject to authorization from the House, the committee hold pre-budget consultations in Windsor, North Bay, Kenora and Ottawa during the week of January 22, 2007.

(3) That, subject to authorization from the House, the committee hold pre-budget consultations in Hamilton, Barrie, Belleville and Toronto during the week of January 29, 2007.

(4) That, subject to authorization from the House, the committee clerk, in consultation with the Chair, post information regarding pre-budget consultations on the Ontario parliamentary channel, the Canadian NewsWire and the committee's website.

(5) That, subject to authorization from the House, the committee clerk, in consultation with the Chair, place an advertisement for one day during the week of November 13, 2006, in the Toronto Star, the Globe and Mail, L'Express and in a major paper of each of the cities in which the committee intends to travel.

(6) That interested people who wish to be considered to make an oral presentation before the committee contact the committee clerk by 5 p.m. on Tuesday, November 28, 2006.

(7) That each witness be offered up to 10 minutes for a presentation, followed by five minutes of questions and comments by committee members.

(8) That the committee clerk distribute to each of the three parties a list of all the potential witnesses who have requested to appear before the committee by 10 a.m. on Wednesday, November 29, 2006.

(9) That if necessary, the members of the subcommittee prioritize the list of requests to appear and return it to the committee clerk by 4 p.m. on Thursday, November 30, 2006.

(10) That the committee meet on Thursday, December 7, 2006, and in the morning only on Thursday, December 14, 2006, for the purpose of pre-budget consultations.

(11) That the Minister of Finance be invited to appear before the committee on Thursday, December 7, 2006.

(12) That the Minister of Finance be offered up to 15 minutes for a presentation, followed by five minutes of questions and comments by each caucus.

(13) That each party provide the committee clerk with the name of one expert witness and one alternate no later than Monday, December 4, 2006.

(14) That expert witnesses be scheduled to appear before the committee on Thursday, December 14, 2006.

(15) That expert witnesses be offered up to 30 minutes for their presentation, followed by 10 minutes of questions from committee members.

(16) That the deadline for written submissions be Monday, January 29, 2007, at 5 p.m.

(17) That in order to ensure that all scheduled presenters are treated with respect and dealt with without delay during the committee's public hearings on pre-budget consultations, the committee adopt the following procedures:

—that notice be provided of any proposed motion that would refer to issues that would normally be included in the committee's report-writing stage;

—that notice of a proposed motion be tabled with the committee clerk in writing;

—that the committee postpone consideration of the proposed motion until the committee commences its report writing; and

—that adoption of the above notice procedure would not limit in any way the right of committee members to move any proposed motion during the committee's report-writing stage.

(18) That the research officer provide a summary of the presentations to the committee members by Friday, February 9, 2007.

(19) That, in order to facilitate the committee's work during report writing, proposed recommendations should be filed with the clerk of the committee by 4 p.m. on Friday, February 16, 2007.

(20) That the research officer provide a draft report to the committee members by 12 noon on Wednesday, February 21, 2007.

(21) That the committee meet for the purpose of report writing on Thursday, February 22 and Friday, February 23, 2007.

(22) That the committee authorize an additional research officer to travel with the committee for the purpose of pre-budget consultations, and that reasonable expenses incurred for travel, accommodation and meals be paid for by the committee upon receipt of a properly filed expense claim.

(23) That the committee authorize one staff person from each recognized party to travel with the committee, space permitting, for the purpose of pre-budget consultations, and that reasonable expenses incurred for travel, accommodation and meals be paid for by the committee upon receipt of a properly filed expense claim.

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

That's the subcommittee's report.

The Chair: Thank you. Any comments? Hearing none, shall it be adopted? Carried.

0910

PRE-BUDGET CONSULTATIONS

MINISTRY OF FINANCE

The Chair: Now we'll move to this morning's business. Our first presentation will be by the Minister of Finance. The minister is here and prepared to begin his presentation. I would remind the minister that he has up to 15 minutes for his presentation and there will be five minutes of questions or comments from each caucus following that.

Minister, you may begin.

Hon. Greg Sorbara (Minister of Finance, Chair of the Management Board of Cabinet): Thank you, Mr. Chair and members of the committee, for inviting me to appear before this committee this morning as you embark on your pre-budget consultations. I'm joined at this table by the associate deputy minister, Phil Howell. If I can't answer questions that arise, perhaps he can. I'm going to try and make my comments as brief as possible.

Je suis très content d'être ici devant le comité ce matin.

As you embark on your pre-budget consultations, I want to suggest three things that I hope you will explore for your report as you travel across the province and meet with Ontarians.

The first is an evaluation of how effective our first three budgets have been. Those budgets, if I can summarize them very quickly and very succinctly, dealt with the fiscal deficit that the government inherited more than three years ago. We've made great progress, I believe, in that area. The deficit outlook for this current fiscal year is $1.9 billion or, if the reserve is not required at the end of the year, under $1 billion at $949 million. This is already an improvement of about $400 million from the 2006 budget deficit target of $2.4 billion.

The second deficit, of course, has been health care. I think we've made great progress in the area of health care, particularly in transforming community-based care and enhancing access to primary care, with more doctors, more patients seeing more doctors, more nurses, and more patients seeing more nurses.

Thirdly, of course, is the education deficit. That's been the subject of every budget but certainly in our first budget, with significant new investments in primary and secondary education, and in the Reaching Higher budget, which invested an historic $6.2 billion targeted towards all aspects of post-secondary education.

Finally, of course, the infrastructure deficit: In the budget that my predecessor, Dwight Duncan, presented several months ago, what is to be noted is the Move Ontario initiative, which represented a $1.2-billion investment in transit, roads, highways and bridges all across the province.

I think it is worth noting that in my own pre-budget consultations, in every community I've been in, virtually all of the deputants have begun by saying, "Thank you for what you've been able to achieve in these areas." I'm hoping that in your own deliberations, your report will make suggestions and proposals for where we can continue the initiatives that have characterized our first three budgets.

The second thing that I am hoping your report will deal with are the views of the committee on what needs to be done to continue to strengthen Ontario's economic prospects.

La deuxième chose qui est importante pour nous, c'est : qu'est-ce qu'il faut faire pour augmenter notre capacité économique? Les propos qui peuvent renforcer encore une fois l'économie de l'Ontario.

I'm pleased to inform committee members in that regard that we are today providing further details of the economic stimulus package that I referred to in the fall economic statement. It represents a key component of the government's broader agenda to encourage a stronger workforce and a stronger economy. The $190-million stimulus package was developed specifically in response to Ontario's current period of slower-than-anticipated economic growth. We estimate that this package will leverage an additional $185 million in capital spending and will help to create more than 3,000 full-time jobs for the year. So let's just go through those items.

The first part of the package will invest nearly $150 million to fast-track infrastructure projects in communities across the province that will generate immediate economic impact and immediately create jobs. Just to give you a few examples of the projects that we're talking about, they include recreation projects, fast-tracking some courthouse construction, and some additional work in waste water and cultural facilities as well. So the first part of the package is the fast-tracking of literally hundreds and hundreds of infrastructure projects.

In the second part of the package, we will be investing $20 million to enhance skills training and job services for laid-off workers and workers whose jobs are threatened by this slower-than-anticipated growth in the economy. That will include work with apprentices to make sure that their period of apprenticeship training is able to continue. It represents a kind of early intervention in areas of the economy where we see some threat.

Thirdly, we will invest some $22 million to enhance planned tourism initiatives. By doing that, we'll be boosting economic activity and tourism-related jobs right around the province. The fund would support a tourism campaign that builds on the classic "Ontario, Yours to Discover" and would encourage Ontarians to vacation right here in their own province. We know from experience that every dollar invested in tourism has leveraged almost $10 in visitor spending.

We also know, by the way, that about 60% of all travel decisions today are now made online, so we're going to enhance our capacity for Ontarians to book their vacations online. In summary, in this area we're focusing our resources where we believe they will provide the best return.

Fourthly, we are going to take steps to strengthen interprovincial trade initiatives. I know that my colleague Sandra Pupatello, the Minister of Economic Development and Trade, has already led one economic mission to the province of Alberta.

The Premier has said, and I echo his sentiment strongly, that our people are the province's strongest and greatest asset. That's why this stimulus package does four things:

—It supports communities and people feeling the impact of slower economic growth through investments in skills and training programs for laid-off workers.

—It leverages local economic activity and growth potential to strengthen the Ontario economy.

—It stimulates economic activity for the short term and targets immediate priorities.

—It reduces infrastructure pressures and prolongs the life of infrastructure assets.

I would be remiss if I did not point out that Ottawa's actions—or rather, inaction—is harming not only Ontario but its very own policy objectives. I quote again the words of Don Drummond when he said: "The net federal take from Ontario represents a huge fiscal drag, and that makes it difficult for the Ontario economy to compete within and outside Canada. Further, it points to some elements of federal transfers that could be seen as unfair to Ontario." I would change that to "are unfair to Ontario."

Mr. Drummond goes on to say, "The $18.2-billion net federal withdrawal of money out of the Ontario economy in 2003-04 represented 3.7% of Ontario's GDP." He contrasts this with other provinces when he says, "In contrast, the other provinces, excluding Alberta, had a net federal injection of 3.9% of their GDP."

So I would like this committee's help in delivering a vital message to Mr. Flaherty. The message is simple: He must join us and invest in developing a transformational agenda to enhance Ontario's investment climate. In turn, this would help us achieve the objectives that he himself laid out in his fall economic statement.

I want to point out that this province continues to face major shortfalls in federal funding. We receive 8% less for health and 12% less for post-secondary education and other social programs.

Let me be clear on another point. The federal government has said, or has alleged, that the Canada-Ontario agreement is fully funded. I want to tell you that it certainly is not.

0920

Following up on his economic update last month, Mr. Flaherty has argued that the federal government will focus on investing in national priorities. Clearly, I think even Mr. Flaherty would agree with me on this: that investment in infrastructure must be at, or very near, the top of the list of priorities. To put it bluntly, Canada's new government must commit to our Move Ontario program. If they don't do it, a new federal government will.

With slower economic growth, significant spending pressures and external pressures on our economy, we need the federal government, more than ever, to fulfill its obligations to the people of Ontario by investing in this province. The people of this province deserve nothing less, and I will continue to press for nothing less.

Avec une économie qui a une croissance moins forte, il est très important que le gouvernement fédéral fasse des investissements dans l'infrastructure de l'Ontario. Il faut continuer à demander à M. Flaherty de faire ces sortes d'investissements, surtout dans le transport et dans le transport public en Ontario.

So I have dealt with the first point, which is an evaluation of how we've done so far in our first three budgets. The second point, the second line of investigation that I would propose to you is what steps we need to take to strengthen the Ontario economy. Thirdly, I would simply ask you to look at what needs to be done and what more we need to do to invest in programs and services that support individuals while creating a stronger economy.

I think we've got a commendable record in helping Ontario's most vulnerable populations by:

—delivering a 2% increase in social assistance rates and permanently flowing through increases since 2004 in the national child benefit supplement;

—increasing assistance for those on ODSP;

—investing $68 million in a comprehensive domestic violence action plan.

On the business side, we have accelerated a 5% capital tax rate cut, beginning in 2007, and legislated a plan to eliminate Ontario's capital tax entirely by 2012; we've proposed an enhanced dividend tax credit that would provide $40 million this year and up to $120 million on full implementation to encourage investment in Ontario corporations and to provide better integration of the corporate and personal income tax systems; and importantly, we've signed a new agreement with the federal government for a single corporate tax administration system that will allow businesses to spend much less time on paperwork and more time creating jobs and fostering a strong and prosperous economy.

In conclusion, as the committee embarks on these pre-budget consultations, I want to express my confidence in the report that you will be presenting. I am hopeful that that report will have a major impact in the budget that we will be presenting in the spring of next year. In short, I welcome your input, your views and the views of Ontarians in this great conversation.

J'attends le rapport du comité et je suis absolument sûr que le rapport va nous aider à présenter un budget très fort au printemps de l'année prochaine.

Thank you very much, Mr. Chair, for the attention of the committee this morning.

The Chair: Thank you. Now we'll move to questioning by each of the three parties. They'll each have up to five minutes, and we'll begin with the official opposition.

Mr. Toby Barrett (Haldimand–Norfolk–Brant): I thank you, Minister of Finance, for your evaluation of the last three budgets and the spending that you've outlined this morning.

I just want to raise some issues around what I consider the need for tax reform. I feel we're not sufficiently concerned about tax reform, given that much of the world's economy continues to restructure. Obviously, there's considerable unrealized potential in Asian countries for industrial jobs. The world is changing and, by extension, I am concerned whether Ontario and much of Canada are up to speed. I feel that much more could be done with respect to tax reform.

When this committee first met, right after the 2003 election, we went through a discussion at that time. I recall that at that time the plans for the seniors' property tax credit were cancelled. Planned income tax cuts for individuals were eliminated when this government came in. I feel that that's very serious, given what I consider Ontario's and Canada's continued high marginal tax rate, which does discourage people to work those extra hours of overtime or even, to some extent, to accrue additional training or education and aspire to a higher income when they lose a large percentage of that marginal dollar. We saw the government scrap the tax break for parents who send their children to independent schools. Since then, tobacco taxes have been jacked up three times. Any assistance to incorporated logging companies, farms or mining operations was suffocated by this government.

What I feel is very important, and I don't see much of an indication of that—maybe you can correct me. I don't see much of an indication of a trend towards lower taxes. I think of the health tax. I think we all agree that was the largest tax increase in the history of Ontario. And I'm not sure that we have seen the reductions in unnecessary spending, something that has been highlighted in recent days by the Auditor General's report.

So I'm very concerned about our continued lack of tax competitiveness, given that it is so important to hang on to those industrial jobs, and we do have a roster of jobs that are leaving. It seems to be hitting much of eastern Ontario and parts of rural Ontario.

As far as tax reform, you indicate you are going to eliminate the Ontario capital tax entirely—now, that will be in the year 2012—and you have a proposal for an enhanced dividend tax credit. That's a proposal; there's been no action on that.

I just wonder if you would comment on my overall question. The question is, to what extent have we seen necessary tax reform in the last three budgets?

Hon. Mr. Sorbara: Mr. Chairman, I would just say to Mr. Barrett one small correction. The proposal for the dividend tax credit is in the form of legislation. That legislation has not yet been passed.

Interjection.

Hon. Mr. Sorbara: Actually, now I am corrected. The legislation has passed; it hasn't yet been proclaimed. But it's part of the government's policy.

The Chair: We have about a minute left in this round.

Hon. Mr. Sorbara: I agree with the member that tax reform is an important part of the agenda, and would simply say that within Canada, the issue that will hold up tax reform is the broken fiscal machinery that defines the economic relationship between the federal government and provincial governments. Now, as a Conservative, I'm going to urge Mr. Barrett to contact his friends in Ottawa, the Conservative government in Ottawa, to encourage them to begin to repair, with Ontario, that machinery. In simple terms, Ontario, over the past several years, is always on the verge of not having the resources that it needs.

The Chair: Thank you.

Hon. Mr. Sorbara: During that same time, the federal government is awash in—

The Chair: Thank you. We must move on.

Hon. Mr. Sorbara: Let's move on.

The Chair: Now to the NDP and Mr. Prue.

Mr. Michael Prue (Beaches–East York): I'm going to ask some questions rather than make a statement.

Minister, the number of manufacturing jobs in Ontario in June 2004 was 1,116,700. That's now fallen to 982,000 as of November of this year, a loss of 135,000 jobs. What is your budget going to do to try to get some of those back? All I can see from this, the one thing, is 3,000 full-time jobs by spending $185 million on capital spending. That still leaves more than 130,000 jobs in deficit.

0930

Hon. Mr. Sorbara: Obviously, as this committee begins its pre-budget consultations, I will be interested in the views of the committee as to what steps the government ought to take in that area.

The reality across North America is the very same trend, that is, the shedding of manufacturing jobs across Canada and throughout the US. Indeed, even in an economy that is growing as fast as China's, we are seeing a decline of manufacturing jobs as capital moves to other parts of the world and that employment base shifts around the world.

I'm pretty proud of the fact that within this context, Ontario has been able to maintain a strong manufacturing base, and we see that in auto. We see new investments, in fact, in the forest sector that have helped to bring to an end a trend that was of great concern to all of us.

The other thing to note in Ontario is that we've seen an increase in high-paying, highly skilled jobs in a variety of sectors, including information technology and financial services. The news overall in macro numbers in terms of jobs creation is strong, but there are issues relating to manufacturing jobs and I am hoping that this committee, as it does it work, will have suggestions to the government that could be incorporated in the budget.

Mr. Prue: Without arguing too much, job losses in the forestry sector are running about 8,000 in the last year or so, and if you multiply those by the spin-off jobs, using your own ministry's statistics, it's probably 40,000. Even jobs in the auto sector are down 10,000, and yesterday Freightliner lost 800 jobs, Navistar lost another 700. I don't know where you're coming from in forestry and I don't know where you're coming from in auto, when obviously the reverse is true.

Hon. Mr. Sorbara: Where I'm coming from is that were it not for the interventions that we've made in the forest products sector—indeed, over $1 million of assistance over the next five years—we would have seen a much more debilitating trend. Forestry and forest products across North America and the world are going through a major transition. The good news in Ontario is that we have been able to support that industry and keep to a minimum the job losses that we've incurred.

The same is true in auto, Mr. Prue. Ontario has now become the number one jurisdiction in the auto parts industry and automobile manufacturing on the continent. Over the course of the past year there has been some small shedding, but the fact is that that industry, on virtually every reasonable, objective comparison, is very, very strong in the province.

Mr. Prue: How much time do I have?

The Chair: About a minute.

Mr. Prue: I want to do just one other question, then. It's relating to social service rates. You say in your statement you delivered a 2% increase in social assistance rates this year, but you delayed that for six months. Two questions: Why did you do it and how much, in delaying it six months, did you save the government?

Hon. Mr. Sorbara: To answer very quickly, because time is limited, the delay regrettably is based on having the technological computer capacity to get those payments in place quickly. The delay had nothing to do with trying to save resources. We implemented that as fast as the machinery would allow us to.

Mr. Prue: But how much did you save?

Hon. Mr. Sorbara: I don't have those figures, but I could get them to you.

Mr. Prue: Okay. Thank you.

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

Mr. Arthurs: Minister, just a couple of things, two questions. I'll ask them both and maybe you can respond to them. Our capacity as a committee to outreach around the province is somewhat more limited because of time constraints and committee structures. I know you're taking on a fairly extensive consultation on your own. I'm particularly interested at this point in your capacity to reach out through northern Ontario, North Bay and beyond, because that's probably more of a challenge for this committee. So it's kind of a practical sense of what you're doing out there.

The second question is more specific to the matters at hand. You referenced the need for the federal government to participate more expeditiously and more directly in infrastructure investment as a way to stimulate our current economic slowdown, as well as the longer term. What are you doing in regard to keeping the pressure on them to do that, and what could we do to assist in that matter?

Hon. Mr. Sorbara: In answer to the first question, I've had a really successful pre-budget consultation in Thunder Bay. In fact, my closing remarks to the people in Thunder Bay were, "This is about as good as it gets," because a broad range of issues were covered. We had very strong submissions from business and industry, including the forest products sector, but from all of those representatives who were making proposals to do more on things like services for the developmentally challenged. The education sector was represented.

Fog and transportation prevented me from getting to North Bay, so we did that consultation by phone, and I have extensive notes. I regret that I wasn't able to get there. I'm going to be in Sudbury in the new year.

I'm hearing two things in general: The government is on the right track in what they're doing on the economy and what they're doing in improving the quality of public services, and then I'm hearing submissions to point us along future directions—all kinds of pressure out there to spend more.

My responsibility in presenting a budget is to take all that and do the possible. The possible includes what we need to do on infrastructure and how we can get the ear of the federal government so that the federal government understands that they must start to invest in Ontario, particularly in infrastructure, if they are going to be true to their commitment to strengthen the Ontario economy.

Mr. Arthurs: What's the nature of the infrastructure that you see them investing in?

Hon. Mr. Sorbara: Well, Mr. Arthurs, it covers the gamut. Certainly transportation infrastructure is critical. If you talk to the people in the GTA, for example, they will tell you that gridlock is their number one concern. That means getting to work on time. It also means getting goods to market on time. But if you go to northern Ontario, in Thunder Bay I heard strong arguments for a full four-laning of the highway from Thunder Bay west to the Manitoba border and into Winnipeg.

If you go to your very own area, you know of the kind of gridlock that is going to be there until we get Highway

7 widened, until we get the next leg of Highway 407 built.

That's transportation infrastructure, but it's secondary infrastructure as well. It's water and sewer infrastructure. It's hydroelectric infrastructure.

Now, Dwight Duncan has presented, I think, a comprehensive energy plan for the next 20 years. We invite the federal government to join us in making sure that we can get that infrastructure built, number one, and number two, we can do it in a way that reduces the pressure on our environment, because that is the other half of the infrastructure and economic development picture.

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

Hon. Mr. Sorbara: Could I have another half-hour?

The Chair: No, regrettably not.

Hon. Mr. Sorbara: Okay. Thank you very much, Mr. Chair and committee members.

0940

CANADIAN MANUFACTURERS AND EXPORTERS

The Chair: I would ask this morning's first presenters to come forward, the Canadian Manufacturers and Exporters. Good morning, gentlemen. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Mr. Ian Howcroft: Good morning. My name is Ian Howcroft, and I'm vice-president, Canadian Manufacturers and Exporters, Ontario division. With me is Paul Clipsham, CME's director of policy for the Ontario division. I just want to pass on apologies and regrets from the chair of our taxation committee, David Penney, who was scheduled to be here, but couldn't because of a family emergency. We'd like to thank the committee for providing us with the opportunity to express the views of our members and to provide input into the development of the upcoming provincial budget.

Before we speak to some of the specifics, I want to mention a few important facts about manufacturing and Canadian Manufacturers and Exporters. CME is the voice of manufacturers and exporters. Our members produce approximately 75% of the province's manufactured output, and our members are also responsible for about 90% of the province's exports.

CME represents a wide range of industry sectors, and a significant portion of our members, approximately 85%, belongs to the category of small- and medium-sized enterprises. Many people do not understand the importance of manufacturing and what it contributes to the economy and, hence, our overall standard of living.

One of the objectives of our 20/20 initiative, the future of manufacturing, was to elevate the image of manufacturing and to demonstrate why all Ontarians should support manufacturing as the key to our continued and future success.

In Ontario, the manufacturing sector comprises about 20% of GDP, and it represents about $300 billion to the Ontario economy. Further, almost one million individuals are employed directly in manufacturing, but less well known and equally as important is the fact that there are another 1.8 million whose jobs are indirectly dependent on manufacturing. These jobs are often highly skilled and highly paid. In fact, the Ontario manufacturing jobs have wages that are 25% higher than the national wage average. These are the jobs that Ontario needs and Ontarians want.

Every dollar invested in manufacturing generates over $3.25 in total economic activity, the highest economic multiplier of any sector. However, and as we all know, there are some dark clouds over Ontario's manufacturing sector. CME is greatly concerned that manufacturing shipments have fallen by almost 5% and we've lost over 50,000 jobs in this sector in the last 12 months. We need to take urgent action to address and reverse these very negative trends.

We also recognize that there are some good-news stories in manufacturing, and we need to do more to get this message out. We need to better recognize and celebrate our success. CME recently announced a new award that will recognize manufacturing leadership in productivity and it will be given next year. However, we must all work to address the reality and the trends we have been experiencing over the last 12 to 18 months.

Manufacturers and exporters are facing unprecedented challenges, including soaring input costs such as energy, raw materials and labour. We're also facing increased competition from developing economies such as China, Brazil and India. Further, businesses face some of the highest marginal tax rates in OECD countries, and we'll cite the C.D. Howe study from last year. Add to this the dollar that has appreciated about 40% over the last three to four years, and you can understand why Ontario manufacturers are questioning and unsure about their future.

Again, CME launched our 20/20 initiative, Building our Vision for the Future. To help address these challenges, we engaged over 3,000 individuals to solicit their input on what we need to do now to ensure that we have a vibrant manufacturing sector in 2020. We'll continue to advocate for the recommendations that come from 20/20. There remains great interest in our work, and we continue to look for ways to leverage partnerships that will allow us to realize our goals.

We're working closely with the MEDT to match manufacturing opportunities with sellers in Ontario to buyers in Alberta's oil patch and the oil sands industries, and we're working with the MTCU to promote the apprenticeship tax credit. Recently, we signed a memorandum of understanding with them to promote productivity through the development of lean consortia. However, much more needs to be done.

We must all do our part to make the 20/20 vision a reality. Manufacturers are responding by investing in innovative technologies and training that will increase productivity, but government also has a crucial role.

CME's taxation committee has identified some key areas which, in our view, are necessary to sustain and grow a healthy manufacturing economy in an improved competitive climate. We feel the government has an opportunity with this budget to act as a magnet to attract investment and convince Ontarians and the world that manufacturing has a future in Ontario—an important future.

We'd like to now turn to the tax committee's recommendations. We decided not to cover every issue that's important to us, but instead focus on competitive tax rates in three main areas. Again, we'll cite C.D. Howe study, which shows that the marginal tax rate is extremely high in Ontario. I think we're the eighth-highest jurisdiction out of 81 countries that were analyzed. For this purpose, we would like to focus on the immediate elimination of capital tax, a general corporate tax rate reduction to 8% and accelerated appreciation, or accelerate the capital cost allowance. We feel that this is a unique time and a unique opportunity to deal with this, to demonstrate the government's recognition of the importance that manufacturing brings to Ontario and to do all we can through partnerships and working together to increase jobs and economic opportunities through manufacturing for all Ontarians.

I'd like to now turn to Paul Clipsham. He will talk about some of the specifics.

Mr. Paul Clipsham: Thank you, Ian, and thanks to the committee. In order to slow the tide of high-value-added investments leaving the province, businesses need competitive tax rates. CME strongly encourages the government to legislate the immediate and full elimination of the capital tax. The government has already recognized that the capital tax is a disincentive to capital ownership. However, deferring its elimination to 2010, while positive, will do little to alleviate the immediate pressures facing manufacturers and exporters. If the government is serious about encouraging new investment in the province, there is no rationale for delay.

Corporate tax rate reduction: The optimal means of improving the marginal effective tax rate is to reduce the general tax rate on businesses to 8%. This move would be relatively easy from an administrative standpoint and make Ontario's taxation rates competitive with other jurisdictions, particularly the United States. This would allow companies to better justify existing and future investments in Canada and free up capital for process improvements, training and R&D spending.

Accelerate capital cost allowance: Our members recognize that a capital recovery system, such as the current capital cost allowance, or CCA, is an important element of the Ontario tax system. The CCA regime has been comparatively advantageous in the past. However, the system no longer compares well with other jurisdictions.

Tax measures to enhance capital investment would result in increased employment and greater economic growth in the province of Ontario. In our view, this is undoubtedly a competitiveness issue. Many competing jurisdictions, such as Quebec, offer M&P capital investments at 125% depreciation in the year the expenditure is incurred. In addition, the US tax relief applicable to machinery and equipment is 6.7% more favourable.

We recommend that the government introduce a more favourable capital recovery regime which would apply to newly acquired machinery and equipment. This could be accomplished by expanding the existing 30% Ontario cost adjustment currently applicable to pollution control spending, to include manufacturing and processing equipment, and granting a two-year writeoff through the existing CCA system. This will likely produce ancillary benefits, including energy conservation resulting from investment in more efficient technologies.

Canadian and Ontarian tax rates must be more competitive than those in the United States, not only to offset advantages of the large US market but also to ensure that Canada and Ontario are more competitive investment locations on a global basis. Mexico, China, Singapore, Chile and Brazil are for many companies even stronger competitors for innovation investments than the United States.

Harmonization: Improving Ontario's taxation system is critical to improving Ontario's tax competitiveness and the performance of Ontario businesses. CME strongly supports measures to harmonize the tax collection system between the Ontario and federal governments. Once the government has completed the harmonization of corporate tax collection, there will be an opportunity to encourage the federal government to remove the SR&ED tax credit from the tax base at the federal level and move towards a highly advantageous value-added tax system.

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

Mr. Clipsham: Okay. We want to support and encourage the Ontario government in their recently announced harmonization with the federal government. This has the potential to be of enormous benefit to taxpayers, while providing administrative savings for the government. CME wishes to congratulate the government on this initiative and offer its support through the transition period.

We feel that removing SR&ED from the income tax base at the federal level would also provide significant benefits for manufacturers. There's an opportunity through the harmonization process to encourage this at the federal level.

CME also feels strongly that the government of Ontario should replace the Ontario retail sales tax with an Ontario value-added tax. This is a medium- to long-term priority that CME wishes to pursue.

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Some other tax simplification measures, which I'll just summarize, are the elimination of corporate minimum tax and enhancement of the apprenticeship training tax credit. We also have a number of other non-tax priorities, but in the interest of time, maybe I'll turn it over for questions. The non-tax priorities include enhancing the electricity markets, innovation and productivity improvements, as well as skills training and development.

Thanks very much for your time. We'll turn it over for questions at this point.

The Chair: Thank you very much. The committee does have your entire brief, so they'll be able to read those other items. We'll begin this round of questioning with the official opposition.

Mr. Barrett: Going through your brief, you highlight the challenges: energy costs, labour costs and competition from countries like China, India and Brazil. I see that one major approach you take is to address the high marginal tax rates. I see in your brief that Canada's—I don't know about Ontario's—marginal effective tax rate is the eighth highest among 81 countries analyzed.

Much of your approach, for example, is elimination of the capital tax and reducing the corporate tax rate. I guess my question is, do you have any views with respect to the very high marginal tax rate that people in Ontario—employees—pay? I'm not sure if you've addressed that in your brief or your delivery, but the reason I raise this—I think these were C.D. Howe figures as well—is that in 1975, net tax amounted to something like 18% of income. Thirty years later—and there's been a considerable increase in government spending since then, even though back in 1975 we had medicare, we had education, we had the two big expenditure programs at that time—I understand that taxes as a percentage of personal income are now 24%. There's been about a one third increase since 1975. How significant is this for your employees, for your need for increased productivity, and a workforce that is willing to work overtime and stick at it, perhaps work on into their more senior years?

Mr. Howcroft: Thank you. I'll start and then turn it over to Paul. We certainly want to see marginal tax rates come down. We want to see personal taxes come down. We think we have to have an overhaul of the tax system to make sure that it's internationally competitive. But what we decided to do this year for this budget was to start that process, and we wanted to focus on the three main areas: the capital tax, the corporate tax and accelerated depreciation. We thought we'd be realistic and start to send out the message to the world that Ontario is interested in manufacturing, in attracting investment, helping grow the economy, which would then give more latitude to deal with some of these other taxes that are far too high. We have spoken about them in the past, but this year, recognizing fiscal realities and other issues, we decided we would focus on the main tax issues that were of concern to our members. Paul, do you want to add something?

Mr. Clipsham: Yes, just to add, as we pointed out in our recommendations, reducing the general corporate tax rate to 8% would go a long way to reducing the marginal effect of tax rates on us.

Mr. Barrett: What is it now? I should know that.

Mr. Clipsham: I believe it's 12%.

Interjection.

Mr. Clipsham: It's 12.5%, yes.

Mr. Barrett: You also advocate taking a look at replacing Ontario's retail sales tax with a VAT, an Ontario value-added tax. I don't know much about this. I think that was done in England a number of years ago. There was quite a ruckus over that. In your brief, you indicate that the federal GST already is a VAT. That is a VAT tax? Could you just explain that a bit more for me?

Mr. Howcroft: Yes. Many countries have already gone that way. The tax experts would argue that that is the best way to go, to a value-added tax similar to the GST. There would probably be a ruckus on that, but it just makes the most sense from a tax perspective.

Mr. Clipsham: The Atlantic provinces actually have a VAT system in place, so that would be what we would be looking to, something similar to what exists in the Atlantic provinces.

Mr. Barrett: And that came about through the harmonization?

Mr. Clipsham: Yes.

The Chair: Thank you for your presentation.

Mr. Howcroft: Copies of the presentation are available here with our news release as well. Thank you.

The Chair: For the committee, the 9:45 has cancelled.

CANADA'S ASSOCIATION FOR THE FIFTY-PLUS (CARP)

The Chair: I would ask Canada's Association for the Fifty-Plus to please come forward. The committee appreciates your being here a little bit ahead of time this morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Mr. Bill Gleberzon: My name is Bill Gleberzon. I'm the director of government relations for CARP, Canada's Association for the Fifty-Plus. Thank you very much for inviting us to make this presentation.

For those of you who know what CARP is, I don't have to do any introduction, and for those who don't, there is an introduction here. So I'll just expedite it by asking you to read it and I'll move along.

The first item we want to talk about is the guaranteed annual income system, or GAINS. CARP recommends that the GAINS payments, which top up the annual income of poor seniors in Ontario, are increased so that recipients, whether singles or couples, receive at the very least an annual income at the level of the low-income cut-off line, which is Canada's poverty line. Such an increase will enable recipients to pay for the hikes in energy, food, transportation, health care etc. For example, they now have to pay for home care, medications not covered or delisted from the 0DB, even after 65, as well as delisted or limited services like audiology, chiropractic and physiotherapy. Moreover, the current average rent in Ontario is calculated by the government as around $850 a month, which translates to about 75% of the monthly income of a single senior on GAINS. For such a senior, this leaves a balance of about $328.17 per month for all of those other necessities of life, including those noted above. As a result, larger numbers of seniors are depending on food banks for their sustenance.

Currently, the GAINS program ensures that poor seniors will not live in dire poverty. These people survive on old age security and guaranteed income supplement, but GAINS does not assist in raising their annual income above the LICO line. We're trying to figure out a term for something that's above dire poverty but still below the poverty line. Middling poverty? Mediocre poverty? Whatever you're going to call it, that's where they live.

What I have here in the rest of my presentation I'm not going to read because it's facts and figures and you can read it for yourself. But this shows you what the annual income of someone on GAINS is as of the end of this month. Someone receiving OAS, GIS and GAINS—that is, old age security, guaranteed income supplement and GAINS—can look forward to an annual total income of just over $14,000. The cut-off line for those people, according to Statistics Canada, the government of Canada and all of the provinces, is around $17,000. Even GAINS, at $83, which is the greatest amount an individual can receive, guarantees that they're not at that poverty line but still very much below it.

Similarly for a couple who receive old age security, guaranteed income supplement and GAINS, while each member of the couple receives $83 at the very lowest level, their income is just at about $23,291, which is still below the low-income cut-off line for couples of $24,000. So GAINS, of course, is welcome but it's not enough. Actually, if you can believe it, there are some people who receive $1 a month in GAINS. It probably costs more to send it to them than it does to give it to them.

For these reasons we ask the committee seriously to look at the whole issue of increasing the amount of GAINS that people receive.

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The second issue I'd like to bring to your attention concerns locked-in funds, or life income funds, LIFs. We request that provincial legislation be reformed to enable those people who have LIFs or LIRAs or LRIFs—they go under different names—to access 100% or, at the very least, 50% of the principal in their accounts. Such a reform will not cost the government a single penny. This is not government money; it has nothing to do with government funds.

Just to explain what LIFs are, when an individual leaves a company or occupation that provides a pension, they may have the option of leaving their portion of the pension in the company or occupational pension fund or rolling it into their own RRSP in the form of a locked-in fund. At 69, LIFs have to be converted to LRIFs or LIRAs. LIFs, LIRAs and LRIFs are regulated independently by each province and territory, and the federal government does the same for federally regulated industries.

In Ontario, the majority of LIF holders cannot access the principal in their LIF, LIRA or LRIF fund unless they can demonstrate to the government that they are in dire financial or health circumstances. There's one egregious exception that I must bring to the attention of the committee.

In 1999, the Legislature passed Bill 27, which enabled 61 MPPs to access 100% of their occupational pension. These individuals came from all parties and, if the committee is interested, we've been able to identify who most of these people are. This action, in our view, set a precedent in the province for unlocking LIFs for all other Ontarians. Fairness demands that all those with LIFs should be allowed the same privilege as this select few. Just so I'm making myself clear: We don't begrudge these people for having that opportunity, but we do begrudge the fact that nobody else in Ontario can have the same opportunity that they had.

Unfairness is compounded by the fact that other provinces and the federal government allow LIF holders to access all or some of the principal in their LIF, LIRA or LRIF. In Saskatchewan, 100% can be withdrawn; in Alberta, the amount is 50%; in Manitoba, it's 50%, with another 50% to come; and in New Brunswick, 25%. In some of these provinces, the age of access begins at 55.

I must point out that the federal legislation which was just recently passed allows those in federally regulated industries to withdraw 100% of the principal when they reach the age of 90, which CARP views as a very cruel joke.

When individuals roll over their portion of a corporate or occupational fund into their own RRSP as a LIF, they are assuming the risk of growing this pension. Accordingly, they merit access to the fruits of their labours. At the same time, their decision absolves the corporation or occupational entity of any liability as well as reduces their pension-related expenses.

Some argue that, if given access to their LIF principal, people will squander their pension and eventually become wards of the state. In our view, this reflects a most insultingly outdated, paternalistic attitude based on little or no evidence. Moreover, there are no similar objections to enabling individuals access to the principal in their RRSPs or RRIFs.

The next issue that I'd like to bring to your attention concerns the recent appointment of the Ontario Expert Commission on Pensions. We congratulate the government on appointing the commission and urge that its mandate be expanded to include studies of the pension issues addressed in our brief. However, the areas to be specifically examined by the committee are extremely important to the well-being and quality of life of many Ontarians. I've listed those five areas for your information.

CARP hopes that the commission will recommend reform of the Ontario pension protection fund—which is one of the areas they're looking at—to ensure that pensioners, whether unionized or not, are protected if their corporate or occupational pension fund collapses. At present, those who are not unionized are not protected by the pension benefits guarantee fund. In fact, there have been some pensions in which pensioners did lose a considerable portion of their income.

The fourth item is the realty taxes for 2008. CARP urges the finance committee to hold hearings early in 2007 for public input on developing a realty tax policy for 2008 when the current realty tax freeze ends. A realistic policy, skilfully implemented, such as being phased in, is required to prevent an excessive increase in realty taxes to make up for any shortfalls caused by the freeze.

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

Mr. Gleberzon: Okay.

The fifth item is home and community care services. Our point is, the money which has been given—and a lot of money has been given to this area since 2003—is not flowing. Services have been cut, agencies that supply those services are claiming to be in deficit, and we think it's up to the committee to find out why this is happening. The bottleneck seems to be at the community care access centres.

The sixth item concerns unpaid caregivers, those family members who take care of people who are recuperating or remaining at home, or who are ill or frail and just getting out of the hospital. Some 80% of care is provided by those people and they need assistance. So we're asking the province to do two things: (1) to work with the feds and their counterparts to create a national caregivers program and (2) to provide respite that those people need in order to prevent their own burnout.

The last issue concerns continuing education for seniors. What we're asking is that the government increase the budgets for school boards and others to provide continuing education programs for seniors that are affordable, available and accessible. These should include not only the normal lifelong learning kind of courses that you think about, but courses in literacy and numeracy. As you know, funding for adult education has been cut by Ottawa and we hope the provinces will get together to persuade Ottawa to re-establish that because it's so necessary in order to maintain an active workforce at any age but particularly once someone is over the age of 50.

Funds for training and upgrading for older Ontarians, including seniors, to improve skills for those who want to continue working are particularly important now that mandatory retirement is going to end as of next week. Funding for those programs should also be provided to companies, because I have to point out that we are facing, as I'm sure you've heard, a very serious shortage of labour in this province in the very near future. It's already begun. Many people are looking to seniors or older workers to provide that by continuing working. Our point is, while we oppose mandatory retirement, we also oppose any steps or initiatives toward mandatory employment. We believe that just as retirement must be based on choice, so must the issue of remaining in the workforce.

The Chair: Thank you. This round of questioning will go to the NDP.

Mr. Prue: Thank you very much. You've given us a lot to think about here today.

I'd like to go first to the LIFs, LIRAs and LRIFs. You've given some examples of other provinces, Saskatchewan being 100%. That's sort of the anomaly. It's what you want. But I notice the other provinces are mostly around the 50% range, those being Alberta and Manitoba, with New Brunswick at 25% and age of access at 55. You're asking for 100%. Can you tell me why you think it should be 100% and not 50%? I can see both arguments and I just need to know, in view of what other provinces are doing at 50%, why you hold out for 100%.

Mr. Gleberzon: Because we're trying to be realistic. At this point in time there is no move towards opening LIFs, to unlocking the principle, and we believe it should be unlocked. We'd like 100%, but at least as a first step 50% would be acceptable.

Mr. Prue: Okay. You point out that the only argument you have ever heard against this is a very paternalistic argument, that they'll squander the pension and then look to the state to get increased payments in order to make it up. Have you ever seen any studies that either show that people are likely to squander it or show the converse, that this isn't going to happen?

Mr. Gleberzon: In regard to LIFs, no, because this is a recent development. It's only been in the past 10 years. In regard to RRSPs, I've never seen any studies. It doesn't mean that somebody hasn't done them. People do have RRSPs. People do make unwise choices. Many make wise choices. I don't want to take up a lot of time, but I can tell you the e-mails we've received in the last two or three months over the income trust issue, just as an analogy, show that many people have made unwise choices. They put all of their money in income trusts. Other people said, "I got out months ago." The point is, we're dealing with individual difference here, and we have to respect that and we have to respect choice.

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Mr. Prue: Okay. Is there any evidence from any of the provinces that have already changed the LIF, LIRA, LRIFs—anything from Saskatchewan, Alberta, Manitoba, New Brunswick to show that there's any evidence of squandering the money, of anybody going into poverty, of anybody wasting the money and then being forced back as wards of the state?

Mr. Gleberzon: Not that I'm aware of, but I'll tell you what I can do. I've been in touch with the finance departments there. I can find out if there are and I'd be happy to share that information with you.

Mr. Prue: I think that would be really instrumental in convincing people that this is a wise policy. And you're absolutely correct in pointing out what happened in 1999. I was not here, but that's exactly what happened. I think Toby Barrett was here. No, maybe not. You were a rural kid.

Mr. Tim Hudak (Erie–Lincoln): We were waiting for your arrival, actually.

Mr. Prue: All right. The realty taxes: This is a matter near and dear to my heart, and I know to Mr. Hudak's heart as well. We have both said in the Legislature that we are extremely worried that after a two-year tax freeze on realty taxes, when that is lifted after the next election, conveniently a few months after, there could be three years' tax increases in one. What is CARP's position on this freeze?

Mr. Gleberzon: We accepted the freeze. We understand why it happened. But I'm hopeful that the Ministry of Finance has begun to work on scenarios to prevent the kind of thing that you've just outlined, because we're very worried about that too. Already I can tell you a great number of seniors are finding it extremely difficult to maintain their property, because while you might be house rich, you're cash poor. People forget that. Everyone talks about the seniors who have a mortgage-free home, but they've been living in that home for 40 years, paid off the mortgage. Now they're on a pension, a fixed income or dependent on GAINS. But the bottom line is that the realty tax is simply knocking them out of the scene because they've been in that neighbourhood for 40 years, but the neighbourhood has changed, particularly in the past 10 or 15 years with the building of monster homes etc. They are finding that their land is worth more than the house and it's certainly worth more than their income. Our big concern is, if the kind of scenario you've just described occurs, we're going to find more and more people in this kind of situation. It's got to be prevented.

The Chair: Thank you for your presentation this morning.

Mr. Gleberzon: Thank you very much. I appreciate it.

ONTARIO LONG TERM CARE ASSOCIATION

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

Ms. Karen Sullivan: Good morning. I'm Karen Sullivan. I'm the executive director of the Ontario Long Term Care Association and with me is David Cutler. David is our vice-president of government relations on our board.

On behalf of our private, not-for-profit, charitable and municipal members who operate 70% of Ontario's long-term care homes, we thank you for this opportunity.

We are here today to request your support for more time for long-term care homes to provide care, programs and services that enhance resident quality of care and quality of life.

Last spring, committee members will recall receiving and presenting petitions from family and residents' councils in their constituencies. These petitions requested funding for an additional 20 minutes of resident care. Residents and their families signed these because, although they see staff doing their best, they also see that they are run off their feet just to do the minimum that residents require.

In an August 28 letter to the minister that was copied to us, one family member calculated, based on her own observations, that a personal support worker has less than 4.5 minutes to spend with each resident for each care activity. This is not much time when you are trying to help someone get to the bathroom or to use a lift to get them in and out of bed.

Committee members will know what I am describing is not new. We submit, however, that it is unacceptable for today's older, frailer and more medically complex resident. Further, without more time, homes will have little chance of meeting the growing needs of people who are waiting in hospitals for a long-term-care bed.

The issue is simple. Government's operating funding has not kept pace with a decade-long trend of significant increases in the needs of residents which are clearly documented in the ministry's own annual classification data.

The 2001 level-of-service study showed that Ontario funded the lowest level of care for residents with similar care needs amongst 10 other Canadian, US and international jurisdictions. At that point, we were at just over two hours of care per resident per day, while Saskatchewan was at 3.06. Funding increases since then have produced some improvements, and I do want you to know that we are grateful for that. However, we note that the last significant increase in operating funding to increase staffing in our homes was the $116 million announced in the 2004 budget. Since 2004, base funding adjustments have been, by government's own definition, for wage stabilization to maintain those staff, not add any new staff.

We acknowledge that government has provided other funding; however, this has been to open new homes, purchase lifts, fund 340 convalescent care beds and begin to introduce a new assessment tool, all of which are valuable initiatives but have not increased homes' base funding to add the staff needed. As a result, on average, Ontario is currently funding about 2.5 hours of care per resident per day when, given increasing acuity levels, care levels of three hours per resident per day are required.

This reflects the national reality of an increasingly aging population, a reality that will continue and one that other provinces have already begun to address. Manitoba and Saskatchewan currently provide over three hours of care. Alberta has provided the funding to move to 3.5 hours of care, and even New Brunswick recently committed to do the same.

Three hours of care is 30 more minutes of daily care for each resident than Ontario currently funds. This 30-minute gap between care required and care funded is the challenge that residents, families and the sector believes must be a government funding priority in this budget.

Therefore, today we ask for your support for government to provide 30 more minutes of care for each resident by providing $390 million, or $14.27 per resident per day, to fund an additional 20 minutes of care in 2007-08; and then $214 million, or $7.81 per resident per day, to fund the 10 more minutes of care in 2008-09. Our detailed request is outlined in our September submission to the Ministry of Health and Long-Term Care, and we've attached a copy to our presentation.

This funding increase would provide more staff with more time to provide more resident care. In our member homes alone, we estimate that the funding would add 3,600 full-time equivalent staff in 2007-08 and another 1,700 in 2008-09. At the same time, it would enable homes to address other issues, including the daily raw food allowance. Much has already been said about the inadequacy of the current funding of $5.46 per resident per day for food. A substantive increase is required to ensure that homes have the capacity to enhance their menus by serving fresh instead of canned or frozen vegetables, an increased variety and frequency of fresh fruits, and better-quality meats on a regular basis.

Within our total funding request, we have asked government to increase raw food funding by 77 cents each year to bring the raw food allowance to $7 per resident per day.

As committee members may know, all long-term-care home revenues either come directly from government for nursing, programs and food, or are directly controlled by the government through the setting of the rates for the resident copayment. Residents' funding is utilized for what we call accommodation costs and services, things like administration, housekeeping, laundry and dietary staff, utilities, and general building maintenance. When revenue in this envelope does not keep pace with our operating costs, the services we pay for out of this envelope suffer. We have less staff to do laundry, clean the homes, prepare meals etc.

Although we know the accommodation envelope funding has not been a government priority, I wanted the committee to know that the revenue-cost gap in this envelope has been widening for the past three years. For example, utility costs are increasing and, even with more attention on conservation, our utility costs are expected to grow by a further 10% annually over the next two years.

If the accommodation envelope revenue-cost gap continues to widen, it will affect resident services. We are not looking for the government to raise the copayment rates for residents beyond the annual inflationary adjustment; instead, we are asking for an allocation of $2.75 per resident per day over the next two years to help homes maintain the laundry, housekeeping and other services that are important to residents and their families.

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We believe that the 2007-08 budget represents a pivotal decision-making point for determining whether residents will get the care they need and deserve. We know that you've also heard the same message from residents' and family councils and others in your ridings.

Maintenance-level funding increases will not address the unacceptable care and service levels. A substantial funding increase that adds more time for more care, 20 minutes more this year and 10 minutes more next year, is required.

This requirement is heightened in the context of the proposed Long-Term Care Homes Act. We acknowledge that Bill 140 is not this committee's direct concern. We also believe, however, that as legislators you cannot ignore the additional requirements in the act or that it has the potential to shift existing resources from resident care to process and documentation.

In your role as legislators, we also want to publicly acknowledge and thank members of all three parties for their unanimous support for Elizabeth Witmer's recent motion for government to commit to a capital renewal program for B and C homes.

There are some 35,000 residents currently living in B and C homes throughout Ontario, homes that were built to the 1972 design standards. Structurally renewing these homes to eliminate three- and four-bed ward accommodation is critical to eliminating the double standard of residents' physical comfort, privacy and dignity that exists in Ontario today. In addition, research shows that modern physical design standards impact a home's ability to meet resident care needs, particularly those residents with dementia, who make up over 60% of Ontario's current long-term-care population.

We recognize that it would be fiscally and practically impossible to accomplish this overnight. We also believe it would be irresponsible to wait another seven to 10 years to begin the structural renewal process and make the program available to some homes and not to others.

Therefore, we're asking government to commit $9.5 million in this budget to begin renewing the first 2,500 B and C beds and to continue this process in a planned and rational manner annually until the job is done. Our members are willing and eager to work with government as both a planning and financial partner.

We're encouraged by the current level of political consensus on this program priority. Along with 35,000 residents, families, staff and others in communities all across Ontario, we're now hopeful that political unanimity is the precursor to government action.

Again, thank you for your time this morning. We'd be happy to answer your questions.

The Chair: Thank you. This round of questioning goes to the government. Mr. Arthurs.

Mr. Arthurs: Karen and David, thank you for being here and making the presentation this morning. It's good to see you both again.

Can you give me a roll-up cost? You've referenced three or four areas—20 minutes' additional care in the coming year's budget, 10 minutes in the subsequent year. You referenced raw food allocation and increases proposed in that over a staged period of time. There was the—

Ms. Sullivan: Funding for food.

Mr. Arthurs: With the food. There was the direct care—

Ms. Sullivan: The accommodation envelope adjustments.

Mr. Arthurs: Apart from the capital investment, that $9.5 million that's proposed in this coming year, can you give me a roll-up cost as to what that might be in either 2007-08 or even as far as 2008-09? You did stage a couple of those.

Ms. Sullivan: The $390 million that I talked about at the beginning to get the 20 minutes of care also includes the 77-cent adjustment to the food, the adjustment to the accommodation. It is a rolled-up number. There's a chart in the handout that shows that. It gets your 20 minutes, your food, some extra dietary staff, and the accommodation adjustment, and it is outside of the $9.5 million for capital.

Mr. Arthurs: That was 2007-08 or is that the—

Ms. Sullivan: That was 2007-08, and then there is a second-year ask as well that is again all of those things rolled up, and it's $214 million.

Mr. Arthurs: Okay. I recognize that we're talking about a given budget year, but having said that, the quantum of it over two years, we're then into the—

Ms. Sullivan: Just over six.

Mr. Arthurs: Over six, plus some capital as well.

Ms. Sullivan: Capital is $9.5 million for the first year.

Mr. Arthurs: On the care side—and we had lots of discussion—for my benefit, what would be the enhanced nature of care, or sustained nature of care, I guess, provided with an additional 20 or an additional 30 minutes? What types of things could a resident expect as a result of being able to provide that additional time?

Mr. David Cutler: The resident could expect to receive much more dignified and personal care. For example, our PSWs who do the main bedside care would be able to pay more attention to them. They wouldn't have the paltry two or three minutes to get them up, get them dressed. They'd be able to give them more personal attention, a little bit of love and kindness. Also, you'd be able to have more registered nursing time.

Today, what we're having registered nurses do—they're documenting all the time and not providing bedside care, and just handing out meds. Really, the true role is the Florence Nightingale role that we all like to think of, and they're not able to do that.

Really, what we're doing today, in coping with the regulations that are imposed on us, is a little bedside care and more attention to documentation and process, and it's giving that additional care that's needed.

Ms. Sullivan: If I could give just one example: If we don't have time to get a person to breakfast, if we're rushing, we'll do up their blouse for them and they will soon lose the ability to do up their blouse. So it's little things, but if you can take the time with them to help them still keep that functioning, then they will maintain it. If not, they will lose it.

The other thing: We do want part of that adjustment in the program envelope. I would love to see us have the time to do more with our residents outside of just being cared for—additional programs, one-on-one programming for people with dementia. That kind of investment in the program envelope you see immediately in a way that you don't quite as quickly with nursing. So a piece of that ask is certainly for the programs.

Mr. Arthurs: I had the opportunity a week or so ago to—

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

TORONTO BOARD OF TRADE

The Chair: I call on the Toronto Board of Trade to come forward, please. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purpose of our recording Hansard.

Mr. Cecil Bradley: My name is Cecil Bradley. With me this morning is a policy adviser with the board, Elaine Shin. I'm vice-president of policy of the board, and this morning I'm pinch-hitting. Normally this role would be carried by the president and CEO, but we've suffered a minor brain drain at the board of Toronto while the New York Knicks have our president and CEO, but I think if you've noticed the score in the most recent game, we're still ahead on that one.

Thank you to the committee for the opportunity this morning. The title of our brief is "Invest in City Building." We recognize and appreciate the steps the government has taken to support Toronto through legislative change—the City of Toronto Act is an important piece of legislation; revenue sharing—the gas tax; transit investment; and the transitional funding that has been made available in the recent couple of years.

The government's actions do suggest that it understands that a stronger Toronto, as the economic engine of the province, results in a stronger Ontario. However, there remains a major piece of unfinished business to restoring Toronto's ability to fully contribute to Ontario's future. The current provincial-municipal fiscal arrangement must be rebalanced to alleviate some of the city's cost pressures resulting from the local service realignment process that took place in 1998.

There can be little doubt that the expectation that provincially mandated services could be funded through the municipal property tax base has proven unsustainable. It has created a fiscal imbalance with municipalities that has prevented cities such as Toronto from reaching their full potential as drivers of economic development. The fiscal imbalance at the municipal level is most evident in the infrastructure deficit that we see day-to-day in our roads and transit system.

Restoring financial responsibility for social services and social housing to the provincial level would be a major step toward a fair realignment of Toronto's revenue and expenditure responsibilities.

We're also recommending that the government recognize that, in the course of delivering services, municipalities often purchase taxable goods. Toronto alone pays about $70 million in provincial sales tax every year. The province, we believe, would be well advised to follow the example of the federal government and rebate the sales tax that municipalities pay.

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Along with the cost of mandated services, Toronto's finances are also being challenged by the needs of its public transit system. The TTC struggles each year to maintain a state of good repair and meet system expansion requirements, but there's simply not enough funding available.

While we commend the government for its increased support of municipal transit, the per capita provincial investment and overall funding levels are still below those that prevailed prior to 1998.

The current situation mustn't be permitted to continue, as TTC operating costs are pressuring other areas of the municipal budget and threatening Toronto's ability to provide an affordable and efficient transit network. Failure to maintain and expand the network is having a direct impact on both the economy and quality of life in Toronto—in fact, in the region as a whole.

We're recommending that the government create a long-term transit infrastructure program under which it would provide 75% of transit capital costs and 50% of municipalities' net transit operating costs.

Another vital component of such a program is the creation of an effective regional transportation authority.

Again, the government is to be commended for its actions to date, but we warn that the job isn't finished. The success of the Greater Toronto Transportation Authority depends upon it changing how the region plans, finances, builds and uses the transportation network.

The agency must have sustainable sources of revenue to support an investment program. Without dedicated provincial funding or discretionary revenue-raising tools, the GTTA won't succeed, and if the GTTA isn't effective in reducing congestion and improving regional transportation, Toronto cannot succeed.

The board believes that the GTTA's financing model must be re-examined and the agency must be provided with a range of revenue sources. We've provided detailed principles and suggestions in a paper entitled "Financing Options for the Greater Toronto Transportation Authority," which we published in March of this year.

The board recognizes the reality behind Ontario's infrastructure gap: that even all levels of government, working together, can't provide the levels of investment needed province-wide. After all, the Ontario Ministry of Public Infrastructure Renewal estimates the gap at $100 billion and rising. The gap can only be addressed by fully engaging the resources of the private sector.

We've been encouraged by the creation of Infrastructure Ontario and its mandate to facilitate private sector investment. However, we're concerned that only $5 billion of the $30-billion ReNew Ontario plan is expected to come from private sources.

Significant investment is needed in roads and transit systems across the province before congestion chokes Ontario's prosperity. Transportation infrastructure should be assigned to Infrastructure Ontario and the agency should embrace public-private partnership models to deliver on its mandate.

The third and final section of our submission points out the need for the province to focus on tax competitiveness to enhance economic growth—particularly important in this year when all of the forecasts suggest that the province is heading into a fairly rough patch in terms of economic growth.

Ontario has one of the highest corporate income tax rates among the provinces and internationally. It has an onerous capital tax and a high retail sales tax on capital purchases. It's no coincidence that investment in Ontario's business capital machinery and non-residential structures lags the rest of Canada.

While tax reform measures carry some costs to the provincial treasury, we believe them to be necessary to ensure Ontario's future growth and prevent the loss of investment to other jurisdictions. We have three particular suggestions to make on the tax front.

(1) Restore equality to Ontario's business education tax system by reducing the business education tax rate to—we suggest an amount—1.37%, the lowest prevailing urban rate in Ontario.

(2) Eliminate the corporate capital tax in the 2007 budget. We don't believe the economy can wait until 2012 for smarter taxation.

(3) Change the retail sales tax to a value-added basis and integrate it with the GST. We believe that this could be done in a revenue-neutral way for government while removing sales tax from business inputs and capital goods and that this would stimulate growth.

Our written submission goes into much more detail on the rationale and expected results of these steps, based on the understanding that Ontario's future depends on cities. In short, by investing in city building, you will create a better Ontario.

I commend the submission for review and thank you again for your time and attention this morning.

The Chair: Thank you. This round of questioning will go to the official opposition and Mr. Hudak.

Mr. Hudak: Cecil, thank you once again for a very comprehensive and well-thought-out presentation on a range of topics. I did want to say, though, that I thought I read in the sports section of the Star today that they were thinking about starting you at off guard as well for the Knicks. So I don't know if Glen's trying to snap you away as well.

I had the pleasure—I was a bit late today for the meeting—of meeting with a number of folks, including Cecil, at the board of trade this morning to discuss a number of issues. Some of the thoughts we had discussed today are part of your report. I appreciate the greater detail.

Just to pursue a couple of those items you had brought forward—one issue, too, and I apologize if you mentioned it, is the hard cap. We had tried to bring controls to hold the line on increases on business taxes on the property side in the previous government. Dalton McGuinty had committed to maintaining the hard cap on tax rates on commercial-industrial and multi-res sectors, but broke that promise once in office. What's your feeling about restoring the hard cap on tax ratios?

Mr. Bradley: We'd be in favour of doing that. The hard cap was a way of requiring the system, over time, to get to a more equitable distribution of the tax burden. It involved some pain but a modest amount each year, and we would be in favour of the hard cap being reinstated.

Mr. Hudak: On the GTTA presentation you make—you suggest in your general presentation that new revenue-sourcing models would be required. You get into a bit more detail in the thicker presentation. Maybe you could share some ideas or best practices elsewhere in terms of how a transportation authority could better access revenue.

The other aspect, though, is the governance model. I had concern that if people feel they should wear the hats of their host municipality, ultimately the best decisions for the GTA as a whole may not be made. So do you have any thoughts on governance structure as well?

Mr. Bradley: Our March paper goes into fairly extensive discussion of the revenue possibilities that suggest themselves for our regional transportation authority. I think most of our members believe that there should be a core of funding provided by the provincial government itself. The province still has a responsibility in transportation and the GTTA shouldn't be an occasion for simply offloading that. So there should be some funding for the GTTA coming from the province.

I suppose one option for another source of revenue would be sharing in additional gas tax revenue that a government might decide to further commit to lower levels of government or to an agency such as the GTTA. There are options in terms of regionally defined vehicle registration fees and so on.

I think what we were saying is that if there is a commitment to the agency being successful, there has to be a recognition—it has to have access to a substantial and sustainable source of revenue in order to fund the kind of long-term investments that are going to be required for transportation in the region. Probably what makes sense is for government to provide, out of general revenue, a certain amount of that funding but also provide the agency with the tools that it can use to apply in various ways the "beneficiary pay" principle so that those who benefit from the increment in the transportation system's capacity contribute to its costs. Whether that's through gas tax or through differential vehicle registration levies or certain specific taxing charges, capturing development-related benefits—there's a whole host of tools available. All one has to do is make a commitment to exploring them and then finding which ones fit best in which circumstances or which projects.

The Chair: Thank you for your presentation.

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DAILY BREAD FOOD BANK

The Chair: Now I would call on the Daily Bread Food Bank to come forward, please. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Mr. Michael Oliphant: Good morning, Mr. Chair and members of the committee. My name is Michael Oliphant. I am the director of research and communications at Daily Bread Food Bank in Toronto. In the audience with this morning is Gail Nyberg, who is the executive director of Daily Bread Food Bank.

I'll begin by telling you briefly about what Daily Bread does. Daily Bread Food Bank is a non-profit, charitable organization dedicated to fighting hunger. Last year, a total of almost 900,000 people in the GTA relied on food banks, or approximately 75,000 people per month. Daily Bread serves these people through a network of neighbourhood food banks and meal programs in over 160 member agencies throughout the GTA. Last year, over 14 million pounds of food came through Daily Bread's 110,000 square foot facility in south Etobicoke.

To get that food, Daily Bread relies on financial and in-kind support from tens of thousands of individual donors and corporations throughout Toronto to help people in need. In addition, in an effort to eliminate the need for food banks, Daily Bread educates the public, conducts research and advocates realistic government policies.

In June 2006, Daily Bread released the Blueprint to Fight Hunger, our five-point plan for addressing hunger by focusing on the following key issues: children, the working poor, people with disabilities, immigrants and housing. One of our key policy proposals in the blueprint under the children's section is the creation of an Ontario child benefit to address poverty and hunger in Ontario. While all five blueprint points are significant, and together, we believe, would virtually eliminate the need for food banks, we are focusing on the Ontario child benefit today.

I'll give you a bit of background about children using food banks in Toronto. Every year, Daily Bread Food Bank conducts an intensive survey of over 1,700 food bank clients at 56 different food banks across the GTA. From this research, we are able to speak very clearly on the issues that are impacting families with children facing hunger. Child poverty and hunger is a result of the socio-economic insecurities facing families, and specifically, the lack of income. These insecurities can manifest themselves in a variety of ways, including: the high cost of accommodation; low-paying and unstable employment; deficient government transfers and income security programs; the onset of a disability; resettlement problems for newcomers; and lack of affordable child care. All of these insecurities are reflected in some of the statistics I'll give you right now.

As I said earlier, in 2005-06, a total of nearly 900,000 people accessed a food bank in the GTA, or an average of about 75,000 people per month. Children under 18 are the single largest group of people relying on food banks, at 38% of all clients. Some 31% of children are under the age of five, and approximately 44% of all households relying on food banks have children.

The average annual income of a family relying on food banks is $14,910, which is well below the poverty line, as you know; 46% of families with children relying on Ontario Works as their principle source of income, 18% from employment, and 9% from a combination of social assistance and employment.

It is our experience that parents do their utmost to protect their children from experiencing hunger, but despite this, we know that children are going hungry. Some 22% go hungry at least once a week, according to their parents, which is double what that number was in 1995, 11%. We know that we have a significant issue with children and hunger in this city and in this province. So what do we want to do about it?

As I stated earlier, we released our Blueprint to Fight Hunger, and one of the key recommendations made in that blueprint was an Ontario child benefit, and that is what we are here to talk about today. We are here today to strongly urge the government to create an Ontario child benefit. An OCB would be the most significant contribution to the fight against poverty and hunger in Ontario in nearly 20 years. Ontario is one of the few provinces in Canada that does not have such a benefit already.

The creation of an OCB should begin, at a minimum, with the general principle that no family on welfare would lose any net income as a result of its creation. Over time, we hope the government would commit to raising the value of the OCB to a level that ensures a parent with one child on social assistance will have an increase in income of $122 a month, which is the current amount of the "clawback" of the national child benefit supplement. Having said that, however, we believe an Ontario child benefit, whatever the amount, is an important policy goal in its own right, and we strongly support its creation.

Daily Bread would roll the current Ontario child care supplement for working families, or the OCCS, into the Ontario child benefit. The OCCS is currently paid only to working families for children under six, and the creation of the universal child care benefit, or the UCCB, at the federal level makes the existence of two different benefits that are for child care in name only redundant. By converting the OCCS into an Ontario child benefit, all low-income families with children under 18 would receive the benefit. The OCB would follow the eligibility rules of the federal national child benefit supplement, which currently pays up to $162 per child per month for families with under $20,435 in income.

So why an Ontario child benefit? First, it would lower the welfare wall, which could be defined as the set of financial penalties a family incurs when moving from welfare to work. A recent report by the TD Bank found that the marginal effective tax rates for a family moving from social assistance to work can exceed 100%. We believe the OCB would help families with children enter the workforce, which is where we know they want to be.

Second, the OCB would greatly reduce food bank use, both in Toronto and in Ontario and, we think, would better finically support low-income families with children.

Third, the OCB would be a new, non-stigmatized benefit for low-income families. Our proposal for an OCB would restructure social assistance by "taking children out of welfare," resulting in families receiving less of their total income from the stigmatized welfare system. This, we believe, would set the foundation for a more sustainable income security system in the future in Ontario.

And last, it would create a visible role for the Ontario government in addressing child poverty and hunger.

To sum up, Daily Bread Food Bank believes that Ontarians want to better support people struggling with poverty and hunger. This is our experience. We are running a food drive right now, and when we get people calling over the phone, giving us donations, this is what we hear from them.

Further, after years of work with other advocacy groups and other agencies serving low-income and marginalized communities, we believe there is the beginning of an emerging consensus in our sector to support an Ontario child benefit. We believe this government has a unique opportunity to put income security programs on a sustainable foundation for the future, and we greatly urge you to support the creation of an Ontario child benefit in this budget. Thank you.

The Chair: Thank you. This round of questioning will go to the NDP and Mr. Prue.

Mr. Prue: The funding for the Ontario child benefit—and I fully appreciate what you're saying here—where would the Ontario government get this money? I know they could get it simply by not clawing back the federal benefit, if they took the federal benefit and just used it for what it's intended. Would that be enough to start it?

Mr. Oliphant: This proposal actually goes, I think, further than simply ending the clawback. That would be part of it. There would be savings in converting the OCCS into a child benefit, so that would reduce the overall financial impact, but significant new money would be needed to put this proposal into action, beyond just the monetary value of the clawback.

Mr. Prue: In terms of poverty in terms of children, there was a report released yesterday by, I guess, the Ontario-wide food bank agency. They made a number of recommendations. Do you support those recommendations? I think yours goes a little bit further than what they were saying.

Mr. Oliphant: They do support an Ontario child benefit, so in that sense we're on the same page. They actually had further recommendations in other areas, but today we're here just to focus on the OCB.

Mr. Prue: In terms of the food bank itself—having known Gail Nyberg for years and years—I watch what is happening. It seems that there is a constant sort of consumer or donor fatigue around this issue. Is that a fair thing to say?

Mr. Oliphant: I'm not sure. We're in a food drive now. Unfortunately, donations were down in our fall food drive, but generally when we ask the public to step up to the plate to support us, they do it. I don't know that it's fair to say there's donor fatigue, but what we do know through all of the contact we've had with our donors is that there is a lot of support for going beyond just food banks as a solution to the hunger crisis in Toronto. We believe that the public is fully in support of this kind of idea of better supporting children through such a benefit. That's what we're hearing on the phones, in our direct mail campaigns and in all of our public requests.

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Mr. Prue: The reason I was asking the question about fatigue is, it seems to me that if in fact that is happening—and it may not be. I may be wrong. When I see the news, it says, "It didn't quite meet the goal" or "The food isn't quite all there that was expected at Easter." I know Christmas is another big one, and Thanksgiving. It's increasingly apparent to me that the government has to assume some of this role, and they seem reluctant to do so. Am I wrong in that?

Mr. Oliphant: No, you're absolutely correct. No matter what we do in terms of fundraising and what we get from the public, it will never meet the need. We know we're always going to be a stopgap, a Band-Aid solution to addressing this issue. All of our research shows that despite food banks being in existence, people still don't get enough to eat. So even if we're at full speed with the full amount of food that we need, we're not going to be able to completely meet that demand. That is where governments have to step in and better support low-income people. That is why we've put forth what we think is a realistic policy that we think as well can be implemented in this upcoming budget, or at least a start towards implementing it. That will greatly reduce food bank use, we believe, and hopefully will address some of those donor fatigue issues so that we won't have to be meeting these huge targets for food drives three times a year.

The Chair: Thank you for your presentation.

CANADIAN CANCER SOCIETY, ONTARIO DIVISION

The Chair: I call on the Canadian Cancer Society, Ontario Division, to come forward please. You have 10 minutes for your presentation. There may be up to 10 minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard. You may begin.

Mr. Peter Goodhand: Good morning. My name is Peter Goodhand. I'm the CEO of the Ontario division of the Canadian Cancer Society. With me today is Rowena Pinto who's our director of prevention and public issues. Thank you for this opportunity.

As I'm sure you know, with all the time we come to you, cancer will affect two in five people in their lifetime, meaning that there's virtually no Ontario family unaffected, but I also want to reinforce for you that it's a significant economic impact. In terms of premature loss of life, death that will strike the working community, cancer is the most significant premature loss of life.

I believe we have a presentation that's being distributed to you. We're focusing on three topics today. They are in priority order, although I sincerely hope that the first one, which is colorectal cancer screening, is now so well down the path that—we raised it with you a year ago, we've raised it with everybody else in between, and I really hope it's pre-budget in the sense that it's been done before, but we're going to reinforce it just one more time.

The second topic, which has actually got perhaps the greatest relevance for this committee, is the tobacco issue. Great progress has been made through Smoke-Free Ontario, but there is still enormous work that could be done in the area of tobacco control.

The third one is an emerging issue, and that is the issue of artificial tanning and UV safety. We had an education day a couple of weeks ago and this is just really bringing the financial impact forward.

On colorectal cancer, the provincial government promised Ontarians and stakeholders that a colorectal cancer screening program would be announced in 2006. We are still waiting. I guess there's a couple of weeks left in 2006, but we do reinforce our call to government to immediately move forward and implement a province-wide colorectal cancer screening program.

The reason this is so critical is that it is the second most lethal cancer after lung cancer. It is one of those where if we catch it early, it is 90% curable. If we don't, it's 10% curable. That applies to many cancers, but it's particularly clear in the case of colorectal cancer screening, and there is clear evidence that a province-wide, population-based screening program would reduce mortality by at least 15%, and that's using the FOBT test.

I also just wanted to point out that in 2001 colorectal cancer accounted for 100,000 hospital days. We've also shared with you that the cost of treating this disease late is $40,000 plus, particularly with new drugs that are becoming available, and catching and treating it in stage 1 is $20,000. I'll just reinforce that—it's not in my notes—if you take the approach of FOBT and a colonoscopy to remove the precancerous lesions, that probably is less than $2,000 in cost. So you get some order of the magnitude of catching it early in terms of protecting life but also in reducing cost.

The second issue is tobacco. Tobacco use will kill approximately 16,000. In terms of cancer, it accounts for 30% of all cancers and 85% of lung cancers. What we're really bringing forward to you today is the issue of cost recovery—several issues, but firstly cost-recovery litigation.

We're calling on the government to enact enabling legislation and proceed with a lawsuit against the tobacco industry to recover tobacco-related health care costs. Enacting legislation similar to British Columbia's Tobacco Damages and Health Care Costs Recovery Act would enable the Ontario government to file a lawsuit against the tobacco industry. That successful lawsuit could potentially result in billions of dollars in compensation for health care costs related to tobacco, and it can be used to strengthen health care in this province. Other provinces have already made this move and have used BC as a model.

In addition, I just want to share with you something that happened earlier this week where over 550 delegates who attended the Ontario Tobacco Control Conference in Niagara Falls passed the following resolution:

"Resolved, that the Ontario government join British Columbia, Saskatchewan, Manitoba, New Brunswick, Nova Scotia and Newfoundland and sue the tobacco industry for decades of deception and fraud:

"(a) to obtain justice for the thousands of Ontarians whose deaths were contributed to, or caused, by this fraud and deception, and

"(b) to recover billions of dollars in health care costs to smokers out of which these provinces allege they were defrauded."

That's the first issue, and it's late-breaking. It is very significant. We understand how complex this issue is, but we recommend that it moves forward.

The second one is taxation—less controversial I think. We're asking that the government raise Ontario's tobacco taxes by a minimum of $10 a carton to bring Ontario's taxes in line with the national average. We currently have the second-lowest-priced cigarettes in Canada. Increasing tobacco taxes to bring them in line with the rest of Canada was a 2003 election commitment. Ontario is approximately $10 away from the national average and $15 away from our neighbour to the west.

We'd ask you to eliminate the loophole on roll-your-own tobacco. Because of the lower taxation rate, it's approximately half the rate for an equivalent amount of tobacco, and that's a loophole.

I also want to point out that research has demonstrated that a 10% rise in taxes can result in a 4% reduction in tobacco consumption. Research also tells us that the greatest impact is in reduction in the case of youth. So this really is, as much as Smoke-Free Ontario, about preventing people smoking in their teens and becoming lifetime smokers, and tobacco taxes are a huge piece of that strategy.

We know there are issues, and it's been raised as concerns in the area of contraband. We're recommending that you implement additional policy measures to reduce tobacco contraband. We believe it is a preventable problem. Regardless of the actual level of contraband, the measures needed to prevent it are the same, and these measures include enforcing the current regulations around quotas; implementing a full tracking and tracing system for all tobacco products sold in Ontario; prohibiting the supply of raw materials to unlicensed manufacturers; and establishing a minimum bond of $2 million for a tobacco manufacturer licence, compared with the current one of as little as $5,000. Tobacco contraband undermines not only the impact of existing tax levels but also discourages government from implementing further tobacco tax increases.

Our third subject, which is an emerging issue, is artificial tanning. I just want to point out that we did have an education day. I think we spoke to around 50 of your colleagues, but our recommendations very clearly are that no person under the age of 18 should be permitted to use artificial tanning equipment. UV radiation is emitted from those pieces of equipment. It is a significant risk factor in the development of skin cancer and of developing the highest risk, which is melanoma. Of particular concern again is children. At this point you're seeing a habit develop in teens that should never develop in the first place. So our focus very much in this area is protecting the youth of Ontario.

We know that New Brunswick and France have implemented such bans, and the WHO is supporting this.

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Our second recommendation is that advertising for artificial tanning which targets youth under the age of 18 should not be permitted and that we should implement and enforce legislation or regulations governing the artificial tanning industry. Regulations governing the industry should include mandatory training of all staff on how to operate and maintain the equipment, how to identify skin types that may actually benefit not at all from tanning, and how to enforce the use of eye protection.

The infrastructure for regulating the industry is already in place and will require minimal funding additions to implement. Public health inspectors visit salons to check on sanitization standards today. New regulations could be added to their checklist. Currently, artificial tanning equipment does not have to be registered; therefore, there is no database that can accurately predict how many devices are actually in use in the province.

I'm not going to go through the next piece. We've provided for you some background facts on skin cancer. I just want to stress, in closing, the financial burden of it. It is not only a public health concern, but there are significant costs to it. Our estimates are that for the number of skin lesions detected, treated and removed as precancerous or cancerous, whether melanoma or non-melanoma, there are a significant number of other lesions that are removed; there is a cost to the health care system. Whether we extrapolate from the Canadian numbers or we take it from some research done in Quebec, it looks as if it's in the order of magnitude of around $20 million of cost to the province.

The Vice-Chair (Mr. Phil McNeely): You have one more minute.

Mr. Goodhand: Okay. I think I'll stop at that point and leave it for questions.

The Vice-Chair: The questioning goes to the government. Mr. Arthurs.

Mr. Arthurs: Can you tell me what the level of discussions is most currently with respect to a colorectal cancer screening program? I presume that you continue to be in touch with the Ministry of Health for leadership on this. Is there anything current?

Mr. Goodhand: Every indication we get is that it's getting very close. I think it's well down the path of going through the Ministry of Health. I think it's going beyond the Ministry of Health at this point, so we're very comfortable. We just could not let this opportunity go by to reinforce it one more time, because until we hear it officially and publicly, we won't relax on this one.

Mr. Arthurs: Fair enough, and appropriately so, particularly when this window of opportunity presents itself.

Can you comment on the tobacco front generally, though, on your sense of the success, or lack thereof, of the provincial legislation around tobacco use and banning it from public places?

Mr. Goodhand: I think we've been delighted, in one sense. It would appear that the public were ready for this legislation. I think the work done by municipalities across Ontario meant that when provincial legislation came forward, there was a groundswell of public opinion that this was the right thing to do. I think we've seen less pushback from many sectors of society than we may have expected and than is being seen in other provinces. There appears to be goodwill on the part of Ontarian smokers and non-smokers to move forward with this legislation.

We've had some research done which has indicated that the number of smokers whose commitment to quitting has actually increased as a result of the legislation, which is the intent. At this point, we're very much looking forward to our Driven to Quit Challenge again in February, where I think we had 26,000 people sign up last year to work with us on quitting, and hopefully we'll have more than that next year. Rowena?

Ms. Rowena Pinto: I would say that overall, just to reiterate what Peter said, we've heard nothing but good things from people regarding Smoke-Free Ontario. If anything, it's probably drawn us to other issues, where people are now noticing second-hand smoke and the irritation it causes, for instance, smoking in cars where children are present, smoking in multi-unit dwellings like apartments and condominiums. Those are becoming bigger issues. But in all, we've heard nothing but positive things regarding the Smoke-Free Ontario act.

Mr. Goodhand: I think we would say that the missing piece of it is the tax issue, the cost. The research clearly shows that Smoke-Free Ontario has taken care of all the legislative things you can do, but the next piece you can bring in is the escalation in cost.

Mr. Arthurs: With whatever time I have left, that leads me to my next question, which is about the taxation side. You make reference to the challenges as well, particularly with the contraband, which you highlighted. I note in particular something I was not aware of, which is the minimum bond provisions you're proposing and that a manufacturer licence can be obtained with posting a bond of as little as $5,000. That does seem almost foolishly low from the standpoint of the nature of this business being undertaken. Can you comment a little bit more on your recommendation of a minimum bond of $2 million as a strategy and how that would help in limiting the contraband activity?

Mr. Goodhand: To put the two pieces in context, our biggest concern is that the need to move forward with the tax increase is often questioned or challenged because of the increase in contraband. What we're saying is close the loopholes at the back end, stop the leakage, and then deal with the taxation issue at the same time, and you should actually be able to get the benefit to the provincial treasury.

On the manufacturing side, on the bond issue, I think the concern is that if the price of or the hurdle to entry to this activity, whether it's the supply of raw materials or the bond, is not set sufficiently high, it just creates a very porous system in which it's very easy for people to set up manufacturing, whether it's on reserve or in any other situation. Rowena?

The Vice-Chair: Thank you. I think the time is up. Thank you for your presentation.

Mr. Goodhand: Thank you.

ONTARIO RESTAURANT HOTEL AND MOTEL ASSOCIATION

The Vice-Chair: The next presenters are the Ontario Restaurant Hotel and Motel Association, if you would please come forward and state your name for the purpose of recording Hansard before you start.

Mr. Terry Mundell: Thank you very much and good morning. My name is Terry Mundell and I am the president and CEO of the Ontario Restaurant Hotel and Motel Association. With me today is my colleague Michelle Saunders. We are pleased to have the opportunity to present to you some of our recommendations for your consideration in the 2007 provincial budget.

The ORHMA is a non-profit industry association that represents the hospitality industry, which is comprised of more than 3,000 accommodation properties and 22,300 food service establishments, 17,000 of which are licensed to sell and serve liquor. Collectively, our industry employs more than 415,000 Ontarians and generates more than $20 billion annually.

Although these numbers sound impressive, allow me for a moment to describe the state of the industry. As you know, over the past few years our industry has struggled to deal with a number of factors outside of our control, such as 9/11, SARS, the increased Canadian dollar, heightened utility costs and mass consumer confusion over passport requirements. These numbers tell the story.

With US visitors making up more than two thirds of Ontario's total international tourism market, it is significant that US border crossings to Ontario declined by 10.7% in August 2006 over August 2005, and by 12.2% for the first eight months of the year. Between January and August 2006, Ontario received 42% fewer entries from the US compared to the same period in 2001.

According to Statistics Canada data, operating margins in the full-service restaurant industry, those who serve liquor, is a paltry 1.9%, and worse yet, operating margins in the pub, bar and tavern segment is only 0.9%.

Growth in the food service industry in Ontario is only 3.5%, which lags behind the rest of Canada, at 4.9%. In fact, sales growth in the pub, bar and tavern sector is only 0.2%, and sales figures in this category were lower in 2005 than they were in 1999.

The ORHMA will be submitting to this committee a comprehensive package of recommendations covering such topics as WSIB, the apprenticeship tax credit, the labour shortage and energy conservation. Due to time constraints today, I want to discuss with you recommendations related to tourism, beverage alcohol, taxation and minimum wage.

The ORHMA was pleased to hear the finance minister's recognition of the contribution of the tourism industry to the provincial economy during the fall economic statement. Our members were thrilled that tourism has been identified as one of four government priorities for the fall, and we look forward to working with government as it develops a domestic tourism package to encourage Ontarians to vacation within Ontario. Unfortunately, this initiative is a one-time funding piece.

The hospitality industry is reliant on tourism; however, tourism is an industry that requires a great deal of investment in market development. The Ministry of Tourism has a vital role to play in undertaking market research, such as travel intentions surveys, and developing targeted destination marketing campaigns to respond to existing, new and emerging markets. The ORHMA therefore recommends a permanent additional investment of $20 million annual funding in each of two years for the Ministry of Tourism, through to the Ontario Tourism Marketing Partnership Corp., to be able to undertake dedicated tourism marketing campaigns geared toward identified key target markets, particularly in the US. This expenditure is an investment for the government, and it should not be forgotten that the SARS recovery funding had a return on investment for the government of $11 for every dollar spent.

To further support the promotion of destination marketing, the ORHMA supports the industry-led destination marketing fees. The 2004, 2005 and 2006 provincial budgets each announced a one-year retail sales tax exemption for those fees. Subsequently, the ORHMA is recommending that the RST exemption on DMFs be made permanent.

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As mentioned, there are 17,000 food service establishments in Ontario licensed to sell and serve liquor. Throughout the past year a number of changes have occurred within the beverage alcohol industry, including the elimination of the gallonage fee and pending amendments to the Liquor License Act—all positive moves.

Most recently you will know that the Premier has announced the establishment of a deposit-return system for all LCBO containers. The ORHMA has several operational concerns with this policy. A deposit-return system will require licensees to store their empty wine and spirits containers, something they simply will not be able to accommodate because of space restrictions. This has further implications regarding staff time for the sorting of materials and increased public health concerns.

Empty containers may either be delivered to the Beer Store by licensees or by a private hauler or be picked up by the Beer Store; however, each of these has cost implications for licensees. The ORHMA has met with government officials to raise concerns on behalf of the industry and we are currently working together with government to try to determine the cost to the hospitality industry. The ORHMA recommends that once the total cost to industry is defined, the government examine a variety of options to mitigate that expense and to ensure that the hospitality industry does not bear the cost of this provincial policy.

On the issue of taxation, let me say first that the ORHMA was very pleased that municipalities have not been granted general taxation powers. We believe this is a fair and appropriate policy. That's why we must once again raise our serious concerns with the provision of the City of Toronto Act, which grants Toronto the authority to levy a retail sales tax on the purchase of liquor. Licensees simply cannot sustain the loss in sales that will result from an increase in liquor tax, a fourth tax line on the customer's bill. The ORHMA once again recommends the revocation of the city of Toronto's authority to levy a liquor tax.

On another note, I know that throughout your pre-budget consultations over the next months you will hear from several groups on both sides of the issue of GST and PST harmonization. Let me just say that a harmonized tax in Ontario would not give taxpayers the savings that are often associated with such a move. In Ontario, a 14% rate would only replicate the status quo of the combined rate of the 6% GST and the existing 8% PST. Harmonizing the tax would not only leave the taxpayer on the hook for the same amount on products that already attract 14% tax, but would increase the tax for many products and a host of services that are currently PST-exempt.

Harmonization of the PST in Ontario with the GST would add 8% to the cost of a book, 8% to the cost of many consumer services and 8% to the cost of meals in this province that are under $4. Three years ago, Ontario consumers told this government that it was not prepared to accept a new 8% tax on basic meals. Harmonizing the PST and the GST would simply be taxing these meals using a different mechanism. The ORHMA recommends that the provincial government maintain its made-in-Ontario sales tax system and not harmonize the GST and the PST.

When this government was elected, there was no question that the minimum wage would rise and, indeed, we'll see our fourth scheduled increase on February 1. The ORHMA supports the government's decision to maintain the differentiated minimum wage rate for liquor servers who have access to gratuities. But we are well aware of the private member's bill to raise the minimum wage yet again. We have paid close attention to the words of the Premier and the Minister of Labour, who have been cautious to rule out such a dramatic increase as the one proposed but not to rule out an increase altogether. The ORHMA has heard loud and clear from our members that they simply cannot bear another raise in minimum wage in 2008. With profit margins so slim, as mentioned earlier, the threat of a municipal liquor tax, pending cost increases due to the deposit-return system, declining tourism and increased insurance and utilities, operators are struggling to keep the doors open, the lights on and the staff paid. The ORHMA respectfully recommends that as labour costs currently account for more than 30% of hospitality industry expenses, and as the hospitality industry cannot sustain continued increases under the present economic circumstances, minimum wage not be increased in this industry.

Thank you very much for your time.

The Chair: Thank you. This round of questioning will go to the official opposition.

Mr. Hudak: Terry and Michelle, thanks very much for another outstanding presentation. It's always good to see you both. You have touched on a lot of issues so I'll ask some quick questions.

The tourism funding the minister announced today is one-time only. The language he uses in his press release is to "advance tourism initiatives." I don't know if that means from future fiscal years to this fiscal year or in a more general sense of putting them forward. Are these initiatives that were planned for future years that will be in this fiscal year?

Mr. Mundell: My understanding is that the funds which have been announced in the fall economic statement will be for this fiscal year to try to get more Ontarians to travel in Ontario. It's to generate some immediate, hopefully, business for our industry and travel.

Mr. Hudak: And they haven't begun yet, so that means if it's January, February, March, that's three months left in the fiscal year.

Mr. Mundell: That's correct.

Mr. Hudak: Your view is we'd much better make a permanent increase in the OTMP and allow them to plan.

Mr. Mundell: There's no doubt about it. Our view is that a permanent increase to OTMP funding and an investment, quite frankly, is the way to go. The research by the Canadian Tourism Commission is very clear that the issue we have with tourism and bringing more people to Ontario and Canada is our share of voice. People don't hear us in some of the US markets, in some of the international markets, so not only does the province need to put more and invest more money into that pool, the feds do as well. We're actually working with the feds to try and get that done as well.

Mr. Hudak: Deposit return: You mentioned the concerns, the new costs that will be given. The Beer Store told me they're going to pick up all the empties and that there won't be an additional cost on the hospitality sector. They're delivering beer and then they're going to pick up the empties. You seem to have some concerns.

Mr. Mundell: We had a very good meeting with Minister Caplan, actually, to have some discussion around this issue. We're working with him and his team to try and ascertain what the exact costs are. We know that over 20% of licensees do not actually use the Beer Store service. That is one concern. I think there is also a whole variety of issues around the cost of sorting, packaging, shipping, cash flow—just a range of issues around that piece that we're actually trying to work on with the government to operationalize to get a better sense of. We had a very good meeting and a very good discussion yesterday, and we're moving forward to try to work through that piece, but there's a lot of work to do in a short period of time.

Mr. Hudak: Taxation: Do you think the city of Toronto or other municipalities will move in the direction of taxing alcohol?

Mr. Mundell: We hope not. I think Mayor Miller is very well aware of the condition that our industry is in as we speak today, so I don't expect to see that tax in year one. However, our concern is down the road, what that may look like. Again, it's a fourth line of tax on an individual operator's and an individual consumer's bill, and I think that's a pretty significant message. It's a message that we don't want to see in Toronto, that we don't want to see in Ontario, period. We pay a significant amount of money now on beverage alcohol in terms of taxes. We don't need more.

Mr. Hudak: Given the tight margins that you face in the industry, what is the impact of minimum wage increases on the ability to hire?

Mr. Mundell: I think right now we're struggling in a big way for staff, but the bottom line is, with the margins at 1.9% and 0.9%, with 30% of our costs going to staff, we don't have a lot of room to move, and with the other uncontrollables that come forward. You're going to see more closures if we continue to see those increased costs, and that's the reality of the beast. We now have a fairly significant bankruptcy rate, but the out-of-business, the people who just shut the doors and walk away—we know from our own membership numbers that it's very, very significant.

Mr. Hudak: Coming from, as you know, the Niagara area, and having had the pleasure of working as a Minister of Tourism, I'm very sensitive to what's been happening in the sector, in my communities particularly, with the drop in the American patronage. As you mentioned, you're facing higher utility costs, you're facing the burdens of other government legislation like the City of Toronto Act and potentially, as you said, deposit return. It looks like you're trying to tread water, at best. If the government were to move in the direction of reducing taxes, reducing the regulatory burden, in what way could they do so?

Mr. Mundell: I don't think there's any doubt that we need some margin, that we need some room. We need the investment in tourism to get more people in, and then we need to get ourselves to where we're price-point competitive. So if we can reduce taxes on beverage alcohol, taxes on hotel properties—there's a whole range of opportunities out there that we'll present more fully in a brief.

If you just look at tourism in general, this is an industry which is a community builder. I don't think many people look at that. Niagara area is a great example. Years ago, it was the auto sector which funded the economy in Niagara. Looking at it today, Niagara is full of hotels and restaurants and attractions. That economy has changed from an auto-based economy to a tourism-based economy. We build communities, much like other industries, and I don't think people understand that.

That's the point we're trying to get at here: It's an investment. It's an investment in the people in the communities. It's an investment in Ontario. It's a revenue generator that gives you back the dollars to fund things that Ontarians expect, like health care, education and those other priorities.

The Chair: Thank you for your presentation.

ONTARIO ASSOCIATION OF NON-PROFIT HOMES AND SERVICES FOR SENIORS

The Chair: Now I call on the Ontario Association of Non-Profit Homes and Services for Seniors to come forward, please. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Ms. Donna Rubin: Good morning. My name is Donna Rubin. I'm the chief executive officer of the Ontario Association of Non-Profit Homes and Services for Seniors, commonly known as OANHSS. I'd hoped to have Paul O'Krafka with me today—he may in fact join me in a few minutes—from St. Joseph's Villa in Dundas. He's the past president. Attached in your package are a copy of my remarks as well as our funding submission.

We represent the not-for-profit long-term care homes, seniors' housing and community services in the province. The long-term-care homes sector, which many of you may know is the focus of our presentation today, is somewhat unique in that there are for-profit and not-for-profit providers of long-term care, both funded and regulated by the government. We represent not-for-profit charitable, municipal and a growing number of non-profit nursing homes, operating over 26,000 beds.

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Our message to the committee today is very simple and straightforward and much the same as it was last year and the year before. We are calling on the McGuinty government to make good on its promise to increase the funding for care by $6,000 per resident per year before the next provincial election, which means the next fiscal year, 2007-08. That promise was made during the 2003 campaign.

In your package, in the funding submission, is a copy of the campaign brochure in which the promise was made, along with a Toronto Star article from March 2003 referring to the Liberal's health platform and a funding boost for long-term care. Specifically, it reports Mr. McGuinty as saying that "a Liberal government ... would increase funding to long-term-care facilities to the tune of $430 million annually."

Fulfilling that $6,000 promise requires an injection of $277 million in government transfers for operating funding for long-term care homes, which amounts to $3,693 per resident.

In your package is our funding submission, as I mentioned, and on the last page is a chart comparing direct investments for enhanced care since 2004 against the Liberal's funding promise.

Minister Smitherman doesn't agree with that number. He claims they have put substantially more money toward long-term care than OANHSS and other stakeholders acknowledge. For our part, we're absolutely confident that the $277-million figure is correct. Allow me, Mr. Chairman, to explain the reason for the disagreement.

Minister Smitherman has indicated that since the 2004 provincial budget, there has been an additional $740 million in provincial government funding to the long-term-care envelope. We have no dispute whatsoever with what he says his government has put toward the long-term-care envelope. We're simply here to point out that very little of the funding has gone to the homes, as Mr. McGuinty promised, to increase the per diem funding for residents. Most of the money has gone to existing commitments such as acuity and co-pay adjustments, which are minor inflationary adjustments, property tax, system improvements, opening new beds and new initiatives by the ministry.

To illustrate the point, you have in your package a letter that went to long-term-care homes in April of this year—it's in the appendices—regarding funding for fiscal year 2006-07. The letter is from the director of long-term-care homes branch and indicates a $155-million increase to improve the long-term-care home system for residents. Of that amount, only $29 million, as his letter indicates, was applied towards the base per diem funding, for an increase of $1.07.

It was the same in the previous two provincial budgets: $191 million was announced for long-term care in 2004-05 and $264 million in 2005-06. However, of that total, $455 million, only $144 million went to increased care funding.

Last year in our presentation, we identified that the level of care in Ontario's long-term-care homes is not where it should be and that the sector needed an immediate increase in the per diem of $11.19. The homes received $1.07 in the 2006-07 budget. As you can see, we're not much further ahead today.

We're not in any way saying that those system improvements or new initiatives weren't or aren't good things to do—they are—but our point is that improving resident care and services must be the first priority. Residents' needs must come first.

What we are saying is that, as the brochure clearly indicates, the promise was for an additional $6,000 for care, which means primarily nursing and personal care but also programming and support services and food. That's where the need was and continues to be the greatest. That's why we say there's still $277 million in additional funding to be allocated to care to fulfill the $6,000 promise.

We were approached by Liberal Party researchers as they were costing their position statement for the 2003 election campaign platform. That's where the $6,000 promise came from, and at the time we agreed that it was a reasonable amount to address funding shortfalls that had accumulated over the previous decade and to increase the level of care.

In our submission, we've also set out our recommendations for the distribution of that additional funding across the four envelopes into which government funding for long-term-care homes is allocated. To give you some examples, the $277 million in additional funding will allow our homes to increase bedside care to an average of up to 18 minutes more per resident per day. It would allow our homes to spend $6.07 per day per person on the purchase of raw food. It would allow our homes to increase dietitian time to 30 minutes per resident per month and it would allow our homes to make improvements in two main program areas: physiotherapy/occupational therapy and increased programming time. Under current funding levels, less than 10% of residents who need rehab and restorative care actually get it, but more than two thirds of residents need it.

Our objective in appearing before this committee today is to get your support for additional operating funding for the long-term-care home sector, funding for care of $277 million in fiscal year 2007-08.

But you should also know that fulfilling the $6,000 promise in the next fiscal year won't accomplish nearly as much as it would have had it been done back in 2004-05. Obviously, inflation has eaten away at funding allocations. In addition, about 85% of the operating expenditures of long-term-care homes goes to employee salaries and benefits. Collective agreements, over which many of our homes have absolutely no control, have pushed operating costs up significantly over the past three years.

In addition, the Ministry of Health and Long-Term Care has imposed more and more regulatory requirements that absorb operating funding for compliance and administration. Bill 140, which recently completed second reading in the Legislature, will substantially increase the regulatory burden placed on long-term-care homes without any guarantee of offsetting increases in operating funding. Even if the government honours its commitment and funds the full amount promised, homes will still be severely underfunded as a result of the requirements in Bill 140. The province must analyze what added financial burden will be placed on homes as a result of the proposed legislation and, at a minimum, increase operating funding by that amount. Establishing new requirements and standards without providing the means to achieve them is only a prescription for failure.

Consistent and chronic underfunding is pushing many homes to the edge. Some have gone or are going over the edge. I regularly hear from members who are in dire financial straits looking to either scale back, lay off staff or some are even talking about how they may have to wind down their operations. The $277 million in additional funding is essential to stop that slide and to give our residents the level of care, the dignity and the services they deserve.

I said my message was going to be simple and straightforward. That concludes my remarks. I would welcome any questions or comments from the committee.

The Chair: Thank you. This round of questioning goes to the NDP.

Mr. Prue: Thank you very much for providing the proof. We've seen or heard many times in the House about the $6,000 promise. This is the first time I have actually seen it. I've seen it waved around but actually to read it—has Mr. Sorbara or anyone in the finance department commented? I have heard in the Legislature some Liberal members deny that this was part of the platform. Have you ever had anyone deny that to you?

Ms. Rubin: I've read the Hansards too and I've heard that Minister Smitherman has indicated that it was some MPP running amok during the election campaign. But that's what we were told was being handed out as the seniors' policy document at the door during the election. In our conversations with staff in the Premier's office, it may not have reached the big party platform, but it certainly was promised.

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Mr. Prue: I want to get to that too, because what you said later on—this is the first time I've ever heard this too—"We were approached by Liberal Party researchers as they were costing their position statement for the 2003 election campaign platform. That's where the $6,000 promise came from, and at the time we agreed that it was a reasonable amount" etc. The Liberal Party actually came to you to get this information?

Ms. Rubin: To our staff and consultants, yes, to cost out what would be required as they were building their budget and planning for an increase in long-term care. But regardless, as I say, that's what the Premier has indicated in the Star article when he's talking about a Liberal health platform and a funding boost for long-term care. So it's not just our comments; he was making them in those days as well to the Star.

Mr. Prue: Let's get this all straight once and for all so that when I hear this in the House and I hear people starting to deny it, as far as you are concerned, this was a campaign platform. The Premier was wedded to it. The researchers came to you and got the facts and figures to develop it and the promise was made directly to you.

Ms. Rubin: That's right.

Mr. Prue: Okay. Now, you estimate that it's going to cost $277 million to institute this if it is done this year. Have ministry officials or the minister given you any indication whether they intend to follow through?

Ms. Rubin: No.

Mr. Prue: Not said a word?

Ms. Rubin: They've indicated they've prepared for their BPA their amounts, and we're not talking to the officials in terms of what level they think should be put into the budget. We're not party to those discussions.

Mr. Prue: You have indicated that if you don't get the money, there will be potentially some places shut down.

Ms. Rubin: Yes.

Mr. Prue: And you have indicated that if you don't get the money, you will not be able to provide services that are consistent with good quality care.

Ms. Rubin: Absolutely. Homes have to cut back somewhere, and where they cut back first is services. They try as much as they can to cut back where they can on programming and services, then they have to cut back on staff. We hear of layoffs coming. We heard them last year and they've continued throughout the year. I've had, this week, a few homes say they're talking to the ministry about how to wind down their operations.

Mr. Prue: In terms of Bill 140, because you also go on to talk about that, can you tell me what kind of extra expenses will be brought to bear on your homes if Bill 140 goes through? Will you have to hire auditors? Will you have to hire lawyers or accountants? I'm not sure where this is going to cost you extra money. I'd just like you to outline where it's going to cost extra money so that you can impress upon the members sitting opposite me that it's not just the $277 million, it might be more.

Ms. Rubin: I'll start to answer and maybe my colleague here, Paul O'Krafka, can continue. The main burden is going to be in the compliance and the documentation required to show that you're meeting a more prescriptive regulatory framework. The act puts more stringent requirements in, and that will take nurses and registered staff away from direct care and more towards documentation. So it's the focus of their time and their energy at a time when we're saying we are desperately understaffed and those who are there should be at the bedside as much as possible.

Mr. Prue: Do I have more time, Mr. Chair?

The Chair: Did you want to make a comment? We have maybe 30 or 40 seconds.

Mr. Paul O'Krafka: Sure. Just that the staff are already doing a lot of paperwork to meet the current compliance provisions. The new act puts a lot more accountability on them. The accountability is a great thing. We totally agree that it needs to be there, but you simply need to be able to hire the staff to focus on that, if that's what you want to do.

The Chair: Thank you, and that concludes our time for questioning. We appreciate you being here this morning. Thank you very much.

INSURANCE BUREAU OF CANADA

The Chair: Now I would call on the Insurance Bureau of Canada to come forward, please. Good morning. I would remind you of the routine here. We have 10 minutes for your presentation and there could be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Mr. Mark Yakabuski: Good morning. My name is Mark Yakabuski. I'm the vice-president of federal affairs and Ontario of the Insurance Bureau of Canada. It is my distinct privilege to appear before this committee again as part of your pre-budget consultations. I'm aware of the time limits you have. I'd really essentially like to make four points before this committee today.

I think that as we look at the macroeconomic situation facing the province of Ontario, it would be helpful for the government to establish some targets as it tries to deal with a slowing American economy. It would be appropriate, as we go forward into the new budget year, to set as targets, for example, that there would be no new taxes levied in Ontario and that there would be no deferral of tax reductions already announced by the government. That would be principle number one.

The second principle I would put forward to you is that program spending should be restrained absolutely to the rate of inflation plus population growth. That's a challenge at times for any government, but I think that as we look at the slowing American economy and the effects it may have on Ontario, we have to put those kinds of targets in place to be guideposts for the fiscal year.

The third point I would make to you with respect to ensuring some degree of fiscal flexibility is that the government likely has to engage in another round of program review. They did that at the beginning of your mandate, and it is always appropriate to review programs to ensure their continued value and relevance to policy priorities. I think that if you want to achieve a spending growth restraint to inflation plus population growth, you're likely going to have to do that.

The second point I'd like to make is to talk generally about the need to invest in infrastructure in this province. I'm always amused. We often talk about the importance of investing in infrastructure, but frankly, as a province, we don't do a very good job of it. We tend to get enamoured with the high-profile infrastructure projects that are fundamental to Ontario's economic productivity, but when I talk about infrastructure and I talk to insurance claimants across this province about infrastructure, they're talking about water and sewage systems in this province. I can tell you that there's likely not a municipality in this province that does not have severe problems with respect to replacing water and sewage systems adequately, such that we see flooding taking place in parts of municipalities that were never flooded before.

My grave concern is that as we look at an increased frequency with respect to extreme weather—it's not affecting just Ontario but virtually every part of the globe—the strain on our infrastructure, our very basic water and sewage systems, is going to grow. My only injunction to you today would be to say that we have to find more innovative ways as a province to access capital markets, to find new ways of financing basic infrastructure or we are going to be faced, quite frankly, with quite a mess.

My third point would be with respect to injury prevention. SMARTRISK, which is a great organization dedicated to reducing preventable injuries, not just in Ontario but across Canada, did a study recently based on 1999 figures. They measured that the cost of preventable injuries in Ontario alone was $5.7 billion annually. Just think what we could do in health care in Ontario if we took a serious look at preventable injuries and achieved something there, the kinds of resources we would be able to free up. I don't have to remind you that by far the biggest cause of death for people under 40 years of age is preventable injury. The productive resources that we are deprived of and the lives that we are deprived of because we don't do enough to prevent injuries is more than we can talk about in 15 minutes. But I say, if you want to spend money wisely, let Ontario take a lead across Canada in developing a program regarding preventable injuries. That's the kind of investment that I think we should be making in the province.

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Lastly, I want to talk to you, obviously, about automobile insurance. Not only is automobile insurance something in the province that affects more—I always like to remind this committee and others that there are significantly more people who purchase auto insurance than pay personal income tax in Ontario, so getting the balance of auto insurance right and keeping it right is fundamental to the success of this province.

I don't have to remind you that since reforms were put in place in late 2003, as a province and, frankly, as an industry, we have more than achieved the targets that were put out there. At the current time, the average automobile insurance premium in Ontario is 15% less than it was in November 2003. When you put all of those savings together since that period, November 2003, that represents cumulative savings in excess of $4 billion to the people of Ontario, to the drivers of Ontario. That's a pretty good measure of success, I think, by any stretch.

The one thing I would say, though, is that like any program, automobile insurance has to be monitored like a hawk. Our own analysis is showing that inflation is creeping back into the health care component of automobile insurance, and I think that it would be important for this Legislature to address these issues if we want to maintain the stability in the auto insurance market that we have enjoyed for a considerable period now.

The Chair: Thank you. This round of questioning will go to the government.

Mr. Jeff Leal (Peterborough): Thank you very much, Mr. Yakabuski, for being with us this morning. I guess my first question is, do you have a CD on the market like your brother?

Mr. Yakabuski: No, but there's quite a family debate as to who really has the best voice.

Mr. Leal: Ah, yes. Perhaps we could all gather at some stage—I know you have a large family—and we could make that determination.

Mr. Yakabuski: It could be arranged.

Mr. Leal: To the more serious side—

Mr. Hudak: Keep going.

Mr. Leal: Keep going; we're on a roll.

What's the employment of your industry in Ontario? One of the issues that's always been at the forefront of debate is whether we should have government-run auto insurance or leave it to you and your colleagues in the private sector. I'd like to know the number of employees, the contribution from a tax perspective, and, beyond that, the contribution that your industry makes—I know certainly in my community of Peterborough—to the various charities, supporting sports teams and being what I would call a good corporate citizen in communities.

Mr. Yakabuski: I appreciate the question because, while I want to be modest, I have to say that the home, car and business insurance industry that I represent makes a huge contribution to Ontario communities. First of all, we employ directly almost 42,000 people in Ontario. You make the connection between that and, perhaps, the misguided possibility of public auto insurance. I always say, why would a province that has virtually the bulk of head office jobs for the purchase and the underwriting of insurance and everything else in this country—why would we want to give that up? Those 42,000 jobs engender all kinds of secondary employment in the legal field, in the adjusting field, in the construction field. This industry, of course, is a catalyst for all kinds of economic activity.

Just to give you an example, in the aftermath of the January 1998 ice storm—we're going to be celebrating the anniversary of that event in a few weeks' time—studies showed that there was approximately a 2.5% additional input in the Ontario and Quebec economies as a result of insurance payments coming out of the ice storm, that the ice storm actually turned out to be an economic catalyst because of the construction work and such that it engendered.

But having said that, yes, I've talked to a number of you about a program that we're now sponsoring at this very time, Operation Red Nose, which is designed to take off our roads people who are impaired because of either alcohol or fatigue. It's a great program, because not only do you take the person home, you get their car home safely. All of the studies we've looked at say that one of the reasons people sometimes make the terrible judgment to drive home is that they don't want to leave their car in a parking lot. This program, of course, relieves them of that concern. We're very proud to be investing over $1 million in that program in Ontario this year alone, $2 million across Canada. That's just a perfect example of the way that we say we give employment to communities, employment gives us livelihood, and we try to give back.

Mr. Leal: On a per-car basis or a per-family basis, rates in, say, British Columbia, Saskatchewan and

Manitoba—in Ontario today, are our rates competitive with those other provinces that have the government-run programs?

Mr. Yakabuski: Our rates are extremely competitive for the product that we have. You have to understand that in most parts of Canada, you cannot sue someone after an accident. You cannot go to the courts and get a recognition of pain and suffering that you may have suffered. In Ontario, we are essentially unique, with the exception of British Columbia, in offering a system that allows you to get immediate health care benefits that are paid for by the auto insurance system, and at the same time allows you to go to court if in fact you've suffered additional damages. So when you take all of that into account, the average claims payout, for example, in Ontario, is about three times bigger than the average claims payout in the province of British Columbia, yet the rates are comparable.

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

Mr. Yakabuski: My pleasure.

The Chair: We are now recessed until our first presentation at 4 p.m. this afternoon.

The committee recessed from 1146 to 1605.

The Chair: The standing committee on finance and economic affairs will now come to order.

ONTARIO ASSOCIATION OF OPTOMETRISTS

The Chair: I would ask our first presenter of the afternoon to come forward: The Ontario Association of Optometrists. Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Dr. Derek MacDonald: Certainly. Thank you for the chance to be here. My name is Derek MacDonald. I'm the president of the Ontario Association of Optometrists and I'm an optometrist practising in Kitchener–Waterloo. Our association is very pleased to have been invited to provide input to the 2007 pre-budget consultation being undertaken by this committee.

One year ago, our association urged this committee to ensure that seniors, children and adults with sight-threatening eye diseases continued to have access to OHIP-insured optometric services. We urged you to recognize the important role that optometrists played in the health care system. And we urged you to ensure that finance minister Greg Sorbara fulfilled his government's mandate "to build a better Ontario."

We'd like to commend this government for its recent efforts to invest in the eye care services that millions of Ontarians rely on each and every year. A new funding agreement was reached between the Ontario government and our association in March 2006. This agreement accomplished, in our minds, two very important things: It ensured that the optometric services for OHIP-insured patients would he maintained in the short term in communities all across our province. Moreover, it sent a very positive signal to our profession that the government acknowledged and valued the important services that optometrists provide every day to OHIP-insured patients in these communities.

With this background in mind, our association is putting forward 2007 pre-budget advice that aims to help the government build on the progress made in the area of primary care, specifically as it relates to eye health and the vision care needs of Ontarians. We would offer three specific suggestions.

First, that the government reinforce its commitment to preventive eye care services for Ontarians, those most vulnerable to the impacts of vision loss—seniors, children and adults at medical risk of blindness. This would be done by working with our association to negotiate a new multi-year funding agreement for OHIP-insured services which would commence April 1, 2007. This agreement would accomplish several important goals.

It would recognize the increasing role that optometrists are playing in the management of patients with chronic diseases, including glaucoma and complications resulting from diabetes—a condition that will soon affect one million Ontarians, and it is expected to double in prevalence by the end of this decade.

The agreement would also recognize the value of the services provided by optometrists to approximately 40% of the senior population of Ontario every year. These services are critical to help them maintain independence and a high quality of life.

A new agreement would also recognize the contribution that optometrists are making to reducing waiting times for sight restoration procedures, including cataract surgery, through the provision of very specialized services available only through optometrists.

Our second recommendation would be that the government fulfill its promise, working in co-operation with OAO, our association, to extend the scope of practice of Ontario's optometrists to include prescribing therapeutic pharmaceutical agents by June 2007.

This expanded or extended scope of practice will accomplish several goals. It will allow optometrists to increase the capacity of the health care system to meet the needs of Ontario patients. It will also allow optometrists to respond much more effectively and efficiently to patient needs while at the same time reducing health care costs by eliminating unnecessary referrals. It would also allow optometrists to respond more effectively to needs within the community that are presently unmet. I see these needs every day, even in a rather urban area like Kitchener-Waterloo. Certainly in more rural areas across the province, these unmet needs are very, very pressing.

The third recommendation we put forward today is that the government work proactively with our association to integrate optometric services into provincial programs aimed at supporting the health of infants and children. Through the inclusion of a comprehensive eye exam in the government's plan, a child's healthy development and early learning potential can be better realized. Our statistics show that as many as one in six children has an undiagnosed vision problem that can often be mistaken for a learning disability or a behavioural problem. These can be very easily solved early in life if diagnosed.

In closing, we appreciate this opportunity to provide input on the 2007 budget to the standing committee. As a group composed of more than 1,100 regulated health care professionals who deliver services to more than three million people annually in Ontario, we have a rather unique and important perspective on the health care system and the impact of budgetary decisions upon the people who we service each and every day.

Thank you for your time. We certainly welcome the opportunity to elaborate on these recommendations or to answer any questions that the committee may have today.

1610

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

Mr. Barrett: I appreciate the Ontario Association of Optometrists testifying before the finance committee. You indicate that your members look after three million people annually. Just anecdotally, I do hear in my area that when someone phones now for an appointment with an optometrist, sometimes they're asked, "Do you have insurance or coverage?" or there's a bit of an explanation of what happened with respect to the delisting of services that did occur several years ago.

Dr. MacDonald: Two years ago now.

Mr. Barrett: Two years ago now. When you mention serving three million people annually, has there been a change in the quantity or the activity of your patient base? Has that influenced people coming forward? Because we all make economic decisions. I wonder—because I'm concerned—would there be people who, say, came to an optometrist every two or three years, and maybe now they would come every five years or maybe not bring the rest of the family? I'm just wondering about that.

Dr. MacDonald: Yes, that was something we were quite concerned about in November 2004 when quite a large segment of the population was delisted. The fear was that some people would have to make that tough decision between seeking preventive health care or more pressing economic needs. Our members have made a commitment that should a patient contact their office who's in such dire straits—I can't think of one single person who would turn someone away for economic need. So we've seen a lot of our members doing a little bit more pro bono work. We have seen some of the patients who were coming annually maybe revert to every two or three years, but we're doing our best to make sure patients still have that ready access to optometric services.

We're in 220 communities across Ontario. We've always been there for people; we'll continue to be there for people. We're trying to make sure that both those populations that have been de-insured have ready access, as well as the populations remaining insured, the children and the seniors, for whom the remuneration has always been quite inadequate. Our March 2006 agreement will hopefully go a long way to alleviate some of those pressures on the system as well.

Mr. Barrett: Just a quick one: You mentioned 220 communities. Are there any communities that have a problem with access to optometrists? I'm not referring to, say, broader specialists.

Dr. MacDonald: One of our strengths is that there are very few communities across Ontario that do not have ready access to optometrists. A lot of those communities are very understaffed in terms of more specialized tertiary care from ophthalmology. Those are the doctors who are being called upon to really assume a lot more responsibility for the eye disease management that used to fall onto ophthalmology when they were in a little bit more ready supply. So we're seeing a lot more patients with glaucoma, with the ocular complications of diabetes, and a lot more serious, involved care. One of our recommendations is simply asking this government to expand that scope of practice to allow us to take care of those patients a lot more effectively instead of referring people two, three hours away for care that could be quite readily provided in their own community.

Mr. Barrett: Thank you. Mr. Hudak?

Mr. Hudak: Dr. MacDonald, thank you very much for the presentation. So your current contract with the government expires March 31, the end of fiscal year 2006?

Dr. MacDonald: That's correct, yes. We just negotiated a three-year agreement in March 2006, two years retroactive, and we'll be back to the bargaining table in early January for April 1, 2007.

Mr. Hudak: What's the aggregate value of that? How much money does it cost to fund that contract per annum in the province?

Dr. MacDonald: That's a little bit of a black box right now. The number that we are working with in terms of the insured services is somewhere in the $80-million ballpark. That's subject to change based on utilization. We're seeing a rapidly increasing senior population seeking care more and more frequently from optometry because the care from ophthalmology is no longer readily available.

Mr. Hudak: Was that about the same envelope of funding that went towards optometry before it was delisted as part of the regular scheduled benefits?

Dr. MacDonald: Prior to that, there was a hard cap on the profession which was being regularly exceeded because of demands from the population. When the services were delisted in November 2004, again, my recollection is that the budget at that point dropped roughly 40% or 45% to that high-$70-million ballpark for insurance services.

Mr. Hudak: With respect to the scope of practice issue you bring forward and the HPRAC recommendation, you say the minister had committed to expanding the scope of practice following HPRAC recommendations, but that has not happened so far. Is there a reason for concern about the delay?

Dr. MacDonald: I wouldn't say we're concerned. We're certainly monitoring things. We're looking for the first reading of that bill, hopefully within the next couple of weeks before the Christmas break, and looking to have that piece of legislation with royal assent and being promulgated by the end of the spring sitting.

Mr. Hudak: Are there groups in another profession who are objecting to that expansion of the scope of practice?

Dr. MacDonald: We had some cursory objections from medicine early on in the thing, but certainly those have been alleviated through consultation with the OMA and the CPSO. We're in discussions right now with the OMA to make sure we can make this can happen to the best needs of the patients. The patients are our primary objective to satisfy, obviously. I think the OMA recognizes that they simply can't meet that unmet need through ophthalmology, and so we're going to work closely with them to make sure it happens cost-effectively, efficiently and safely.

Mr. Hudak: Thank you.

The Chair: And thank you for your presentation.

Dr. MacDonald: Thank you very much.

ONTARIO COALITION FOR SOCIAL JUSTICE

The Chair: I call on the Ontario Coalition for Social Justice to please come forward. Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Mr. John Argue: My name is John Argue. I'm the coordinator of the Ontario Coalition for Social Justice, and our coalition thanks the committee very much for allowing us to appear.

I have a rather brief presentation today. Like you, although probably you're much busier than I, I just didn't have time to do a full presentation in writing today. So to make it easier for you, I've just got an oral presentation, and in fact even that is relatively simple.

For those of you who may remember, among the many presentations you heard last year, I was here and I talked about six points concerning poverty, about which various members of the coalition right across the province felt very strongly, and I actually list those six on the page.

We recently had a meeting—just 10 days ago, in fact—and in effect, this helps you. We had what we call an assembly or a general meeting and decided that we're stressing two items, because I remember that after going through the six points about which we felt strongly last year, a couple of you actually asked, "Which one, just because of limited money, would you select?" And I said, "Well, the obvious answer is, of course, that we're concerned with all of them. That's your responsibility to do what you can."

I'm making it a little easier this year. All of the members of our coalition right across the province are still really concerned with all of those issues that I list; however, there are two that are just so frustrating for the people directly affected that those are what we want to stress this year: the clawback and the minimum wage.

The clawback, as you've heard, I'm sure, refers to the national child benefit supplement that the government takes back from those recipients on social assistance. Our frustration, on the part of all of the members of the coalition, is that we're aware that there was extensive debate at the federal level in deciding on the national child tax—I'm sorry, I'm trying to remember the exact name; the supplement—the tax credit at the federal level. It was designed to help out low-income families, so it's particularly frustrating for us to hear from people who are on social assistance and who lack that $122 or so per month that would otherwise come for them.

One level of government is giving $122 for the first child, and slightly less for the successive children if there's more than one. I think we all appreciate that this government has agreed that the increases in that tax credit per year at least go to the people, so that's something. But for the lowest-income families, we just really believe strongly that that extra money would be best spent at the level of the family directly.

In addition, we point out that we're aware that the Premier, in fact, answered a question during the election last year—I think it was just a few days before the election—where he said he thought the clawback was wrong and he committed the government to turning it back. We're hoping that in the 10 months remaining before the next election that will be done. The obvious place to do it, of course, is the budget, unless you do it in the meantime. We feel strongly about that.

1620

At another level, again at the federal level—it was November 24, 1989, if I recall—there was a unanimous vote in the House of Commons to eliminate child poverty by the year 2000. Well, we all know what's happened.

The Ontario government is working hard. I know you all are concerned with this issue, so the coalition urges you to fulfill Mr. McGuinty's promise and just eliminate the clawback.

The second thing is the minimum wage. We're aware, as you all are too, I'm sure—we hear regularly from people with whom all our members are in touch, from Fort Frances and Kenora, whichever is the most northwestern member of our group, to Cornwall and so on. We hear from people all over the province. It's so frustrating for people earning $7.75 or soon $8 an hour, if they're earning minimum wage, not to be able to pay their regular expenses. It's below the poverty line, as you've heard. The fact is, it has to be $10 or $10.40. We've heard various comments. There are studies of which you are aware too. I know that Wayne Samuelson earlier this year referred to the fact, on the basis of the Ontario Federation of Labour, that $10.40 surely is just reasonable to come close to what the worth of the minimum wage is, per hour, at this point. We're just asking for $10, with annual increases according to cost-of-living increases and inflation.

Those two measures—ending the clawback and increasing the minimum wage—would do so much to affect the picture of poverty for the lowest-income families in this province, so we really urge you to implement those two recommendations. I'll do a fuller explanation of three or four pages—I won't do a long one—and give that to you in time, in January. Thank you very much.

The Chair: Thank you. This round of questioning goes to the NDP and Mr. Prue.

Mr. Prue: Thank you very much, John, for coming. I don't know of an easier topic for me to question on, as I spend half my life in the Legislature asking these same questions.

The clawback: Many groups—I'm not sure it's your group, but I have heard it quoted from food banks and Daily Bread and other people that the single greatest action this government could take to end child poverty would be to end the clawback. Do you agree with that statement?

Mr. Argue: Similar to what I said at the beginning of the comments, we're concerned with a variety of issues, but to help you, because I think you asked something similar last year, yes, we would select two. The clawback is certainly key, for obvious reasons, as I said. The $122 a month for the first child and decreasing amounts for other children for the lowest-income families would make such a difference. So that's a really important issue and I really hope that the government, and all the parties, for that matter, decide that this is important and should be ended. So, Michael, I agree it is key.

Mr. Prue: I find it ironic that the national child benefit was brought in by a Liberal government and it is the Conservatives in Ottawa who continue it. I find it equally ironic that it was the Conservatives who negotiated that the money could be clawed back in Ontario and that it's the Liberals who continue it. Do you find irony in all of this?

Mr. Argue: I do find irony. I think the coalition, in dealing with members of different political parties around the province, are appealing to left-leaning Liberals, the NDP, to the extent that the NDP is left—that's a question to some people too—and if there are red Tories left. Are there red Tories in Ontario? We urge all parties to go along with this, because we are a non-partisan group and hope to benefit all low-income families and thereby all of Ontario with this measure.

Mr. Prue: Going to the minimum wage, this government has increased the minimum wage in small amounts up to $7.75 and hour, and it will be $8 an hour before we head into the election next year. You obviously don't think that's sufficient. Why do you not think it's sufficient?

Mr. Argue: Various groups like the National Council of Welfare and NAPO, the national association—oh, I forget, but NAPO, the national group against poverty organizing all sorts of groups against poverty across the country—have done various studies showing that even a person working 40 hours a week at the level of minimum wage would still be below the LICO, which is the commonly accepted poverty line, even though the country doesn't have a poverty line as such.

It's so hard to pay the rent, to buy the food, to buy clothing and face the elementary market basket level of costs that any family in this cold country—speaking of today—would face. The cost of heat in the north just adds to the level of expenses that people in Kenora or Sudbury or wherever—even Toronto on a day like this—face each year. So people living or trying to live on minimum wage and pay all their bills just need more money. Ten dollars is just minimum.

I think there are various studies that show that countries that tend to have a strong social safety net—and I think ours, like many English-speaking countries, has been declining in the last few years. Nordic countries, to give the obvious example, in Europe spend more money on that social safety net, and their economic competitiveness as well as the fairness with which they treat their populations is comparable to our country's too. So we look at that and look at the people who are enjoying a greater level of income and therefore are able to contribute more to their countries and provide for their families and so on, whether on a community level or an individual level, are better off.

We just urge this relatively prosperous country and province to do something similar. We really hope that the minimum wage can be raised faster. Again, we give tribute to the government for increasing the minimum wage to the extent they have, but we do think it's important to do more.

The Chair: Thank you for your presentation.

WELLESLEY INSTITUTE

The Chair: I now call on the Wellesley Institute to come forward, please. Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Mr. Michael Shapcott: Thank you very much and thanks for the opportunity to be here today. My name is Michael Shapcott. I'm a senior fellow in public policy at the Wellesley Institute, which is a not-for-profit community-based research institute in Toronto. My presentation, which is being distributed, is focusing on housing and homelessness issues, which the Wellesley Institute believes are fundamental in terms of urban health.

I think if there's one message that I'd like to deliver to you today, it is that Ontarians cannot find affordable homes for 14 cents a day, yet 14 cents a day is what the government is spending on a per capita basis in 2006. This is about half of what the government was spending back in 2000, even though our population has increased and our housing needs have grown considerably in the last few years.

Considering this low level of spending, it's no wonder the provincial government has only managed to fund a fraction of the new homes that it promised in 2003.

Affordable housing waiting lists are growing longer and all the other indicators point to a growing housing need.

In October 2006, the Wellesley Institute released our Blueprint to End Homelessness in Toronto, which I've given you copies of. It's based on a careful analysis of the latest data, an historical review of almost 100 years of housing history in Toronto, and a review of housing successes in Toronto and elsewhere. It sets out a series of practical, effective and fully costed recommendations. We've had some very positive support from a number of members of Toronto council and staff at the city of Toronto. However, our message to you today is that neither Toronto nor indeed any other municipality in Ontario can end homelessness or solve their affordable housing crisis without the active engagement of the Ontario government.

The provincial government needs to create a comprehensive package of funding and housing tools to replace the current patchwork. One example of the current patchwork which I often cite is the fact that when it comes to supportive housing, which is housing for people with special needs, the Ministry of Health and Long-Term Care and the Ministry of Municipal Affairs and Housing not only do not collaborate, but they don't allow service providers to accept funding from one or the other ministry, which leaves special-needs housing providers caught in a bureaucratic gap between the two.

In terms of Ontario's affordable housing crisis, all the indicators point to a huge and growing need. I've cited one in my presentation today, which is the number of households in core housing need, which has now grown to almost 640,000 households across Ontario. That was in 1991, and tens of thousands more have been added since then.

1630

We think another startling indicator of the growing housing need in Ontario is the number of tenant households facing eviction because they can't afford to pay their rent. In 2005, which is the last complete year, the Ontario Rental Housing Tribunal reported the highest number ever in the history of Ontario facing eviction. An average of 260 households every working day of the year face eviction because they can't pay their rent.

On page 3 of our submission: What actually surprised me as we began to chart out what's happening with housing spending going back to the year 2000, when housing spending was close to $1.4 billion in Ontario—as of 2006, housing spending is stalled, as it has been for a number of years, at about $660 million—is that if you work it out on a per capita basis, it works out to just 14 cents per Ontarian per day to pay for affordable housing programs. Clearly, that's not adequate in order to meet the needs.

If I could, in my last minute or 30 seconds or so, I'd like to simply put to this committee three specific recommendations for Ontario budget 2007 in terms of affordable housing.

First of all, we'd like this committee to urge the Ontario government to honour the commitment it made in 2003 to fund 26,640 new affordable and supportive homes and fund 35,000 rent supplements. As of October, about 2,122 of those homes have actually been built, according to the provincial Ministry of Municipal Affairs and Housing, 2,161 are under construction, and about 6,670 rent supplements have been delivered, so well short of the targets that were set by the government itself in 2003.

Secondly, we'd ask that the Ontario government stop blocking the $392.5 million which has been allocated by the federal government, sitting in a bank account, for affordable housing in Ontario. This money is being stalled because it's part of the broader discussions between the federal and Ontario governments about fiscal issues. We don't think that the housing needs of Ontario should be held hostage in order to make a political point about other fiscal discussions.

Thirdly, and specifically in terms of budget 2007, we'd ask that this committee recommend that the Ontario government upload the cost of affordable housing programs back to the provincial base, where the expenditures belong, and at the same time return overall provincial housing spending to a minimum of 25 cents per person per day, not including the upload. This would bring provincial housing spending almost back to the level of 2000 and would be the first step in ramping up housing spending to meet a growing housing need.

I thank you for the opportunity to make these submissions today.

The Chair: Thank you. This round of questioning will go to the government.

Mr. Arthurs: Thank you for your presentation this afternoon. It's certainly helpful.

A couple of things, just quickly. I would anticipate, in my view, that the last issue you raised, the matter of uploading, has the potential to be considered under the municipal-provincial review that was announced last August. I would expect that the municipalities and/or the province would be raising that as one of the matters for discussion during that time frame. So the likelihood, in my view, of the minister addressing it during the development of the 2007-08 budget is less likely in the absence of that review of that broader financial relationship occurring. That's just my observation of where that may rest.

On the issue of the number of units built or under construction, do you have the numbers offhand—I can't recall from estimates when we had Minister Gerretsen here—of those that might be in the approval processes? Because there are really three elements: those that were built and occupied, those that were under construction and occupied shortly, and a larger block—and I can't recall the numbers—that are working their way through those primarily municipal, provincial and service provider processes before they can actually get shovels in the ground. There's a fairly significant number. Would your research have that at all?

Mr. Shapcott: I don't have it off the top of my head. My recollection is that it's in the 4,000 to 5,000 unit range. "Under development" includes everything from allocations that have been made to municipalities but no actual project assigned to them; therefore, it could be a matter of years before an allocation is tied to a project and the project works its way through the local development planning processes and so on. We understand that it takes a number of years to move a project along, and this is one of the reasons why we think that the most reliable numbers to look at are those that have actually been built and those that are under construction.

Mr. Arthurs: Right, because it will give you some physical sense of what either is occupied or has the capacity to be occupied in the relatively short term?

Mr. Shapcott: Absolutely.

Mr. Arthurs: The—I can't work with my glasses on or off these days.

Ms. Deborah Matthews (London North Centre): Where's that optometrist when you need one?

Mr. Arthurs: Exactly. I broke my other ones.

The rent bank: Any observations on the success or lack thereof, in your view, on the rent bank that provides dollars to the service providers for those who find themselves at that point in time where they're hitting a wall for whatever reasons—job loss, ineligibility for other kinds of programs, waiting to be re-employed? Is the program working from what you've seen?

Mr. Shapcott: The program is working. Rent banks are vitally important. They provide that gap that is necessary in many cases. I mentioned to you that evictions are at an all-time record in Ontario—at least they were in 2005. We obviously don't have full 2006 numbers as yet. When you burrow down in terms of those numbers, you find that some of those evictions—the arrears amounts—were quite small, relatively speaking. It wasn't a matter of six, eight or 10 months; it was a matter of part of one month. That's exactly the situation a rent bank is designed for. In our view, the rent bank needs more money, because what we're hearing from many municipalities is that they're actually almost afraid to let people know about it because they'd be overwhelmed.

I do want to add, though, that there's another important bank for tenants, and that's the energy bank, because we know that next to the rising cost of rent, the rising cost of energy is the biggest factor that many tenant households face in terms of evictions. The government of course did move to create a $2-million energy bank, and then that was renewed. But again, set against the scale of the need, the reports we hear from across the province are that the energy bank and the rent bank are working well, but they're not funded well enough in order to do the complete job or meet the complete need.

The Chair: Thank you for your presentation.

ONTARIO COALITION FOR BETTER CHILD CARE

The Chair: I call on the Ontario Coalition for Better Child Care to come forward, please. Good afternoon. You have 10 minutes for your presentation, and there may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Ms. Elizabeth Ablett: My name is Elizabeth Ablett. I'm the executive director of the Ontario Coalition for Better Child Care. Thanks for the opportunity to speak to you today about an issue that cuts across all sectors and affects all communities across our province: early learning and child care. It's an honour and a pleasure.

The Ontario Coalition for Better Child Care was founded in 1981 to advocate for universally accessible, high-quality, non-profit regulated child care in Ontario. Since our inception, we've pressed successive provincial governments to invest in a system of high-quality, regulated non-profit early learning and child care that would benefit all children and families in our province.

I'd like to start by first commending the government on the progress it has made in the Best Start plan. These successes include: wraparound care for four- and five-year-olds; local Best Start networks; comprehensive integrated Healthy Babies, Healthy Children and 18-month well baby programs; the creation of 14,000 new spaces; three pilot fast tracks; and quality in human resources, the early learning program and 18-month expert panels. These are important steps forward and are the result of very hard work and co-operation of many different individuals, communities, service providers and the government. But as you know, there is still much work to be done if Best Start is to fulfill its potential and to avoid the looming funding crisis. This crisis relates specifically to adequate and stable funding for our early learning and child care system. In particular, the coalition sees four major challenges that must be overcome if Best Start is to meet the needs of Ontario's children.

First, the plan needs to address the lack of affordability of early learning and child care services for many Ontario families. We urge the provincial government to directly fund ELCC—early learning and child care—programs. The current subsidy system and user-pay model erects financial and access barriers for families and causes fragility and uncertain sustainability in programs under the Best Start plan. Building from what we have is the key, and we would like to applaud the government's recent move to an income test for eligibility for child care space subsidies. Determining eligibility through the less intrusive means is definitely a step in the right direction and will bring more families into the system. However, it is essential that there's an increase in funding to meet the increased number of families eligible for these subsidies.

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The lack of stability in our systems and in our ELCC programs should not come as a surprise when you see how erratic ELCC funding has been—you'll see this in the chart I've provided—particularly over the past 10 years. Without stable funding, programs are unable to improve and expand. Many will have to close their doors.

Second, the provincial government needs to provide better, more stable support for one of the most important factors in creating quality in early learning and child care programs: ELCC staff. These are people who hold the key to delivering safe, nurturing, quality early learning and care environments for our children each and every day, so why are their levels of compensation so low and so uneven across the province? This situation hasn't helped the chronic shortage of qualified, experienced staff in this sector. Their salaries must be effectively addressed through real investments in wage enhancements and pay equity.

Third, the plan needs to address the fragmentation across this system. Fragmentation exists in the delivery of services for all children. Now, while Best Start has so far made a good start at improving services for four- and five-year-olds and reducing the separation between learning and care for five- and six-year-olds, the needs of children outside these ranges, as well as inclusive services for children with special needs, are not being funded adequately.

Fragmentation also exists in the development and integration of services across the province. There are areas of Ontario, particularly rural and remote areas, where children's and community services are underdeveloped, spread out and less integrated than the networks that exist in urban areas. Unable to meet Best Start timelines or to complete implementation plans because of inadequate local services, these communities that are so in need of the early learning and child care services that fit their particular circumstances are struggling. These communities can't be left behind.

Fragile relationships: Fragmentation plagues newly formed relationships under the new local Best Start networks. These networks are a real strength of the plan's vision and direction. They've helped to foster stronger relationships amongst members of the children's services sector. They also have the potential to develop capacity in areas where services are fragmented and patchwork. However, these fruitful relationships that are so important to improving the delivery of early learning and child care are at risk without guidance and financial support. Networks in underserviced, rural and remote areas in particular would benefit from funding and support to increase their capacity, address uneven development and improve and increase their services.

Finally, the importance of ELCC services must be taken up by the provincial government as a key component of the Best Start plan. Non-profit child care services provide equitable access, are accountable to governments and taxpayers and respond to the real needs of families in communities. ELCC should not be a matter of profit, especially corporate profit. This is not about making money; it's about providing the best, highest-quality learning and care programs for the well-being and development of our children. We acknowledge Minister Chambers's commitment in October 2005 that there will be no big box child care in Ontario under Best Start, but we're concerned that there's no clear policy to contain the expansion of child care in Ontario to the non-profit sector. Every dollar this government spends on early learning and child care needs to be going directly to our children.

In conclusion, we're approaching a crisis point in early learning and child care in Ontario, a crisis that will come to a head next year. This crisis relates specifically to adequate and stable funding for our nascent early learning and child care system. After more than a decade of despair under the Harris-Eves provincial government, there was great optimism when the current government announced its Best Start plan. Along with that announcement came a promise of new funding dedicated specifically to early learning and child care in Ontario. The plan started off very well, particularly with an infusion of federal dollars to cover the costs. Those federal funds proved to be the linchpin in the plan, and after this year's January election, the pin was pulled out. The new federal government terminated the agreements that were signed in good faith with the provinces and territories, taking away $1.4 billion intended for Ontario families.

Despite this setback for early learning and child care, other provinces, including Quebec, Manitoba and Saskatchewan, have committed to continue building their provincial ELCC systems with dedicated provincial dollars. In contrast, our province took the final federal instalment and spread it out over four years. There is no word of the $300 million in dedicated funding promised during the last election campaign in 2003. There is no word of replacing the federal cuts.

ELCC is a jurisdiction of the province. While we at the coalition promise to continue advocating for federal funding and to keep early learning and child care on the public agenda at the federal level—and believe me, we work at this every day across the province, across the country—ultimately, it is the provincial government that must fulfill its historic responsibility and provide focused public investment in ELCC programs for children and their families. Families in Ontario expect no less, and Ontario can do better.

We therefore call on the government of Ontario to honour its commitments to families with an initial investment of $600 million in 2007-08 to allow Best Start to move forward, not backwards, creating more spaces and more subsidies, and supporting the workforce and underserviced communities; by moving to a directly funded early learning and child care system and eventual elimination of the subsidy system; by committing to expansion of early learning and child care in the non-profit sector only; and by showing leadership in demanding that the government of Canada honour the agreements that it signed with the province on behalf of Ontario families.

We appreciate that you have many difficult decisions ahead of you as you prepare the next provincial budget, and we hope that you'll make the right ones for our children.

The Chair: Thank you. This round of questioning will go to the official opposition.

Mr. Hudak: Thank you very much for the presentation. The last instalment, the $63.5 million—it speaks to over four years at $63.5 million each—how is that asset being utilized? Where is that money going, exactly?

Ms. Ablett: As far as I know, that's going into the current system as it exists right now. It just means a smaller envelope of money for the system that was actually going to be based on a larger amount coming in.

Mr. Hudak: And how much less is that than the initial envelope that was coming in?

Ms. Ablett: I believe it was just over $300 million per year that was coming in federally.

Mr. Hudak: And then how much of provincial dollars is going into that program stream? So there's $63.5 million that came from the last agreement from the feds.

Ms. Ablett: That's right.

Mr. Hudak: How much has the province—

Ms. Ablett: As you can see on the chart, it says $631 million per year.

Mr. Hudak: That's strictly provincial, or is that—

Ms. Ablett: That's provincial.

Mr. Hudak: You said that Manitoba, Quebec and Saskatchewan have backfilled the federal dollars with provincial dollars.

Ms. Ablett: Yes.

Mr. Hudak: And you're hoping that the Ontario government will choose to do the same thing.

Ms. Ablett: Absolutely.

Mr. Hudak: So was that, did I follow correctly, an additional $600 million?

Ms. Ablett: Yes, it is.

Mr. Hudak: On top of the $631 million?

Ms. Ablett: That's right.

Mr. Hudak: When you say it's important, in your view, to move to a directly funded program as opposed to the subsidy system, why do you feel that's important? And to what degree does that exist today?

Ms. Ablett: The current subsidy system basically requires eligibility tests. Everything in our policies, in our stance, means that this is not inclusive of all families who want to be able to use the system; it's based on a demand, rather than the existing need. It's understood that early learning in child care is good for all children and families, so to simply base it on what people are asking for and whether or not they're eligible is not adequate.

Mr. Hudak: Does it make a difference, then, in terms of the number of spaces that are available through the system?

Ms. Ablett: It certainly does. Ideally, there would be a space for every child who would need it.

Mr. Hudak: If you convert the method of funding from subsidy and you put all that into directly funding the system, I just wonder if that creates an increase in supply, or is it the same number of spaces, just simply funded differently?

Ms. Ablett: As far as I can see—excuse me; I'm relatively new to this position here. I have all the stats with me. I would see that as a corresponding increase in the number of spaces that are available. It's not just spaces; it's services that go beyond just the early learning and child care.

Mr. Hudak: If the government were to follow your advice and increase the base funding by the $600 million, do you know off the top of your head—I know you might not have it, but I'll ask anyway—how many additional spaces that would create?

Ms. Ablett: I don't have that off the top of my head. What happens with this funding, as far as I understand, is that it goes across the board to all the services, which include wages, spaces, subsidies, program funding. So it's not just about the spaces that are created.

Mr. Hudak: You said that the McGuinty government had made a campaign commitment to dedicate $300 million to early years child care. Have they hit the $300 million yet?

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Ms. Ablett: No. That money has never appeared.

Mr. Hudak: So half of it? Or do you know what amount?

Ms. Ablett: No.

Mr. Hudak: So the $300 million still has not been fulfilled?

Ms. Ablett: No.

Mr. Hudak: When they made the campaign commitment, was there an indication of a time frame? Was it over four years or—

Ms. Ablett: It said over four years initially. I have an article here. I did some research, again, because I'm relatively new and I wanted to make sure I could trust all my figures. It says here that they would dedicate $300 million in new money annually by the end of four years to subsidize early childhood education, funds they hope will be matched with money from the federal government's national child care agenda.

Mr. Hudak: But they didn't need the matching dollars; they were going to do that, and there would hopefully be matching funds?

Ms. Ablett: That's right; that was our understanding.

Mr. Hudak: Being new to this, you have a good command of the facts and made a very strong presentation, so you've done very well.

Ms. Ablett: Thank you.

Mr. Hudak: You expressed earlier a concern from your point of view about what you termed the big box daycare. So you're not supportive of private sector delivery of daycare, private for-profit, in any sense or just—what do you mean by "big box"?

Ms. Ablett: No, no. I had some further details but wanted to keep my speaking notes somewhat concise here. I could make lots of arguments for the benefit of non-profit, and you'll see this in my submission. The OCBCC advocates purely for non-profit early learning and child care services, but we also understand that the current system is a mix, and we advocate for grandfathering of these for-profit services into a system that is dedicated to non-profit services. They really are important partners at this time. It is a mixed system. We don't propose to tear down that system, but we really do feel it's crucial that services are non-profit.

Mr. Hudak: Thank you.

The Chair: Thank you for your presentation.

ONTARIO PUBLIC SERVICE EMPLOYEES UNION

The Chair: I call upon the Ontario Public Service Employees Union to come forward, please. Good afternoon. You have 10 minutes for your presentation, and there may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Ms. Nancy Pridham: Good afternoon. My name is Nancy Pridham. I'm a vice-president of the Ontario Public Service Employees Union and I am very happy to be here on behalf of Leah Casselman, the president of OPSEU. To my left is Randy Robinson, our senior communications officer.

OPSEU has always taken a keen interest in the Ontario government budget, for obvious reasons. We represent over 115,000 workers in Ontario, from right across the public sector. If you have an OHIP card in your wallet, that card was made available by an OPSEU member. We represent over 40,000 workers in the Ontario Public Service. If you have had an X-ray or a blood test at an Ontario hospital, there is a good chance it was done by a member of OPSEU. We are the leading union for hospital professionals in the province.

If your son or daughter attends an Ontario community college, he or she was registered at the college by an OPSEU member and is taught by OPSEU members. If you've ever been to a provincial courthouse or a correctional centre or a provincial park, or if you or your staff have called the Family Responsibility Office, you've come in contact with an OPSEU member at work. If you've bought beer, wine or liquor this week at an LCBO store, you bought it from an OPSEU member.

Because of the work we do, OPSEU members live in nearly every community in Ontario. On average we represent over 1,000 voters in each provincial riding. In pure cash terms, our members at the LCBO are quite possibly the most productive workers on earth. Every OPSEU member at the LCBO brings in an average of over $150,000 a year in pure profit for the people of Ontario. There are not many people who can make that claim.

However, the work of our members is not about making money; it's about serving the public. Public services are the primary expression of the political will of the people of this province. They are the foundation of our economy, the protectors of our natural environment and the mechanism through which we try to ensure that the society we live in is a just one.

In recent years it has become fashionable to cut public services. Successive governments in Ontario have been cutting back public services for more than 13 years, first under Liberal Premier Bob Rae—

Interjections.

Ms. Pridham: Oops, sorry. That was Freudian.

The Chair: Order, please.

Ms. Pridham: —then under the Conservatives Mike Harris and Ernie Eves and now under Liberal Dalton McGuinty. We have seen funding increases in some areas in the last few years, but these have invariably been paid for by cuts and funding restraints in other areas. I'll just give you a few examples.

In Ontario today, conservation officers no longer do regular enforcement patrols because they can't afford the gas for their patrol vehicles. There is now exactly one conservation officer responsible for all of Lake Ontario, instead of the five that are there supposed to be there, even though the commercial walleye fishery is on right now and they're selling fish in markets here in Toronto.

The Ontario community college system is the largest trainer of future workers in Canada, with over 150,000 students in the system during the regular school year, yet Ontario ranks 10th out of 10 provinces when it comes to per capita student funding for college education.

We have to do better than this. Ontario is not Alberta, where they can just pump money out of the ground. The success of our economy is and always has been built on the skills that working people bring to their jobs.

Right now, Ontario's per capita income is second in Canada. If we hope to maintain that standing, we must be first in funding college education. The government's post-secondary funding plan, Reaching Higher, has merely lifted us to the bottom rung. It's not good enough. Ontario can do better.

As a union that represents over 18,000 full-time college employees and supports the hopes and dreams of over 16,000 part-timers who are currently barred from unionization, we look forward to continuing to talk about college funding during this election year.

Our union represents about 8,000 Ontario voters who work in facilities and group homes that care for people with developmental disabilities, also called intellectual disabilities. This sector, which serves some of the most vulnerable people in all Ontario, is grossly underfunded; in fact, it is falling apart.

To survive a decade of no funding increases—0%, 10 years in a row—employers in developmental services have restructured their operations so that two thirds of their workers are now part-time. The majority of developmental service workers do not get benefits and do not get the hours or the wages they need to live. We don't accept this.

OPSEU and the Canadian Union of Public Employees have approximately 70 collective agreements in this sector that expire around the end of March 2007. We look forward to very interesting election year activities in this sector.

Since time is short, I have only touched on three examples of the issues facing the provincial public sector in Ontario. But almost everywhere you look in the Ontario public sector, the story is the same: public services are underfunded.

I must say, the members of my union found it a bit insulting when Finance Minister Sorbara published the questions he wanted people to answer when he did his pre-budget tour this fall. One of the questions was, "Are there any programs or services the provincial government provides that are no longer needed?"

Friends, it would be impossible to devise a more comprehensive program for getting rid of programs and services than the 13 years we have just been through. We've had 13 years of cuts, and we all see the results. In the last 13 years, homelessness has become institutionalized on our streets. Over 17 per cent of children in Ontario live in poverty. We have kids going to school and pretending they forgot their lunch. How are hungry children going to learn when all they can think about is food? That's the kind of question this budget should be about.

In reading over Minister Sorbara's remarks this morning, I was interested to find that the word "environment" did not appear once. It reminded me of another document, called the Common Sense Revolution. What is the government's plan for dealing with the 5,800 smog-related deaths in Ontario every year? What is the government's plan for dealing with climate change, other than waiting for Stéphane Dion—who, by the way, is not the Prime Minister—to fix it?

The question the minister should be asking is not, "What can we cut?" The question is, "What do we have to do to make sure that the programs and services we need are well funded?"

In October 2003, Dalton McGuinty told public sector workers, "I value your work and I look forward to working with you so we can provide better services to our public." In March 2004, Greg Sorbara said, "We were elected to ensure high-quality public services. That's what the election was about. That's what we got elected to do."

In 2003, Ontarians voted for public services. They also voted for publicly owned and publicly operated public services. In 2003, Dalton McGuinty rejected privately run hospitals. He said he would cancel the privately built and privately run hospitals in Brampton and Ottawa. He said he would "take these hospitals and bring them inside the public sector." I think I hear the sound of Tony Clement laughing.

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According to Hugh Mackenzie, an independent economist, the new Ottawa Hospital will cost $88 million more over the life of the project than if it had been built using the traditional public method. If you multiply that by the 40 or so private hospital deals that are currently in the works, you are talking about a shocking waste of taxpayer dollars that we'll not be able to stop for decades. These so-called "public-private partnerships" are no more "partnerships" than the relationship between predator and prey is a partnership. When our public infrastructure is privately owned and operated, we become renters in our own house, and when that happens, our landlords hold us over a barrel. Privately run infrastructure does not solve our financial problems; it actually deepens them.

Mr. Sorbara's question, "What should we cut?" shows, at least, that his government knows that it does not have enough money to provide the public services we need, so that point is not in dispute. But Sorbara's next question, "What else can be done to continue to press Ontario's case for fairness with the federal government?" requires a little further examination.

First of all, I think it's a sad day when Ontario has to go to the federal government with a begging bowl. Our economy is bigger and stronger than it has ever been. We can afford to pay our own way. Unfortunately, the finance minister refuses to grapple with the central issue of Ontario's finances, and that is the fact that the Harris-Eves Tories removed over $15 billion—that's today's dollars—from the province's tax revenues. The Ontario health premium announced in 2004 did not replace one sixth of that lost revenue.

The money that is missing from our budget today is more than the total we pay to fund all of our public hospitals. We need to get some of that money back. This is a fact. Economic success and social success go hand in hand, but low taxes are not the way.

Finland's child poverty rate is among the lowest in the world; its taxes are among the highest in the world. Yet the World Economic Forum has named Finland as the most competitive country in the world for four years in a row. We cannot ignore tax levels in the US, but we can't be slaves to them either. The US has the highest child poverty of any OECD country. The world doesn't need more of that kind of leadership. That being said, the federal government may have money that could be better spent on provincial public services. Mr. Sorbara's question is, "How do we get it?"

Well, first of all, you don't do it by giving the federal government control over your corporate tax revenues. As many of you know, Mr. Sorbara and federal Finance Minister Jim Flaherty have signed an agreement to have the federal government collect Ontario's corporate taxes. This is a bad idea. In 1996, the Provincial Auditor reported that one in five Ontario corporations had not filed their tax returns. In 2002, the auditor found that that number had jumped to one in two Ontario corporations. It's no secret that Jim Flaherty and his boss think that no tax is a good tax. It is a huge mistake to put a cabinet minister from the Mike Harris government in charge of collecting Ontario's corporate taxes when we all know that he simply doesn't want to collect them.

On the so-called fiscal imbalance, we doubt that any amount of persuasion is going to get Jim Flaherty to write Ontario a big cheque. We all know him too well. So the simplest thing for Ontario to do is to just take the money. Mr. Flaherty has announced that he will make a number of tax cuts in the next federal budget. These cuts could total $22 billion over the next six years. The simplest thing for Ontario to do would be to calculate what percentage of those tax cuts will go to Ontarians and then raise Ontario taxes by exactly the same amount.

The net cost to the average Ontarian will be zero. The net improvement to our public services could be substantial. It would also be an opportunity to counter the federal tax cuts, which will certainly be regressive, and redistribute a small part of the tax burden in the most progressive way.

Of course, this simple, logical plan has political consequences. It would require leadership. It would require our finance minister to be a champion for public services and the good things that government can do for people. It is an opportunity to turn our backs on 13 years of cuts to public services in Ontario, and that's what the next Ontario budget must do.

Thank you very much.

The Chair: Thank you. This round of questioning goes to the NDP and Mr. Prue.

Mr. Prue: The number of public employees: How has that gone up or down since 1990? You told me there are 115,000 now. How many were there five years ago, how many were there 10 years ago? Can you tell me what direction that's heading in?

Mr. Randy Robinson: Well, the question of how many OPSEU members there are is different than the question of how many public employees there are.

Mr. Prue: Okay. How many OPSEU members, then?

Mr. Robinson: OPSEU is growing. I would say the public sector in the last three years in Ontario has stabilized quite a bit, but it basically dove for a very long period before that, starting in 1992-93.

Mr. Prue: And it's that diving that has resulted, I take it, in the loss of services. I'm particularly worried about—and it's been talked about a lot in the House—the people who work in the ministry responsible for fish conservation—

Ms. Pridham: The Ministry of Natural Resources.

Mr. Prue: —natural resources. We hear that the officers can't go out as well because there's only one of them, and it's dangerous to go out unless you go out in pairs. Is that what your OPSEU members are experiencing?

Mr. Robinson: Oh, that is the least of their problems, really. It takes about $100 a day to run a conservation officer in the field, just for gas. They drive Chevy Suburbans and other big vehicles like that; 10,000 square kilometres is nothing to them. Their budgets for operating costs are more like $100 a week. In Aurora, where the minister is from, the district manager told his officers, "When you get to $400 a month, stop spending, because we only have $494 for each of you for the rest of the year."

Basically, whether they can go out alone or in pairs is a problem. In some cases that we know of, they are going out with OPP officers, but that's quite rare. Really, the big problem is that they just don't have enough money to get around, whether there are two of them or not.

Mr. Prue: The Ministry of Natural Resources used to do a lot of fish stocking in Ontario. The more I look around, I see that it's being done privately by private fish and game clubs and those kinds of things. What's OPSEU's opinion on that?

Mr. Robinson: We don't like it. Clearly that's bargaining at work. I think the Ringwood fish hatchery was the last to go. It's clearly work that belongs in the public sector and it should be supervised by public service employees. There's no question of that.

Mr. Prue: The facilities and group homes that are being shut down: I had an opportunity to visit only one of them, the one in Orillia, which I thought was really quite a magnificent site. The facilities were remarkable in terms of the swimming pool, the exercise rooms, the sensory perception, the staff, the bright, clean place. The government is bound and determined to—I don't know that "privatize" is the right word, but to—

Mr. Robinson: Divest?

Mr. Prue: —divest. How does OPSEU feel about the people with whom you've worked for 50, 60 years? Some of them are pretty old.

Ms. Pridham: If you think about it, there were once 14 developmental services facilities in the province of Ontario. Now there are three, and there's certainly been a determination made to make sure there are none.

The difficulty is, where are the services in the community and how are people going to be treated in the community? The developmental services sector in the community is having just as much difficulty as the facilities are. The difference is that the facility workers whom Mr. Prue is speaking about are actually getting paid a fairly decent wage as opposed to in the community, where they're making sometimes $10, $12 an hour less, and that's the system that you want to go to, so I think it's clear what's happening. We certainly don't approve of that at all.

Mr. Prue: You talked about your members who work for the LCBO. The latest government plan, or one that's going to come forward in February, is the deposit return. I'm not opposed to deposit return, but is that going to impact your members in any way?

Mr. Robinson: It won't, particularly, except for the fact that they have to take the deposits, but it should. I mean, it's very clear that the plan that the McGuinty government has come forward with will prevent those bottles from ever being reused.

The key to getting bottles reused, which is what the Beer Store does, is the relationship between the seller, which in this case is the LCBO, and the suppliers of that alcohol. If there's no business relationship between the Beer Store and the sellers of wine and whisky—and there is no business relationship between the two—then there's no possibility that they're ever going to be able to return those bottles to those people. Every LCBO truck that delivers something to an LCBO store goes away partly empty. We say, put the bottles on that truck; don't expect people to go down the road and put it onto a different truck that isn't going to go anywhere except to a place where they get smashed into bits and melted down with nuclear power.

Really, the best method is for the LCBO to use a little bit of its market leverage—it is the biggest buyer of alcohol in the world—to get the companies to go along with a system that's based on reuse. Quite frankly, if I'm buying $100 million of wine from you, you'll deliver it to me in paper bags if I tell you to. That is the kind of power the LCBO has and should be using.

The Chair: Thank you for your presentation.

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CANADIAN PROPERTY TAX ASSOCIATION

The Chair: I call on the Canadian Property Tax Association to come forward, please. Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Mr. David Fleet: My name is David Fleet. I am a past-president of the Canadian Property Tax Association and, coincidentally, a past member, many eons ago, in this place. Sitting to my left is Mr. David James, who is the current president of the Canadian Property Tax Association, and to my right is the other person who has been involved with this submission, which is being handed out I speak, Maria Colavecchio, the chair of tax policy for the Ontario chapter of the CPTA.

The CPTA, as identified in the material, is a non-profit and pan-Canadian organization. It's essentially the only organization that deals across the country on a non-profit basis exclusively in the areas of property assessment and taxation. You will see at the back of the submission that we have appended the statement of policy. All of the proposals that are made to government—and this organization has been doing it for 40 years now—are made in a manner that is consistent with the principles set out in the statement of policy. So they are consistent, year-in, year-out, regardless of the party that's in power or the economic or political idea of the day, because it's aimed typically at equity, justice and sound economic policy. Those are the issues that are captured by the three points raised in the material.

The capping and clawback provisions are matters that deal with commercial, industrial and multi-residential property taxes across Ontario. The capping and clawback regime does not apply to residential properties and therefore most people aren't familiar with it. The problem is that these provisions were made permanent in 2000 which they were never intended to be. The upshot is that the capping and clawback regime prevents the original objective of property tax reform from ever being achieved with the property tax burden that is actually levied on commercial, industrial and multi-residential properties.

We're making a proposal that's very simple, which is that when a property reaches what's called CVA taxes, so that there's no capping or clawback applicable to it, it permanently falls outside the regime. There are very few proposals, I suspect, that are going to come before you, ever, where the proposal doesn't cost the government any money, remedies an injustice and makes everything simpler. That's what this proposal does.

We think it's not that hard to implement, and the government should simply proceed to do it. It's consistent with sound economic policy. I've never heard of anybody advocating that somehow it makes for better economic policy to make things more complicated, less transparent or more inequitable. In fact, I would suspect you would find that municipalities across Ontario would rejoice at any move to start to phase-out capping and clawback.

The second point deals with tax refunds. The current state of the law—and there's a Court of Appeal decision that determined this point—is that tax refunds would be repayable to the party that paid the taxes in the first place. The provincial government is moving now with Bill 130 to alter that outcome so that taxes would be repaid only to the current landowner. That actually produces a great deal of difficulty, because the people who originally paid the taxes might not get the refund, and we would think that can't be the intention of the government. Further, there's never been any consultation that we're aware of with taxpayers by the ministry on this particular point. It's part of an omnibus bill, as far as I can tell.

The proposal is quite simple: Don't proceed with that. Allow parties who are impacted—taxpayers—to have some input, because I don't think it's an impossible problem to resolve, if there really is a problem to resolve.

One of the additional problems, ironically, is that this proposal might make things worse. Municipalities typically don't share tax calculations with other than the current property owner, so if you have a system where there might not be a contractual arrangement between who paid the taxes and who is the current landowner, the entity that paid the taxes might have no way to access the information and no way to effectively recover anything. If they did, they'd probably just sue everybody in sight, so then you'd have everybody involved in litigation, and that doesn't seem to help anybody either.

The third point is the one that has the biggest financial impact of the three proposed. In fact, the first two shouldn't have any impact financially. The third one deals with the BET. Business education tax for residential and multi-residential properties is set by the province at a universal rate right across the province, so anybody who deals with property in the ordinary course might be unaware of how inequitable business education taxes are, and this impacts commercial and industrial properties. The place where it comes up most grievously is typically in a large city. The larger the city, the tendency is, the worse the problem. Business education tax is perhaps the worst kind of tax because it impacts upon businesses, whether the owners or the occupants who pay through their leases, regardless of whether the business is making money or losing money. So it's a form of capital tax.

The provincial government, it has to be acknowledged, is phasing out corporate capital tax. I think it has accepted the principle that those kinds of taxes are not economically desirable. But when it comes to education taxes, it's still collecting them, and they are different from—for example, if you compare the industrial property class to the commercial property class in a particular municipality, if you compare from one industrial property class to another in, say, neighbouring municipalities, there is no real economic rationale for them. The solution that is proposed is that you start phasing out those inequitable and, frankly, excessive tax burdens and that the target be the Halton commercial rate, which is the lowest, not in Ontario, but it's the lowest of the large municipalities. That's a reasonable place to go. You don't have to increase the taxes on those smaller municipalities that have lower rates. You can just leave those in place.

There are a number of examples on the fifth page of the material about the degree of discrepancy that arises under the current regime. In fairness to the present government and, for that matter, the previous government, they were inheriting a tax system that was inequitable. There were some improvements made to the inequities for a number of years and then that improvement seemed to just stop. But you now have, for example—and the examples here are primarily car plants or truck plants—completely different rates when you go from one municipality to the other. It doesn't seem to make any sense to anyone. It doesn't make any sense that half the taxes, in rough terms, in the city of Toronto, for example, are going to business education tax, but if I take an identically sized and valued property and move it to one of the surrounding neighbourhoods—it could be in Mississauga or in Vaughan, wherever—the tax drops off dramatically. It just doesn't make any sense and it actually aggravates all the other solutions people are trying to work with. So it aggravates people in Mississauga because they are then paying for social services—and there's another mechanism, a separate one, to deal with social service costs, and you get all these counterflows, I'll call it, between where the taxes ought to be raised and where they ought to be spent, and it makes it more complicated.

Rather than having it more complicated, we would suggest that you want to pursue sound job creation. You don't want to distort business decisions based on where the peculiarities of this historically established business education tax come from. Then the question is, how much do you pay to do it? You're certainly going to have to phase it in to do it. You're certainly going to be in the range, one would think, of $100 million in a year if you were going to be phasing it out over, say, five or six years. Net cost, though, depends on the model one uses or the reality of the job creation that occurs, because when you reduce the taxes, you're going to create more jobs. So the apparent cost isn't necessarily the real cost. But it's doable, and if you don't do it, it only makes the situation worse, because the more you entrench inequities, the more you get distorted tax outcomes and distorted business outcomes. The city of Toronto, for example, has been losing jobs in absolute numbers for about a decade and a half, in the middle of a huge boom. None of this makes any sense.

1720

The Chair: You have about a minute left.

Mr. Fleet: Well, I'll give the minute back to the committee. How's that?

The Chair: You have the minute; they don't accrue your minute.

Mr. Fleet: That's okay.

The Chair: Very well, then. Thank you, sir. This round of questioning will go to the government.

Mr. Arthurs: I appreciate that. Welcome, Mr. Fleet and Maria, and I want to particularly say hello to Mr. James, a former student of mine. That's how far back I go and how far he has come in the interim.

Anyway, having said that, let's chat just a little more about the business education tax issue. Do you have any sense of the dollar value, the quantum, to move in the direction that's being proposed? I mean, it's an ongoing issue, not easily resolvable obviously, and it's a major chunk of revenue overall. You're proposing to start on a phase-in program of some sort, obviously, Toronto being the elephant from the standpoint of its economic base compared to Durham, where I come from.

Mr. Fleet: In fact, Toronto would be delighted to have the Durham rates, for example, but the estimate that I have seen—and this would be coming from the Toronto Office Coalition and/or the chambers of commerce, the Ontario Chamber of Commerce—was something in the order of, if memory serves me, $580 million or $600 million, netting out—the actual cost would be higher, the direct cost more like $800 million, but then you net out the job growth. I don't remember the exact figure, but it was something in that order. We can get you that if you like.

Mr. Arthurs: It certainly would be helpful to have your take, your context, of what that quantum is.

You mentioned that Toronto would relish having Durham's rate. Having said that, I'm trying to justify that against what you've presented to us on page 5 here, and it speaks to using Halton as the base.

Mr. Fleet: Halton's better than Durham, simply put.

Mr. Arthurs: Yes, but the reference point, the region of Durham's BET is 50% higher than Halton's, and you've referenced that Toronto's commercial BET is 50% higher than Halton's. So on that premise, it would appear that you're talking an equal amount. I know the base industrial rate is higher in Toronto than it is in Durham. I know the large industrial rate which Durham has applied—because of the likes of General Motors and a couple of nuclear plants and St. Marys Cement, about five very large operations—kind of pushed us, when I was there, into doing a large industrial class, because we couldn't possibly spread that tax rate across all the smaller businesses. As a comparator, you're making one on that base industrial rate, excluding the likes of GM, which is in a large industrial rate in Durham.

Mr. Fleet: The base rate that we're referencing here is the commercial BET.

Mr. Arthurs: Okay.

Mr. Fleet: There's another really good question as to why there ought to be a difference between a job created in a factory and a job created in an office building. We haven't really prepared a study of that, but that's certainly a question I would imagine either the Legislature or the government would ask itself.

The way the rates are now set, the minister issues a regulation and everybody gets to look it up and see what the number is. It's not something that becomes publicly debated, which is one of the problems. It's not a visible tax; it's the exact opposite of the normal tax system for property taxes where people debate hotly what taxes they're getting and whether it's right or wrong.

The reality is, this comes from the province, which has not historically been identified as being the source of the tax and prior to 1998 wasn't the source of the tax. It's because you had school boards levying—I mean you got all these disparate base figures. That's why we get the numbers. The question is, for how long should the inequity go on? We're saying, start phasing it out now.

Mr. Arthurs: I certainly would welcome that additional information and I think the committee would. I know my time is probably almost up. When all this was occurring, sitting in the little town of Pickering on the edge of Toronto, when location, location, location drives things like assessment, my phone was ringing pretty heavily from the likes of car dealerships and some of the small plazas when suddenly the reality of having a good location set in in the context of where they were and what that meant to their tax base. But I'd certainly welcome that additional information in terms of the ongoing considerations of how we ultimately resolve these issues. Thank you.

Mr. Fleet: Sure. Okay.

The Chair: Thank you for your presentation.

PEOPLE FOR EDUCATION

The Chair: Now I'd ask People for Education to come forward, please. Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Ms. Annie Kidder: My name is Annie Kidder, and I'm with the parents' organization People for Education. It's People for Education's 10th anniversary this year. We've been coming to these committees for probably nearly as long, often to say that more money needs to be spent on public education.

I think that this year, coming here, I want to acknowledge that a lot more money has been spent on public education in the last couple of years, for sure, and that there has been a real difference in terms of having a government that obviously has a strong commitment to public education and a strong understanding of what's needed in the public education system.

We're still very concerned. We have an overall concern—and we feel partly to blame for this—that in all of our advocacy and all of our pointing out where things needed to get better in the education system, we're a little bit worried that we have been part of causing somewhat of an erosion on the public's part in their support for public education. So we're very concerned now that there's still an overall sense out there in the world that the public education system's not working that well, and we want to be able to try and do two things at the same time, which is build support for public education, because we think we do have a fabulous public education system that's worthy of support, but also at the same time continue to say there's more that needs to be done.

I've brought with me an update from the long ago Rozanski report because I thought it was important to remember that we did have a review of the funding formula that was released four years ago. There are still a number of things that haven't been done, and some of those things that haven't been done continue to cause ripples through the system. We've just had a report from the Toronto Catholic board, for instance, which recommends a lot of cuts to their schools. There are cuts happening in the Dufferin-Peel Catholic board and many cuts happening in northern Ontario, about which we're particularly concerned.

Part of the problem lies in the lack of action on the first recommendation of Rozanski, which has to do with a very boring updating of benchmarks. The benchmarks have been changed and some of them updated, but there was not a fundamental amount of money put in to deal with the fact that funding wasn't increased over the course of seven years. Particularly now, there continues to be a very large gap between actual costs for things like utilities and maintenance and the actual costs for non-teaching salaries. The government did last year, thankfully, move funding from one funding envelope to another to make sure that funding for teachers' salaries was a little bit more in line with what they actually cost, but there remain very large gaps in other areas. Some of the new shifts that happened last year in the funding formula caused difficulty for boards in the north in particular because of the way money was moved around.

I know that Ontario is looking at less growth than it was hoping for economically, and I know there are many, many competing interests for funding, but I guess my political advice is that something needs to be done this year. It needs to be something big and it needs to be something different than fixing bits of the funding formula, which is what has gone on. There has been a lot of new funding put into education, but a lot of that has been for new programs, rather than dealing with issues that are left over from years of underfunding.

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We did show in last year's annual report that there are some improvements in programs and staff in the system, but many of them still have not gone back to what they were, and we continue to see declines in some areas that worry us: librarians in schools, for instance; ESL programs in schools; people who are necessary for the overall learning of all the children.

I think that my message here today is, I hope that when you're thinking about the overall budget for Ontario, you remember that investing in education makes an enormous difference all the way through every other area that you're budgeting for; that spending money on education and having an education system that works very, very well saves money in health care, saves money in the criminal justice system, in the social welfare system, but unfortunately, it takes a long time for the payoff to come.

I know that's difficult politically, but I do think that it is time—we've been living with this funding formula for the last nine years—for a full review of the formula. It's time to do the number one recommendation in Rozanski, which is to update the benchmarks for everything else so they match actual costs, so that we can go on from there, so that we can move forward from that place where there is at least sufficient funding for basic costs within the education system.

I hate coming here year after year arguing for more money; and I know that more money isn't the only solution to improving public education, but it's certainly a big help. I don't want to go on and on, but having just read the report that was written by the investigators on the Toronto Catholic board with their recommendations, which are very heartfelt—they're not inherently evil—it's an incredible amount of nickel-and-diming. It's not like the Auditor General's report that said, "People are buying SUVs." It was, "Couldn't we eke out a couple more dollars by figuring out the travel time between schools that it's taking music teachers who are teaching in three different schools?" This way of looking at education has a detrimental effect on the whole system. In schools, in boards, much of their energy and time continues to be spent trying to figure out how to do more with not really enough funding.

In order to build back that public support, in order to be able to say to young parents who are thinking about where to send their children into kindergarten, we have to be able to tell them, "These are the best schools. There are no better schools in Ontario than our public schools," and we have to be able to tell them that all across the province. Right now there continue to be inequities between schools in the north, for instance, and schools in other parts of the province, and there continue to be schools that don't have all of the programs they should have that make for a fulsome, strong, rich and broadly based education.

I hope this report is helpful to you in terms of the updates. There is a selection, a sample of updates from boards that had to make fairly significant cuts this year in order to balance their budgets. It's important that you know that there are many boards saying that even though they handed in balanced budget, they're going to have a very hard time keeping them balanced throughout the year. I think that in terms of public perception and public need, now is the time for (a) the addition of the funding in terms of the actual costs and (b) it's time to say, "We are going to commit to a full review of how we fund or what we fund in education," and really, that has to start with a conversation about, "What should we be doing in our schools? What do we believe in, in the public education system? How should it work?" And then, "How will we fund it?"

I think we still have too much of the funding driving the policy, rather than the other way around. I think that with a full conversation like that, we can actually build support for public education at the same time. We can re-excite people about the possibilities in the public education system.

Thank you very much.

The Chair: Thank you. This round of questioning will go to the official opposition. Mr. Barrett?

Mr. Barrett: I appreciate the presentation, and I've been looking at your report card on the Rozanski recommendations. I'm just looking at this title, "Rozanski Redux." On page 2, under "Funding issues continue," you make reference to boards using reserves to balance budgets. I have a couple of questions. Is there a change in that trend? Have boards been doing that, to your knowledge, over the past, say, 10 or 11 years that your organization has been—

Ms. Kidder: We haven't been tracking whether or not boards use reserves to balance their budgets; we just know that this year and last year, more boards talked about their difficulty with balancing their budgets and their concern that not only were they using reserves, but they were delaying spending; that they felt they were going to have to—it was not economically or fiscally prudent to delay. You could do that for one year, but you couldn't keep on doing it forever.

Yes, sometimes boards use their reserves and it ends up okay in the end. Some of those reserves need to be in place, because you have to have some reserves in place. But we don't have data on the percentage of boards that used reserves to balance budgets in the past in the change.

Mr. Barrett: On that page as well is the title, "Flexibility removed from formula." I just wondered if you could expand on that a little bit. You make reference to $200 per student. Has that been used in the past, for example, for a school board to have the leeway to, say, keep a small school open that was suffering from declining enrolment?

Ms. Kidder: A fair amount of that money was used to cover the gap in teacher salary costs, but some of it wasn't. Even the report from this government on the Toronto Catholic board recommended the reinstitution of the local priorities amount. They were concerned that, for instance, for Catholic boards who have unique Catholic programs, that that's where they funded it from. Boards sometimes used that money—for instance, boards in the north—for outdoor education programs, for things that were unique to their board. Many of them—I'm sure most of them—used a substantial amount of that funding to balance their budgets, but what's happened now with the removal of it completely is that they're left with no flexibility in that area at all.

Certainly, in terms of the Rozanski recommendations, it was the opposite. It was more important to him that there be an assurance that boards have 5% of their budgets for a local priorities amount. It was not his intention that that local priorities amount was just to balance budgets, and that's how it ended up being used.

Mr. Barrett: Yes, or paid to teachers' salaries.

Ms. Kidder: Yes.

Mr. Barrett: On page 3, in the bottom quarter there, "Declining enrolment grant cut in half." I'm just trying to square the message there. Looking at the chart on page 5, item 15 on the left, we have a check mark here as far as achieving one of the recommendations of Dr. Rozanski to "allocate core-support funding to school boards that have decided to keep open a small school in a single-school community...." We get a check mark on that one; that's good. But then I'm concerned when I read about the declining enrolment grant cut in half. Does this portend future problems?

Ms. Kidder: The cut in half was—to be honest, for two years there was an extra amount put in and it was said, "This is one-time funding." Boards relied on it to be there. It was a surprise to them when it suddenly disappeared, and especially because it disappeared in June of this year rather than earlier.

The problem of declining enrolment is not anybody's fault and it's something that we have to look at very, very hard, because it's a reality across the province. I think the issue is ensuring that we don't accelerate the problem by not giving boards sufficient funding to live on as they deal with the declining enrolment, and that we acknowledge what a big problem it is for boards when their enrolment declines, particularly in areas when their funding is allotted on a per pupil basis. It's part of the reason that the grant is there. It was very, very hard for boards this year to receive this news very late in the year, because they were relying on that money. They are really struggling with how they can deal with the declining enrolment when so much of their funding is based on how many students they have.

The Chair: Thank you for your presentation.

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CANADIAN FEDERATION OF STUDENTS

The Chair: Now I call on the Canadian Federation of Students to come forward, please. Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Mr. Jesse Greener: Thank you. My name is Jesse Greener, and I'm the Ontario chairperson for the Canadian Federation of Students. The federation represents more than 300,000 college and university students in Ontario and more than 500,000 across Canada.

The last time we presented to the government, we had a slick PowerPoint presentation. The last time we presented to the government, we had reviewed extensively the research demonstrating the adverse effects of high tuition fees and the limitations of student financial aid. The last time we presented to the government, we were completely ignored. Our recommendations against introducing new fees were ignored, and those fees have increased even more sharply than under Ernie Eves.

This government's promising new start is now a disaster for students and their families. All of the evidence shows that the decision to cancel the tuition fee freeze will eliminate educational opportunities, increase financial hardship on students and their families, and is totally out of step with the voters in this province. In fact, when it comes to this government's current policy on tuition fees, it is indistinguishable from that of Mike Harris.

I want to read you a choice quote from the Ontario Legislature from 1997, when Mike Harris was preparing to remove all limits on tuition fee increases for graduate and professional programmes:

"There comes a point in time when post-secondary education becomes something that's out of reach....

"Some people believe that increasing ... student assistance is the solution. But I can tell you that I've had the opportunity to review some studies that have come from other jurisdictions, and they show that notwithstanding the amount of student assistance ... in the face of exceedingly high tuition fees, there are many, many students—and this is documented—who would say to themselves, 'I'm not comfortable graduating with that size of a debt load.'"

That wasn't a quote from Vicky Smallman, the Ontario chairperson of the Canadian Federation of Students at that time. Those words belong to then opposition leader Dalton McGuinty.

Today the McGuinty government is supporting Mike Harris's massive tuition fee increases by refusing to undo them, and even heaping substantial increases on top.

Consider this: In 1990, tuition fees for undergraduate students were averaged at $1,680. With the cancellation of the tuition fee freeze this year, tuition fees are about to surpass $5,200. The tripling of tuition fees for university students represents an increase that is four times faster than the rate of inflation. The result has been a steady downloading of college and university operating costs onto the backs of students and their families. For example, tuition fees now make up almost half of the operating costs at universities, up from 20% in 1990.

The predicable result of such a tuition fee policy is that student debt has skyrocketed. In the last 15 years, student debt has tripled. And with this latest round of tuition fee increases, it is poised to hit $28,000 after a four-year degree.

Steep tuition fee increases in the last decade resulted in the stagnation of Ontario's enrolment growth, at a time when 70% of new jobs required some form of post-secondary education. In other provinces such as Quebec and Newfoundland and Labrador, where a different approach was taken, sustained tuition fee freezes and tuition fee rollbacks have resulted in significant enrolment growth.

This government's Reaching Higher plan for more student debt is a threat to Canadian values of social and economic opportunity.

But students aren't alone in our concern about this government's cancellation of the tuition fee freeze. In a public opinion poll released earlier this fall, nearly 90% of Ontario voters believe that this move will compromise accessibility to post-secondary education. What's more, nearly three quarters of voters see this cancellation of the tuition fee freeze as a broken promise.

Since just the beginning of the fall semester, students have collected nearly 45,000 petition signatures calling on members of provincial Parliament to immediately roll back tuition fees to 2004 levels and restore the tuition fee freeze. These petitions are being circulated and collected in Thunder Bay, Windsor, Ottawa, the greater Toronto area and all points in between, and they signify a widespread appeal from students and community members to reconsider the Reaching Higher plan for tuition fee increases.

High tuition fees also undermine the financial aid system itself. In fact, even when the investment in financial aid from this government is finally realized, tuition fees will result in a clawback of $1.30 for every new dollar invested.

Much ado has been made about the student access guarantee. Unfortunately, there is absolutely nothing concrete in place that will ensure access for those students who cannot afford today's high tuition fees and graduating debt. Former minister Cunningham used to recite banal promises that "every willing and qualified student," on the one hand, would receive some form of guarantee, while on the other hand introducing some of Canada's most destructive educational policies. So you'll have to excuse our cynicism towards this used-furniture-sales approach. Similarly, the rhetoric about improvements to quality, financed by higher tuition fees, amounts to pure fiction. The Higher Education Quality Council of Ontario is little more than a project on paper at this point.

Student-to-faculty ratios, one of the only quantitative measurements of quality, demonstrate that the classroom experience is degrading rapidly. At 24 students for every faculty member, we are well behind where we were just 10 years ago, when the student-to-faculty ratio was 18 to one. We all remember the debilitating strike that the college system experienced as a result of ballooning classroom sizes and the inability of faculty members to meet their teaching obligations.

In addition to all of this, higher tuition fees are forcing more students than ever into the workforce, causing them to lose focus on their studies, miss scholarship opportunities and compromise their ability to continue on with post-graduate work.

It is no wonder that in a recent poll, 70% of Ontarians saw quality either stagnating or declining. Only 10% of Ontarians thought that quality had increased.

The McGuinty government's move to reinvest $6.2 billion in post-secondary education was long overdue and received praise, as a first step, when it was first announced. But let's be clear: Without further commitment, this amounts to treading water relative to other provinces that continue to invest. Even with this investment, Ontario's post-secondary students are being short-changed by one of the shamefully lowest per capita funding in all of North America. Contrary to the PR message of Reaching Higher, we are, at best, reaching for mediocrity, and will be lucky if past funding commitments will even bring us to the national average by 2009-10.

In the first year of the freeze, this government invested $50 million. The cancellation of the tuition fee freeze this year has resulted in students and their families forking out $130 million more in tuition fees this year alone. With the real value of wages decreasing and family savings drying up, these are burdens that families cannot and should not have to shoulder.

When we compare these numbers to the $6.2 billion invested in post-secondary education and the nearly $7 billion from the Canada-Ontario agreement, roughly $2 billion of which should be dedicated to post-secondary education alone, and the $1 billion from the 2005 Bill C-48 budget amendment, students get the distinct impression that the projected $300-million surplus is being generated on our backs.

I am here today on behalf of the over 300,000 college and university students in Ontario to ask you to take corrective action in the 2007 Ontario budget by reinvesting in post-secondary education to ensure affordability and quality.

With this funding, we are calling for tuition fees to be rolled back to 2004 levels and a restoration of the tuition fee freeze, for access to OSAP to be improved, especially for part-time students who are completely shut out of financial aid opportunities, and for the number of up front needs-based grants to be doubled.

I have stood before many of you in the past and made the case for restoring the tuition fee freeze in Ontario and turning Ontario's post-secondary education into a model of affordability and quality rather than a cautionary tale. My recommendations here today reflect the views and concerns of students, and they are broadly and deeply supported by the vast majority of voters in this province. Whether you choose to listen to the electorate and act in the interest of economic prosperity and social equality is obviously up to you, but this is an election year and the vote will be conducted while classes are in session. The students of this province have committed to one another to organize like never before to raise public concern and support for affordability of post-secondary education. We are committed to making this an election issue, and we are committed to bringing students and youth to the polls in record numbers. I would like to report back to the hundreds of thousands of students that I represent, to our parents, and to our coalition partners that this government has recognized the flaws of the Reaching Higher plan by rolling back the tuition fee increases and restoring the tuition fee freeze that they want, expect, and deserve.

The Chair: Thank you. This round of questioning will go to the NDP.

Mr. Prue: I'm probably the most sympathetic person to you in the room, and I have to ask the questions, but I want to—have you heard anything from the Minister of Training, Colleges and Universities about any plans other than to continue this destructive policy?

Mr. Greener: We've heard nothing in addition to the issues that have been addressed already in their earlier years in government. The goal of the Reaching Higher plan is clearly laid out as a long-term framework that will continue to increase tuition fees from now into the future. With the tuition fee increases proposed under the Reaching Higher framework, we expect to see a 20% to 40% increase in the cost of a four-year degree over the next four years.

Mr. Prue: You write here about the student access guarantee and say that there's nothing concrete in place. Could you elaborate on that, that students don't think they can get the money back—there are no rules, regulations?

Mr. Greener: There was much made of various guarantees, and particularly the student access guarantee, which was sold to students and to the public as a sure-fire mechanism to ensure that if students were unable to afford post-secondary education or had to de-enrol for whatever financial reasons, there would be a guarantee to ensure that they could continue on. At this point, there is nothing at the provincial level that will address these issues. In fact, this has been pushed down to the campus level for universities and colleges to deal with themselves, and at this point there is, to my knowledge, nothing that is going to ensure that a student who must de-enrol because of the massive debt they are taking on or who cannot continue to go on and finish their degree because of the tuition fees increases year after year will be able to continue on.

Mr. Prue: You write here, "Even with this investment, Ontario's post-secondary students are being shortchanged by one of the shamefully lowest per capita funding in all of North America." Do you have any statistics on who is worse? Is there anybody in Canada who is worse?

Mr. Greener: I'd like to point out appendix 1 in the documents. It's a research digest, and in that research digest there is copious information along those lines.

As of 2002, there was no jurisdiction in Canada that had lower funding per capita. Even now, the funding per capita is among the lowest. Jurisdictions that come to mind that have lower—off the top of my head, I can only think of Alabama.

Mr. Prue: You write here, "Contrary to the PR message of Reaching Higher, we are, at best, reaching for mediocrity, and will be lucky if past funding commitments will even bring us to the national average by 2009-10." Are you doubting that the plan in place will bring Ontario to the national average by 2009-10?

Mr. Greener: If other jurisdictions continue to invest in post-secondary education, which they are, then our investments will not bring us to the national average. Of course, I can't look to the future; I don't know what other jurisdictions will be doing over the course of the next three years. But that funding investment of $6.2 billion, while very badly needed, was designed to bring us to the national average, and that is not considering other considerations like what the other jurisdictions will be doing. So if we make it to the national average, it will be because other jurisdictions are following the unfortunate lead of Ontario, New Brunswick and Nova Scotia of not properly funding post-secondary education.

The Chair: Thank you for your presentation this afternoon.

The committee is adjourned until Thursday, December 14, 2006.

The committee adjourned at 1754.

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