



ISSN 1180-4386

Legislative Assembly
of Ontario
Second Session, 38th Parliament

Assemblée législative
de l'Ontario
Deuxième session, 38^e législature

Official Report of Debates (Hansard)

Monday 29 January 2007

**Standing committee on
finance and economic affairs**

Pre-budget consultations

Journal des débats (Hansard)

Lundi 29 janvier 2007

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

Consultations prébudgétaires

Chair: Pat Hoy
Clerk: Douglas Arnott

Président : Pat Hoy
Greffier : Douglas Arnott

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Copies of Hansard

Copies of Hansard can be purchased from Publications Ontario: 880 Bay Street, Toronto, Ontario, M7A 1N8. e-mail: webpubont@gov.on.ca

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Exemplaires du Journal

Des exemplaires du Journal sont en vente à Publications Ontario : 880, rue Bay Toronto (Ontario), M7A 1N8 courriel : webpubont@gov.on.ca

Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS

Monday 29 January 2007

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Lundi 29 janvier 2007

The committee met at 0900 in the Sheraton Hamilton Hotel, Hamilton.

PRE-BUDGET CONSULTATIONS

CANADIAN FEDERATION
OF UNIVERSITY WOMEN, BURLINGTON

The Chair (Mr. Pat Hoy): The standing committee on finance and economic affairs will now come to order. The committee is pleased to be in Hamilton this morning.

Our first presentation is by the Canadian Federation of University Women, Burlington, if you would come forward, please.

Good morning to you. 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. Marianne Singh-Waraich: I am Marianne Singh-Waraich. I live at 1430 Thornton Road in Burlington, postal code L7M 1N5. I represent the Canadian Federation of University Women, Burlington.

The Canadian Federation of University Women is a not-for-profit, self-funded organization of female university graduates with approximately 10,000 members across Canada. In Ontario we have about 6,000 members spread around the province in small and large communities. Our mission statement asks us to put our education at the service of the community and to stimulate an intelligent interest in public affairs. We work for improvements in human rights and foster education by giving scholarships locally and nationally. We are members of the International Federation of University Women and have standing at the Canadian Commission for UNESCO as an NGO. We appreciate the opportunity to put our views forward today.

The first topic I'd like to address is poverty. Canada is a rich country and Ontario its richest province. Our economy, on the whole, is doing well and we can afford to look after all our citizens in a manner that enhances their dignity. It is incomprehensible to us, therefore, that in this land of plenty we pay so little attention to the neediest of our citizens. In Ontario, 200,000 people earn minimum wage and 1.2 million make less than \$10 per hour. More than half of minimum wage earners are between the ages of 15 and 25, and two thirds are women.

On January 2, 1989, Parliament voted to end child poverty, but the number of poor children has increased:

13,500 children use food banks in Toronto. The previous government cut Ontario Works recipients' income by 21.5%, but inflation since then has totalled 24%. We applaud the government's increase of 2% in 2006 and 3% in 2005, but it amounts to an increase less than inflation, so Ontario Works recipients are falling further behind. We applaud your plan to allow recipients to keep half of the extra money they earn as a step in the right direction and your decision to allow recipients to keep their benefits for six months. We would like to see the minimum wage, however, become a living wage and urge you to raise it to \$10 per hour.

Sharing the wealth with a maximum number of people generates more consumers since people at the lower end of the income scale do not invest, but spend what they have. European countries manage to have thriving economies with decent wages for the bottom 20% of their citizens. Surely we can too.

It is dangerous for social cohesion to have great differences in income between the upper strata and lower strata of society. It causes social unrest and, ultimately, civil war. Yet that is a trend in our country. The average income of the 100 highest-paid CEOs in the country is \$9 million a year. Yet only 10% of Canadian families have increased their share of the national income between 1984 and 2005, while the bottom 50% dropped from 5.6% to 3.2% in 2006. That's from Statistics Canada as quoted in the Toronto Star, December 24, page A20.

To use an example closer to home as a comparison, Ontario MPPs have increased their salary recently from \$88,000 to \$110,000 a year. We know that politicians work long hours and MPPs deserve a catch-up raise, but when you look at the percentage increase, it is huge when compared with the 2% and 3% raises Ontario Works recipients got and the increase in the minimum wage. Are minimum wage earners less deserving?

In 2005, a family of four on Ontario Works lived on less than \$20,000 a year; 16.9% of low-wage earners use food banks. Ontario ranks 10th out of 13 provinces and territories in funding welfare. Since 1989, this income has dropped 17.5% when inflation is taken into account. Moreover, only 27% of the unemployed in Ontario qualify for employment insurance benefits, thus driving up the number of Ontario Works recipients.

When we examine the working poor, we see that they often work two part-time jobs without benefits. Many of the working poor are physically or mentally ill or are

single mothers who have been abandoned by deadbeat fathers. They tend to have, on the whole, poorer education and work skills.

Poverty costs society. It forces up tax bills because we have to pay for the benefits, it depresses the economy and increases health costs, and it breeds alienation, poor nutrition, ill health and crime. It interferes with school performance, achievement and productivity. Healthy, well-educated people have the opportunity to be more productive.

In the GTA, the poverty level for a family of four is approximately \$32,000 a year. The average stay on Ontario Works is two years and, for disabled people, it is six to 10 years. They are people in transition, not people out to bilk the system.

When the current government campaigned for office, it promised to end the clawback of the national child benefit, which costs a family approximately \$162 a month per child. This clawback punishes the poorest children and is unconscionable. To date, the government has not acted on this promise. When asked, the reply is that ending it will contribute to the welfare wall.

Let us examine this welfare wall. It is defined as a disincentive to finding a job. The theory is that giving more money will allow people to avoid looking for work. When we examine the facts, however, we find that Ontario Works recipients are penalized for looking for work. Take the case that was much discussed in the Toronto Star and other media: Amany Johnson, a bank teller and single mom from Ajax who tried to better herself by working a few extra hours when they were offered. Because she worked those few extra hours, she lost her subsidized daycare and her subsidized rent went up. Now that is a welfare wall: penalizing people for working harder.

Recommendations:

(1) We would like to see the minimum wage become a living wage and urge you to raise it to \$10 per hour.

(2) End the clawback of the national child benefit, which costs a family approximately \$162 a month per child.

The answer that we think is going to work is child care and education, our next topic. The answer that the CFUW has been striving for since 1972—we have tons of policy on this from 1972 till now—is universally available child care. We thought we had finally got it last year on a countrywide basis, but were disappointed on the national level. It is time for the province to step up to the plate.

Easily available child care increases women's participation in the labour force, especially of those with a high school education or less. In the province of Quebec, once they introduced universal access, they found a 7% increase in labour force participation, according to Professor Gordon Cleveland, an economist of the division of management at the University of Toronto. This is of direct benefit to the economy that is wrestling with labour shortages because of the aging population and the falling birthrate. Moreover, working moms lift many families' incomes above the poverty level, resulting in

increased tax collection by government and a drop in the use of social services benefits since women with a high school education are overrepresented in Ontario Works.

In 1973, only 40% of mothers with young children were in the paid workforce. In 2006, that percentage climbed to 80%, so it is now the norm, not the exception.

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

Ms. Singh-Waraich: Thank you.

Eighty per cent of these families use non-parental child care at least once a week. The cost of child care to these families was only 5% of the family income for two-parent families, but for single-parent families, mostly headed by women, it was 15%.

0910

Quality of care is not the same in regulated and unregulated child care. The province of Quebec found that 25% of unregulated care provided was inadequate compared with 5% in regulated spaces. Long-term studies in the USA have found that early childhood education improves cognitive and language skills enormously. This is important to Canada, especially in Ontario because of its high immigration rate. Many children born in Canada come to school unable to speak English. This makes for poor performance at school and a high school dropout rate that's excessive, leading to social problems such as gangs and crime. Early childhood education goes a long way to helping all children adapt to a learning environment so they start from a level playing field.

The economy of Ontario has lost many manufacturing jobs this past year.

The Chair: Perhaps you could read your recommendations into the record and then we'll move to questioning.

Ms. Singh-Waraich: Okay, that will be fine.

I'm proposing that the government take a look at the non-profit sector, which is a job-creating engine. When you check Statistics Canada Satellite Account of Non-profit Institutions and Volunteering you'll find that it contributes more to the economy than the automobile industry.

We recommend:

—Increase funding for regulated child care spaces and early childhood education programs.

—Maintain and increase funding for the not-for-profit sector.

—Government regulations on labour standards—we're thinking of temporary workers, and these agencies should be regulated;

—Post-secondary education needs increased federal transfers for infrastructure neglected during the last 10 years of budget cuts.

In the environment, we are concerned that the government protect our biosphere, the escarpment, and put an end to expanding quarries. We don't want any part of the mid-peninsula highway. It could join Highway 6 or Highway 401 without bisecting the escarpment. Public transit should be improved, especially GO Transit. Industrial emission standards should be strictly enforced; and it is essential to have comprehensive legislation and agree-

ments in place for monitoring, research and plans to protect the Great Lakes for the long haul.

In health care, we want a strict enforcement of the Canada Health Act and improved home care services.

Finally, we've had a big case with the OMB in Burlington. CFUW followed that process over the past few years from public meetings on the feasibility. We have presented to city council. They then decided to postpone giving Wal-Mart permission to build on Fairview Street, where we experience gridlock. When it came to the OMB, we again presented. We were present every day for those hearings for the past few months, but last week Wal-Mart and the city reached an agreement without an important traffic study being presented. So we feel that this episode breeds cynicism about democracy, the political process and the politicians and that the planning process is broken, so why appeal to the OMB in the first place, is what this shows us. Recommendation: There should be a review of the OMB.

In conclusion, I would like to say that we hope you will consider our suggestions which we make not out of self-interest but with a genuine desire to promote the public good. Thank you for your attention.

The Chair: Thank you for the presentation. The questioning will go to the NDP and Mr. Prue.

Mr. Michael Prue (Beaches—East York): Thank you for the good work that your organization does and for caring about poor people, children and those who are in need.

I think I agree with everything you say here, but I am puzzled by a couple of the statements. I am particularly puzzled where you applaud the government's increase of 3% one year, zero for the next and 2% in the final year, particularly in the final year, when they didn't even give it for eight months, which rendered it about a quarter of a per cent when they finally gave it. Why would your organization applaud that? I would condemn it.

Ms. Singh-Waraich: Well, I think if you read it carefully, we're not happy with it. We think it's a step in the right direction as opposed to the previous government, which cut that amount.

Mr. Prue: Okay, so it's just that in comparison with the previous government, it's better, but it's not really what you want.

Ms. Singh-Waraich: No. We want a living wage of \$10 an hour and no clawback for the national child benefit.

Mr. Prue: Terrific. The second thing: Mr. Sorbara said some very strange things last week about the \$10. He thinks it's going to result in the loss of 66,000 jobs. I don't know where he got that number, nor does anyone else in the country. Does your organization think that raising the minimum wage to \$10 an hour will result in the loss of 66,000 jobs? Do you agree with that statement at all?

Ms. Singh-Waraich: Clearly not. What I've tried to indicate—since I ran out of time, I didn't go over that section in detail—is that if you provide universal access to daycare, as the Quebec study shows, by that economist at U of T, you will see that there is improved partici-

pation. It was a 7%—that Dr. Cleveland found—increase in participation in the workforce, particularly by women with high school education or less. So I most strongly disagree with Mr. Sorbara. I think I had heard him say that he felt that if he were to keep that election promise to rescind that clawback of the national child benefit, that would contribute to the welfare wall. I tried to address that in my presentation by saying that this doesn't make sense. People who try to work who are Ontario Works recipients get penalized when they try to work a little more and better themselves.

Mr. Prue: Your point is well made. You concluded, and I know you were stretched for time, with the future of the OMB. That bill was just before the Legislature in the last several months. The government, in my view—not in their view, I'm sure—put a bill together that helps the developers, helps large corporations like Wal-Mart, but has pretty strong disincentives for ordinary people to get involved at the OMB. Would you like that bill reopened, and if it is reopened, what would you do to fix it?

Ms. Singh-Waraich: I think we started out in this process when we first went to the public input meetings that the city hall in Burlington had, and they had a number of them. We had members at every one of those meetings held by the planning staff. Our impression was that the planning staff was not listening to anybody. They came into those meetings with their mind made up. It was clear to us, and we were at every single one. So we were not surprised that the planning staff recommended to the city hall people, the committee that dealt with that particular question, that the city of Burlington should accept Wal-Mart's proposal. But because we had a lot of people out at that meeting, when it came to council, council decided that they would study the question for a year. Because, of course, with the Places to Grow document, the encouragement is for high-rises and things around the GO station. Wal-Mart is right near the GO station—the proposed place where it's going to build. We presented to city council on that. So we were pleased, initially, when they did then decide to study the issue further for a year. However, Wal-Mart took them to the OMB. I think the city was worried about the money because they'd now have to fight a legal action. Moreover, they were in a poor position because their staff had recommended that they accept it, but the staff hadn't been listening to the citizens of Burlington.

I think we had faith in the process. We went to the OMB and we did present there, as did other community organizations, so we felt betrayed last week when it came to our attention that Wal-Mart and the city—we had a sense that something was happening because we had people at that hearing every day, and in the last few weeks we had the sense that people were stalling. They weren't saying anything of significance. The process wasn't moving forward.

The Chair: Thank you. The time for questioning has expired.

Thank you for your presentation and for being here with us this morning.

CHARLES SPETTIGUE

The Chair: I call on Charles Spettigue Jr. 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. Charles Spettigue: Thank you, sir. I am Charles Spettigue. I am here in my own stead only and not on behalf of any group, Mr. Chairman. I'm here as a criminal lawyer who practises in Hamilton. I accept legal aid certificates to assist the disadvantaged of Ontario, and I'm here to explain to this committee that legal aid is currently facing a financial crisis. It is, for all intents and purposes, bankrupt.

0920

Legal aid, as I'm sure you are aware, is essentially a government agency. It is overseen by the Attorney General's office. It operates, according to the legal aid society or corporation, in partnership with approximately 4,000 lawyers in Ontario. What we do is we accept legal aid certificates wherein the Attorney General at least promises that he will pay some of the fees and expenses associated with defending persons who are unable to do so. You have to appreciate that any criminal prosecution pits an individual against the full forces of the government of Ontario. The reality today is that the government of Ontario, the Liberal government, and Attorney General Michael Bryant do not adequately fund Legal Aid Ontario.

On October 21, 2004, Michael Bryant came to Hamilton and spoke to a local organization called the Hamilton Criminal Lawyers Association. He told those of us in attendance that night that he was committed to creating what he referred to as a robust and independent legal aid system. If that wasn't a lie and if that wasn't just cheap politics, the simple reality is that two years later he has failed miserably. As I said a moment ago, legal aid is broke. Depending on whom you believe and which report you read, they are, at minimum, some \$10 million in the hole for the 2006 year. If you look at the submission that I believe has been passed around on my behalf, I've appended to it various newspaper articles and some other legal aid documents that at least will indicate the source of the information I rely on.

First of all, I find it rather surprising that we're in this kind of crisis when you consider that, at least in the opinion of the Conservative members of the provincial Parliament, the Liberal government is sitting on a \$5-billion surprise surplus for fiscal 2005-06. By the same token, the people in Hamilton have just discovered that, according to Statistics Canada, Hamilton is one of the worst places for an unemployed person to be looking for a job. I took that, again, from the Hamilton Spectator. So you have a double whammy here. There appears to be money in the provincial coffers, but for some reason cabinet and the Attorney General are not distributing any of it to legal aid.

What we know and what my predecessor just pointed out is that the government granted itself a significant raise just before Christmas. Earlier in the year 2006, the Attorney General granted his assistant crown attorneys approximately a 40% raise. Senior crown attorneys now make somewhere between \$150,000 and \$200,000 a year.

If you look at just the raise of a senior member of cabinet, which I understood to be something in the area of \$39,000, and you compare that to the average legal aid certificate, which runs at about \$1,600, then that raise would have funded 24 legal aid clients. If you multiply that by what I understand to be the number of persons in cabinet, you then come up with a figure of something in the area of 650 disadvantaged Ontarians who might have been defended properly with those funds.

Instead, what is happening? What's happening is, Legal Aid Ontario has changed the system in midstream. By that, I mean that last October Legal Aid Ontario announced that it was delaying payments to the panel lawyers. You have to appreciate, first of all, someone such as myself—I have 22 years of experience practising law. I'm at the highest level that anyone can achieve in payment from legal aid. I reached that level over 10 years ago. Legal aid would pay me \$93 an hour, approximately. That is somewhere in the area of one quarter to one third of what I can command in the private sector. If I accept a legal aid certificate, I do it because I believe there's something that needs to be addressed—the administration of justice and some right of an accused person to have a proper defence.

I start out behind the eight ball because I'm taking a significant cut in pay. Now the Attorney General has determined that my efforts aren't worthy of a timely payment. The Attorney General has stopped paying and moved back the system. In October, they began by delaying payments approximately two weeks. In January, that became three weeks. The goal is to have payment deferred up to 60 days by the end of March, which is the end of the legal aid fiscal year.

Those deferrals represent what you might call the easiest, smallest payments; by that, I mean the simplest accounts. Legal aid is a bureaucracy; it has its own language. But the gist of it is that an account under \$1,000 can be very easily matched, in legal aid phrases, by their computer and marked for payment. That easiest, simplest form of payment will, in about two months, take 60 days. In the interim, I'm spending money for disbursements. I'm paying staff. If I draw the money on a financial instrument like a line of credit or a credit card, I'm paying a major bank a financing fee. If I simply take it out of my general account, I'm denying myself the opportunity to use that money somewhere else, whether it's growing my business, paying my mortgage, paying my staff or whatever. And yet the government of Ontario refuses, in my humble opinion, to address the issue.

Legal aid reform has theoretically been a topical issue for over 10 years. Michael Harris and his assistant, Attorney General Charles Harnick, addressed the issue in

the 1990s. They made some modest reforms, but they did nothing to cure the problem. The problem continues today. Instead of actually addressing the issue, all the government of Ontario seems content to do is to order more studies.

In the interim, and I've appended it—just because I financed this myself, I didn't have the opportunity to give you tabs, Mr. Chairman, but there's a document numbered A6 that has the title "Financial Situation—Questions and Answers," and it bears the title "For internal distribution only." That was a memo sent to the in-house legal aid staff. They are primarily located at 375 University Avenue in Toronto, but you also have area offices such as the one at 119 Main Street in Hamilton. What that memo does, in a nutshell, is guarantee the internal staff—who constitute government employees—their jobs, their salaries and their perks, including snacks. How is the Attorney General doing that? He's doing it by delaying payment to myself and the 4,000 lawyers who accept legal aid certificates in Ontario.

The Chair: You have about a minute left now.

Mr. Spettigue: Thank you.

It's my submission that if you care about the administration of justice, the Liberal government of Ontario will look at itself in the proverbial mirror and find a way of funding it. I ask you to consider these names: Baltovich, Dixon, Dalton, Driskell, Druken, Milgaard, Morin, Mullins-Johnson, Parsons, Reynolds and Truscott. Those are all persons who were determined to have been wrongfully convicted of very serious crimes. If you do not have a properly funded, robust legal aid system in Ontario, then you have a juggernaut of the state driving over the individual. That is no different than what occurred in Tiananmen Square. Thank you, Mr. Chairman.

0930

The Chair: And thank you for the submission. We'll go to the government and Mr. Arthurs.

Mr. Wayne Arthurs (Pickering–Ajax–Uxbridge): Mr. Spettigue, thank you very much for your presentation this morning. Certainly, not only do we have it here as a committee, but we'll ensure it gets forwarded to the Attorney General as well, if it's not with him at this point through other sources, so that he has it directly also.

I don't really have a lot of questions in the context of the presentation. I wanted to make a couple of quick clarifications. The surplus of 2005-06, when the Auditor General released his report, I think was in the neighbourhood of about \$300 million for the province on an approximately \$85-billion budget. Those numbers aren't exact, but it's more on that scale than the number that was presented.

We've had a number of comments, so I'm going to take this opportunity just to clarify for my purposes, anyway: We've had a number of comments during our deputations in the past couple of weeks about the salary increase that MPPs approved just prior to Christmas. I'll use a figure of \$25,000 per MPP; if you take into account the cabinet ministers and the like, maybe \$30,000 is a better number. With approximately 100 members, the

gross impact of that is about \$3 million, again, on an \$85-billion budget. So, in scale, it's not a significant total dollar value. Percentage-wise, it certainly rings a bell with everyone, but in gross numbers, it's not a hugely significant value.

Certainly your recognition at the end of those cases you identified of those who need public defence to ensure that they get justice is well-taken. I appreciate you bringing it forward in that particular manner to ensure that those who need to be defended get the defence that they justly deserve to ensure that we don't have the situations occurring that you've identified in your brief.

I'm not going to ask you a specific question, but thank you for the brief. I'll make sure the Attorney General, as well as this committee, has a copy so that he can be well aware of the concerns you're bringing forward. Thank you, sir.

Mr. Spettigue: Thank you.

The Chair: Do you have a comment at all, sir? There's a bit of time left.

Mr. Spettigue: Even when you readdress the government raises in the terms that they've been recalculated at, \$3 million is a third of the shortfall. Again, we haven't had one raise at all since 2002, and that was a mere 5% for the 14 years before that. I'm supposed to go up against a crown attorney tomorrow who's wallowing in a 40% raise. How do you justify that, Mr. Chairman?

The Chair: Thank you for the presentation.

HALDIMAND FEDERATION OF AGRICULTURE

The Chair: I call on the Haldimand Federation of Agriculture 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 purposes of our recording Hansard. You can begin.

Mr. Ron Young: Good morning. I'm Ron Young. I am president of the Haldimand Federation of Agriculture. Beside me is Frank Sommer. He's our treasurer and he has been involved in agriculture for most of his life.

Basically, a couple of general concerns we have are the large salaries that are being paid to executives of crown corporations such as Hydro One. Negotiators for the First Nations land claims disputes are getting paid \$180 an hour to sit on these boards, yet if you're asked to go as a juror to sit in court, you get \$25 a day. There seems to be quite an inequity here. Hopefully, some of those things can be levelled out so there's a little bit more of an even playing field. I realize that that doesn't have to do with agriculture, but it does affect us all.

I am here to ask for adequate funding for farmers for the Clean Water Act. We value clean water, but we want fair compensation for all the new rules that will impact us financially. Four hectares of land could be lost from production to secure a wellhead protection zone with a standard 200-metre circumference around that well. A greater impact would be on the protection zones that

encompass a two-year travel time for water through the ground that may impact anywhere from 50 to 1,000 hectares of land. For farms on rivers that are within a two-hour flow of water intake, the setback could be up to as much as a 100-metre buffer zone. This would affect adversely, in a lot of cases, market garden land, which would be taken out of production because you couldn't put nutrients on it to grow the crops.

Today, farming has had to get larger to stay viable and, because of this, a lot of the infrastructure in the rural communities is being lost. As we all know, most people of maybe my generation or at least a generation down have had no aunts, uncles, grandparents or fathers who have worked on farms, so if you ask a kid, "Where does milk come from?"—it's a factory. They have no concept whatsoever that it's coming from a cow; you know, it's being produced or cartoned and packaged within the factory. So that loss is bad. When you lose that, you lose the continuity. The churches are disappearing in the rural communities because there's no one there to support them. The agricultural businesses, the equipment suppliers and so on are getting fewer and farther apart. Because of the size of the farms, people are buying one large combine, whereas before they bought five small ones, and the infrastructure is all disappearing there.

As far as government is concerned, there has been very little money put forward to help the agricultural community in the infrastructure part of it. I don't mean to repair a bridge or roads that that are ruined by transports and stuff like that, but to help stimulate anything in growth. It's been all negative. A good example is, if you put value-added on your property right now, there are a lot of problems about impact. They are saying that if you put value-added on it and it becomes a manufacturing facility, it has to be taxed at that level for property tax, and it's sometimes as much as 500% of agricultural tax. So the Ontario government is asking us to put value-added on our property; then they turn around and take it all away from us. That's a major problem also.

We would like to see you, as the government, develop some type of agricultural education program that might be applied in elementary and secondary schools, where it would bridge the gap between the urban and rural communities. The population growing up would then have a much better understanding of what was going on with the farm community, because we do feed cities. That's the bottom line. If you lose your agricultural portion of the farms, we're going to have to import food and then the quality can go down. Right now, food comes into the country that is not grown the same as what we do in our country. We have very stringent rules and regulations. We can't use certain pesticides and herbicides, while on a lot of that food coming across the border it has been used already, and we can't compete against it. That's a problem there.

The other thing is, we would like to see more money put into rural fairs. The fairs themselves are one of the best liaisons between the public and the rural community. Most of them are agriculturally oriented and there are

cattle, birds, whatever—sheep, pigs—on display, and that's a good liaison to keep that going.

One of my other problems is that in recent years Agricorp and different payouts for insurance and so on—the timeliness of the payouts are being really badly delayed. Farmers are not getting the monies that they have coming to them in time to make timely decisions on what they are going to plant that year or the next year, and this delay in payments coming out has created some problems for farmers.

0940

The last point: We live in Haldimand county, and Nanticoke is there. It's a coal-burning facility. Both Frank and I sit on their committee just to know what's going on there. From our understanding, with a much less amount of money put forward to put in scrubbers and catalytic reactors to take the emissions out, these plants are very efficient and don't give out very many emissions, or much less emissions. Right now they have emission controls on two of the units, and the other six units don't have them on. It's much cheaper to put emission controls on those units and keep that coal-fired plant going than it is to build a nuclear plant. It's a lot quicker. There's a good supply of coal still available. If we close it down, one of the problems that is going to happen is that you're going to end up buying hydro from the US coal-fired plants that are being built now, and they are not nearly as efficient and environmentally friendly as ours are. Where they're located, that air is going to come across the lake and is going to pollute our land and water and air anyway.

There are a lot of other things that we really need, but to specifically put it down to this, that, or whatever it is is very hard. It's very general. But the farm community is a dying breed. We're getting much older, and there's very little incentive to start farming for anyone right now. That pretty well sums it up.

The Chair: Thank you. We'll go to Mr. Prue of the NDP for the next question.

Mr. Prue: A number of questions relating to what you had to say: Do you agree, or is it your opinion, that the government of Ontario, in hiring executives like Mr. Parkinson, who earned \$1.9 million a year in salary and benefits—do you think that's too high to pay any executive?

Mr. Young: Mr. Parkinson is from Hydro One?

Mr. Prue: He's from Hydro One, yes.

Mr. Young: Yes, I do, because I have my own company, and if I were to run my company into the red as far as they would, my company would be bankrupt and my pension and my payout would be zero.

Mr. Prue: The province of Quebec, who has a much larger hydro system, the province of Manitoba, and the province of British Columbia, whose systems are about the same as ours, pay about one quarter what we give to people like Mr. Parkinson. Should we be hiring executives in that range?

Mr. Young: I think, personally, if you hire an executive, he's worth what he does for the company. If he

makes the company profitable and it works then he should maybe generate more revenue for himself, but if he runs the system into the red, then no, he shouldn't be getting that kind of money. The quarter, like you're saying, is maybe more in line.

Mr. Prue: You talked about Agricorp and the payments being very slow. You didn't tell us what the length of time was. Have you received any payments from Agricorp, and if you did, how long did it take for you to get them?

Mr. Young: Right now, for example, I just got some of the CAIS stabilization payments through Agricorp for loss and BSE for 2003 and 2004, and I received them just prior to Christmas.

Mr. Prue: For 2003-04?

Mr. Young: Yes.

Mr. Prue: So you got those in late 2006?

Mr. Young: Yes.

Mr. Prue: Did they give you any explanation? I can see my friend here—

Interjection.

Mr. Young: I know. It was inventory readjustment, but it was for 2003-04.

Mr. Prue: That was the explanation? Is that a good explanation?

Mr. Young: Some of the other problems that have happened is where there were payments for crops and they didn't know whether there was going to be a payment or how much it was going to be, and then it would have taken—the exact time frame I can't tell you, but I know that they didn't know whether to plant the crops or not because the payments never came, and that was last year.

Mr. Prue: You've talked about electricity. The position you're taking here on coal-fired generation is probably diametrically opposed to what the government espouses. You do make a point about the costs of that coal-fired generation vis-à-vis how much it's going to cost for nuclear power, and the costs, I think, are of concern to all of us. How much, as a farmer, do you spend on electrical costs? I've heard that in some cases it's huge.

Mr. Young: In some cases, yes. In my particular case, I have a cow/calf operation, and our hydro might reach a high of \$400 to \$500 a month in the winter months because we have some heat trace for water freezing.

Grain-drying operations: They could have bills in the \$50,000 range. They could be quite substantial. I know that, through OFA, there have been some provisions for them to buy contract hydro to get some savings on it. So there is a substantial effect on it. A place that uses more hydro would be a dairy barn or a chicken barn. Those places would use much more hydro than myself as a cow/calf operator would use.

The Chair: Thank you for your presentation this morning.

Has the Community Action Program for Children arrived yet?

Interjection.

The Chair: I'm advised that they are not here.

INTERFAITH SOCIAL ASSISTANCE REFORM COALITION

The Chair: Interfaith Social Assistance Reform Coalition.

Good morning. Thank you for being here a bit early and accommodating the committee. 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. Brice Balmer: Right; thank you very much. It's good to see a number of you whom I know. My name is Brice Balmer. I'm the secretary for the Interfaith Social Assistance Reform Coalition, or ISARC. Theresa Nagle is with me. She's a sister with the School Sisters of Notre Dame.

We like to come and have people here who are from the area where you are, rather than bring in Toronto people. I am from Kitchener, and Theresa is from here and Hamilton and Waterdown. We thought there may be two other people coming who are part of ISARC activities in the Hamilton area, but at this point I haven't had a confirmation.

As I begin, I'd like to put five books in front of you that have been important for ISARC: the Transitions report, which was done by the Liberal government in 1986, which is when we began. We followed up in 1991, just as the NDP government was coming in, trying to figure out whether the changes that the Liberals had talked about in this book were actually being implemented. We then, in 1998, did *Our Neighbour's Voices: Can We Listen?* Unfortunately, a lot of people were afraid to speak in 1998, so we used what we call a social audit and the United Nations human rapporteur model to do *Lives in the Balance*, which is a social audit, where we did the interviews in 2003 and published it in 2004. What I have here is a rough draft of a revised *Lives*, and we're calling it *Lives Still in the Balance* because we find that in social welfare and affordable housing there have not been as many changes as we would have anticipated in the last three years.

We represent Ontario's major faith communities. You can see, in the blue at the back, the list of groups that are a part of ISARC.

We started with *Transitions*. We are now 20 years old, and in some ways it's very unfortunate because people on social assistance and the working poor or low-wage workers are in many ways worse off today in terms of what they can do with a market basket approach than they were in 1986. We've tried to work as hard as we can.

The poverty that we're talking about is not an abstract issue. There is widespread human suffering in our wealthy province, which is a shame for all of us. We could have made other choices and we did not, as a province. So there's a need for us to talk very specifically about what's going on.

0950

We propose that the Ontario Legislature and the current government make good on their 2003 election

promise to create a healthy province. If you see the election promise, it's a healthy province for all people in Ontario, and we would represent the 10% to 20% of the people in this province who are not healthy because of child and family poverty.

There are some indicators for the state of our province. I think most of you know them, and I'm not going to read everything that's in here. We also will supply Lives Still in the Balance to each one of you as an MPP, probably at the beginning of April, and we have a religious leaders' forum at Queen's Park on April 19.

First of all, homelessness remains too high. A lot of the Out of the Cold programs, not only in Toronto but in places like Kitchener and Hamilton and other places—the voluntary sector no longer has the resources to continue to have Out of the Cold and other kinds of resources. We are burning out people right, left and centre. We're spending money to put showers in churches rather than spend affordable housing money.

Second, the affordable housing monies have been tied up in the provincial government with rules and regulations. As some of you are well aware, the Association of Municipalities of Ontario has come out with a strong statement, and many regions are no longer opting into the affordable housing money. Some, like Waterloo region or like London and Toronto, are opting in; others are finding there are just too many rules and regulations. We're concerned about that.

I checked with our regional social services administrators, and there have actually been very, very few, if any, monies coming for retraining and job readiness. We hope that with the move of federal monies to the provincial level in terms of job training, some of the EI programs, which are excellent, can now be available for OW, ODSP, and other working poor people who can't qualify for EI. That's one of the real problems we have: Only 22% to 27% to 37% of people who pay EI actually qualify for EI when they're terminated.

Child poverty in this province has not decreased since 1995; in fact, it has been a difficult time.

We're more and more working with low-wage earners. In some of our food hamper programs that the religious community gets involved in, we have more and more and more low-wage workers coming into these programs for food hampers. Why should a person who works full-time have to come for a food hamper? That doesn't make sense in terms of our mythology.

Next to last is that many of us who are in social services go into the emergency wards and we find people who are actually homeless there. We find a lot of people in the health care system who should not be in the health care system, and they are there because of poverty and because we can't take care of them in other kinds of places.

Finally, we would just say that there has been a choice in priorities. ISARC has worked with the Ontario Alternative Budget. We feel that there could have been other choices made. They were not the choices that were made. We would just say that the Ontario Alternative

Budget needs to be looked at, because we could have done things differently.

What is ISARC recommending to this committee?

First of all, we believe that low-wage workers ought to make enough money to take care of themselves and their families, and we think the minimum wage needs to go to \$10 an hour as quickly as possible; in fact, in this budget. We would like to see the minimum wage used as a poverty reduction tool so that people really know what it means to work and get the fruits of their labours. We know that businesses that pay minimum wage are the least likely to move. It's Tim Hortons, it's McDonald's, it's your service industries; it's a lot of those places, your universities, etc.

Second, we would like to see the affordable housing agreement implemented. We'd like to see changes made in the affordable housing agreement so that regions opt in instead of opting out, municipalities opt in instead of opting out, and we would like to see the next phase of it come on board ASAP, with minimal policies, and flow through into the regions and the non-profit sector.

Finally, we've worked on the Ontario child benefit discussion. We just think the clawback needs to be ended. It's \$256 million. We just need to end the clawback. It's an ethical, moral issue. We need to do something about child poverty right now, not in the future.

ISARC will be delivering our updated social audit and proposals for policy changes in a lot more detail in our forthcoming book called Lives Still in the Balance. You will receive it in April as members of provincial Parliament. We are also holding our religious leaders' forum at Queen's Park on the 19th. All MPPs are invited to attend free of charge and also to participate in lunch with participants from across the province.

We actually would like to have a response from this committee on the recommendations we are making, or at least the recommendations that you are making, and we look forward to decisive action by the government so that Ontario's low-wage workers, social assistance recipients and all of their children can break the cycle of poverty, and child poverty will decrease, especially in a province which is doing very, very well economically.

Thank you very much.

The Chair: Before we go to questioning, I would advise you that our report is public once it's made, and you could receive a copy of that from the clerk when it is completed. If you want materials given to the committee specifically—you talked about this report. If you want it to the committee specifically, give it to the clerk, and then he will ensure that everyone on this committee receives that.

Mr. Balmer: We gave you this, and all of you will receive a revised copy of this, probably at the beginning of April, when it comes out. We'll deliver them straight to your offices.

The Chair: Very good. The questioning goes to the government. Ms. Matthews.

Ms. Deborah Matthews (London North Centre): Welcome. Nice to see you again, Brice—

Mr. Balmer: Thank you, Deb.

Ms. Matthews: —and nice to see you, Theresa. Certainly we have been talking since I first came on as parliamentary assistant to the minister, and I just want to say publicly for the record how much the contribution of yourself and ISARC is valued by us. The advocacy of the faith community is one that is essential to moving forward on these issues, and I wish more people took it as seriously as you do. So thank you very, very much.

With regard to your recommendations, I wonder if you could help us a little bit. I know you talked about the alternative budget and so on, but the reality is that there is only a certain amount of money that's available to spend on any new initiatives. I would agree with you that this is the most pressing priority right now, but there are others. As you travel the province with this committee, you hear that there are lots of competing priorities, and it's up to a government to decide what comes to the top.

You've boiled down your recommendations to three, but I notice that within your presentation you talk about some other initiatives as well, particularly money for retraining. I wonder: If you had to tell us what your highest priority would be, can you do that?

Mr. Balmer: We're just really upset that people who are on social assistance and the working poor are doing worse and worse and worse in a prosperous province. So I think it's up to you: How can we actually make a change for the children and the adults who are in poverty? Do we do this by ending the clawback? We see that as a very quick way of doing it for at least the children. We now are way below the Fraser Institute's poverty line. I remember when we said we'd never go below the Fraser Institute's poverty line, and we're way below it. I think for a family we're \$7,000 below the LICO, which is horrible for a family.

For us, it's just very, very important that children and families have purchasing power to take care of essential needs, and I think what's happening and why I say that so strongly—and the minimum wage. I keep going back and forth, because I don't think we can just go with social assistance people. We need to help the social assistance people get off social assistance. And the welfare wall is not an individualistic thing; the welfare wall is systemic. People can't get off because nobody gives them the—we in the social services community and people who work with the lowest 10% don't have the tools to help people get out of poverty, and it's amazing how many break the cycle of poverty with the help that we do give them. It really takes a lot of energy.

So our concern is, why do we keep having children and their parents and other adults in dire poverty in the province of Ontario? We've got to change that. You all are getting a 25% increase. I don't object to your 25% increase. I just think you also need to be moral and give that same 25% increase to people to people from whom you took away 21.6% and who now are about 45% behind. You all were behind in terms of your own stuff. Why do we keep poor people behind? That's my question. We can't blame the poor themselves. We just really

have not been helping the poor. So when are we going to get around and give poor people, especially children, a fair shake?

1000

I'll say one more thing in terms of economics. The Liberal government has done some excellent things in the area of education with Early Years and Best Start. But if you have a kid who is hungry and doesn't have adequate housing, how in the world is that child ever going to be able to take care of Early Years and Best Start and take advantage of that? You've got to do both of those things at the same time. We have kids who are hungry, kids who can't use the very programs that you've set out to give them a best start. If you don't have food, you don't get a best start.

Ms. Matthews: Do I have time for another question?

The Chair: Yes, about a minute.

Ms. Matthews: I think all of us want to take down the barriers to employment for people who are on social assistance. I think that's a universal value, that people who can work should be given the supports they need to work. It's more than just about the paycheque.

Mr. Balmer: Absolutely.

Ms. Matthews: What do you see in your work as the biggest barrier to employment for people on social assistance?

Mr. Balmer: I think one of the biggest barriers is that people don't have enough money to take care of their own basic needs, so they also don't have the extra money they need. And because of the social welfare system, they don't have any financial assets. When you go out to get a job, you've got to have a pair of shoes, you've got to have transportation, you've got to have job readiness. You're probably thoroughly depressed and have low self-esteem. A lot of us are working at questions of self-esteem because we've taken so much away from the people who are actually poor. But if we actually had people at a higher level, at a higher social assistance benefit, and they could then get into a job that had a \$10 minimum wage, they could take care of their children and they could take care of a lot of the other responsibilities they have. But as long as we keep people so poor, there are no bootstraps to pull themselves up by anymore.

We try as hard as we can. The agency I work for, which is House of Friendship, works with the lowest 10% of the people in Waterloo region. Our numbers are constantly increasing in terms of how many people we're dealing with on a yearly basis in terms of food hampers, in terms of community centres. We really get people up from under, but we're not getting help in terms of the people still living on such minimal incomes, whether they're working or whether they're on social assistance, and we just can't continue that, especially for their children.

The Chair: Thank you for your presentation this morning.

Is the Community Action Program for Children here? They are not.

THEATRE AQUARIUS
PROFESSIONAL ASSOCIATION
OF CANADIAN THEATRES

The Chair: Theatre Aquarius, could you come forward, please?

Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. Please identify yourself for the purposes of our recording Hansard.

Mr. Max Reimer: Max Reimer. I'm the artistic director of Theatre Aquarius in Hamilton. I'm also here as a representative of the Professional Association of Canadian Theatres and their support for the Ontario Arts Council's request of an increase of \$35 million over the next three years.

I've passed out a written submission that I hope you would look at that has the details of the increase and some of the issues of effectiveness of the Ontario Arts Council. The Professional Association of Canadian Theatres is, of course, very supportive of the work of the Ontario Arts Council and how effective they have been with the funds allotted.

I would use this time, then, if I may, to just talk more strategically and generally about some of the decisions that I'm sure you're facing. I think the important thing is to talk about the arts as a solution. The arts foster an understanding and an emotional connection that go to the heart of who are and the prerequisites to engage every Ontarian in social, political and economic endeavours that we undertake as a community and as a society.

I keep wondering what it would be like if everyone cared and understood. That is the start of every successful campaign and it's also the lack of which is at the heart of every failed social, economic and political endeavour.

I think about the Shaw character who says, "My mind is old and all made up," and I keep thinking of what a sad conclusion that would be to a life. But it certainly wasn't true of Shaw himself, who wrote *Pygmalion* at the age of 90. He was not to end his life with a cold heart and a narrow mind.

As we get older, we all hear about how you have to use it or lose it. I wonder what the source of wisdom is, why people in later life have such access to wisdom. The truth is, when you see our synaptic pathways and the way they work—even children, when they're very young, pre-speech, lose the ability to discern sounds around them that they don't hear in their language. So if we are continually losing our mental capacities, why is wisdom something evident in elderly people? The reason is, of course, that synaptic pathways get beaten into roads of reason and eventually paved into highways of insight. It's our mind's exercise that's very important, and the arts are the gym of the mind and the heart.

It's very important to make emotional connections to our work, our play and our lives, as much as it is the intellectual. Through the arts, for the young, it is the way they will be engaged with the creative and divergent

thinking that will be most in demand for the careers of the 21st century.

In the case of Theatre Aquarius, it's an example of our arts council's support. The Ontario Arts Council provides us with a little less than 7% of our crucial funding for over \$3.2 million of artistic activity in this community. We are attended by 17,000 students each season and supported by over 100,000 patrons coming to our door, in celebration of a community coming together that is transformed, that confirms our identities, and that shares stories between generations.

Theatre Aquarius and its sister organizations are not only key to the economic and social development of our cities, but their activities specifically create the requisite connections to how we consider ourselves a community and a society. You can read about the effectiveness of the Ontario Arts Council in the written submission or in the strong business case that's actually put forward by the Ontario Arts Council itself.

I'd like you to consider that the arts, in lieu of all the considerations you'll have and all the choices that you'll have to make, are not competing for the wonderful, important and high-priority social services that you're hearing about, I'm sure, as you travel across this province. But they are an enabler, bringing to a tipping point the social consciousness and the emotional disposition that makes all of our social constructs possible.

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

Mr. Tim Hudak (Erie-Lincoln): Mr. Reimer, thank you very much for the presentation today on behalf of both Theatre Aquarius and PACT. I'll have questions on both, but first I'll refer back to the document that you were so kind as to submit to us entitled *Support for the Arts—Investing in Ontario*, and your suggestion that a \$35-million investment over three years be made into the Ontario Arts Council's base funding. Is that a certain percentage each year or is that a \$35-million base increase for each of those fiscal years?

Mr. Reimer: Over the period of the three years; so a percentage thereof, yes.

Mr. Hudak: The one concern I will hear from time to time about the Ontario Arts Council is for smaller theatres—and congratulations to Theatre Aquarius for its ongoing success. We have the Twenty Valley theatre in my riding, in Vineland, that recently closed down, and Binbrook has a theatre that does a great job but that has trouble accessing funds. How can we ensure that the Ontario Arts Council's increased funding will help with some of the smaller theatres as well that are hard-pressed to make ends meet?

Mr. Reimer: That's a very good point. One of the priorities of the Ontario Arts Council is to be more inclusive and to add new voices and new visions to the programs. What they have done as a priority is balance the sustainability of the theatres that are in existence so that they can maintain artistic life. There's been tremendous growth in the smaller communities that have sprung up, and that is part of what has been reflected in this

request. We are only servicing those that are currently in existence and being supported by the Ontario Arts Council. The Ontario Arts Council wants to bring about this change to do exactly what you're describing, which is to allow new voices and visions to be seen and heard in all the various communities. The Ontario Arts Council does support a great many theatres, 48% of which are outside of the Toronto area, so it is a focus to ensure that it's not just a diversification of the audiences but also access around the regions.

1010

Mr. Hudak: Is it your view that the mechanism that OAC uses to determine their funding decision is adequate? Is it streamlined enough, or can we have some improvements there if they get additional funds?

Mr. Reimer: They went through a streamlining and a change several years ago, where they really took a look at the priorities of the council. It's been terrific. They have very much focused on exactly what they're trying to do, to take a close look at their vision. The board of the Ontario Arts Council has been very active, not just the staff members. I believe it's the mechanism: It's peer-assessed, as you know, arm's-length and peer-assessed. They've recommitted several years ago, and it's a very good and open process.

Mr. Hudak: You mentioned also in the PACT presentation about the importance of an art facility's infrastructure program. There had been one in the SuperBuild sports, culture and tourism partnership that, for example, invested in the AGH here in Hamilton. I don't think Theatre Aquarius received funds through that program. Is your view, on the capital side, that that should also be through the arts council, or are you satisfied with the previous model, when it was done through the province directly via SuperBuild?

Mr. Reimer: Ontario Arts Council would be the better mechanism, I think, especially with the focus on the smaller groups. They can then enable these groups to find a home and find a place to express themselves in the various communities. Ontario Arts Council would be by far the choice, rather than direct applications.

The Chair: Thank you for your presentation.

HOUSE OF FRIENDSHIP

The Chair: I call on the House of Friendship 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. Deborah Schlichter: My name is Deborah Schlichter and I'm the executive director of the House of Friendship. Thank you for this opportunity to present some ideas and some suggestions to you.

A little bit about House of Friendship: I've passed around with the written submission a brochure about House of Friendship. There's a bit more detail in there, but in general, we're a non-profit, multi-service

charitable organization in Kitchener-Waterloo. We were founded in 1939, so we've been around a while. We serve 32,500 low-income children, youth and adults annually through our 17 different residential and community outreach programs. These programs range from an emergency shelter for men, residential addiction treatment programs for men and women, transitional housing for youth, long-term supportive housing for men and women, emergency food assistance, community centres in low-income neighbourhoods, support programs for low-income moms, camp sponsorships and an appliance repair program. So it's a whole range of programs, and the theme throughout is working with low-income individuals and families.

Because our programs are very broad, our funding sources are also very broad and come from different levels of government: federal, provincial and municipal, both upper-tier and lower-tier. Some program fees also are included, as well as charitable donations and United Way. Our budget this year is over \$4.9 million, with a projected deficit of about \$180,000. Over the years, just in terms of looking long-term—I've been at House of Friendship for 23 years now, and we have noticed that there's more fragmentation in government funding. There's less core funding, more project-specific funding, the short term, and more reliance on charitable donations. This year alone, we have to raise \$675,000 in charitable donations to make it all work.

Twenty-five per cent of our funding comes from the province of Ontario, and a little bit more additional funding comes indirectly through our region, which is the regional municipality of Waterloo. It's this funding that I want to speak to you about today.

Because we have funding from a number of different sources, it gives us the opportunity to actually compare and contrast and learn from our experiences to compare the different funding partners. There are three sources from Ontario that we receive. The Ministry of Health and Long-Term Care directly funds our addiction treatment programs. The Ministry of Children and Youth Services directly funds our Kiwanis House program. Then the Ministry of Community and Social Services indirectly funds our housing support programs for three of our residential programs for hard-to-house homeless people. This funding used to be called supports to daily living, and it is now under what we call consolidated homelessness prevention programs.

Just general observations, some implications of what happens with that funding and some suggested solutions: I've always been told that if you're going to bring a concern forward, you should also bring us some solutions as well, so it's not just complaining but some practical things that can be done. The first concern is around the timing of approvals. When budgets get approved in the year is of concern to us. We're usually required to provide a budget either prior to the fiscal year or sometimes very early in the current fiscal year. We then have to wait for the budget approval process to be completed. Sometimes we get notified of budget approvals

very late in the fiscal year. Sometimes this happens as late as March, which is the end of the fiscal year. Sometimes it happens after the year is over. This can also happen with capital funding as well as operating funding.

I've given you some examples. I'm not going to read through them because they're in the written submission, but these are some very practical examples of where funding approvals have happened, often middle or late February or the middle of March for both operating budgets and capital budgets for that current year. Capital budgets particularly are very difficult to complete by the end of March if you get approved in the middle of March. It's just unfeasible, and in some situations we've had to ask for funds to be rolled over for the next year just because of that.

It's hard for us to make financial plans. It's hard to know whether we're supposed to hold funding back or whether we're supposed to spend on the risk that the money might come through; we don't know for sure. We might be given some verbal information but nothing in writing for a while, and then we have to wait for the written confirmation. If there's going to be an increase, we can't use it for the intended purpose unless we attribute those costs retroactively.

Most of our budget costs are for wages, and that is a continuous commitment. You can't hold people and wait for their wages to come in later, or add staff at the very end of the year. There's a continuous cost, and it's very difficult to hold that back and wait for funding approvals to happen. Often, we end up delaying equipment or needed repairs.

The solution I would propose is, since we have a set date that we have to submit our budgets by, there should be some sort of a set time frame, a minimum of so many months of turnaround for approvals to happen, a benchmark that we could have and can expect a decision by. This benchmark could be consistent across ministries, especially in departments within ministries. We've given an example of where, in some cases, some ministries are able to do this quite quickly. We have some good models already out there. We just have some examples of some things that don't work.

The second issue is really around funding increases, often non-existent, inadequate or unpredictable. Again, I've given you many examples of where situations have happened that we had to not have increases for many years, which is in effect really a decrease. Some of our programs have had no base increase or have had sporadic one-time funding increases, and sometimes we get decreases.

There are some examples there of MCSS funding that was cut back in 1993, and then no increases for very many years. In 2004, we got a one-time increase and then finally, in 2006, we got a base increase of 2%. It just doesn't make up for the years and years of no increases, or even the decrease that happened originally. I've given you examples from each of the ministries that we receive funding from of how this impacts us.

Solution: We would suggest that agencies need annualized base increases that we can predict, that are realistic,

based on real costs. These should be tied also to benchmarks. It could be to inflation or to real cost factors. As you know, we now have benchmarks in the housing system, and in that whole system we know exactly what our costs will be for the next year. Without realistic and predictable budget increases, our programs are forced to cut back, thereby impacting on the people who use our services, those who are most needy.

Thank you very much for this opportunity to share my observations and some suggested solutions.

1020

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

Mr. Prue: I'd like to start with one statistic that you've given here on the fourth page. It says, "Ministry of Children and Youth Services ... funding base for the Kiwanis House program was actually higher in 1993-94"—you give a figure of \$200,650—"than in 2005-06," where it appears to have decreased by some \$5,000 to \$195,302. What was the reason for the decrease? Are there fewer children, or the government just didn't want to spend the money?

Ms. Schlichter: It's unclear; there's no pattern. If you look over the years from 1993 to 2005, it goes up and down, up and down, up and down every year. There's no rhyme or reason why we might get an increase one year while we get a decrease the next year or why we get no increase for a while. It depends on some planning within the ministry, but the number of beds is exactly the same as what we started off with in the beginning, so there's no change in the program. What is changing is that we have to make up the difference with charitable donations, and client fees are not enough to make a difference in that budget. So it's back on the weight of the charities.

Mr. Prue: Obviously, this must cause a great deal of concern and consternation in your group. You must be, I guess, almost apoplectic at times in terms of trying to figure out what the government is going to do. Have you addressed this before today? Have you addressed this to them? If so, what was their response?

Ms. Schlichter: We're fortunate in our area. The Liberal candidate, John Milloy, organized a session with agencies in our area with the federal counterpart, Karen Redman, and it was around funding. We had an opportunity to bring our issues around funding, both provincial funding and federal funding, and share our frustration. It was a large room of people all sharing very similar frustrations. So this is not unique to House of Friendship. The solution at that stage was to take forward those concerns to each of their respective government levels. At this stage there have been some changes in some ministries at some times where we do see an earlier advance around knowing what's going to happen the next year, but I would say, across the board there haven't been improvements.

Mr. Prue: You write, "Increases can range from non-existent to 3% but are not based on an actual benchmark like inflation or on actual real costs." What are they based on, or do you know?

Ms. Schlichter: I haven't quite figured it out. It could be based on what's available in that budget that year or whose priorities have the most attention, and when it gets down to the Treasury Board. I don't know how these decisions are made, but I just want to point out that there doesn't seem to be any sort of rhyme or reason behind them that I can figure out.

Mr. Prue: In this budget process, would you advocate that the government set out benchmarks, that even if the benchmarks are low, at least to have some rhyme or reason so that in future there can be something to gauge whether or not you're getting adequate money?

Ms. Schlichter: Yes. We work according to benchmarks. We have charitable receipts that have to go out. So when somebody makes a donation, there has to be a sort of turnaround time when we get that receipt out to the person. So we set ourselves a benchmark around how quickly we should be responding.

We have other benchmarks around wage increases or things like this, where our wage increase for staff is based on inflation and Statistics Canada, for example. So we have our own benchmarks that we use. I think government should use benchmarks as well. There should be some reasonable time frame that agencies can expect an answer back about a submitted budget. It could be a four-month turnaround. We understand that it takes time to review them, but it's just the unpredictability about knowing when those decisions will be made and the lateness of when they're made that is causing us concern.

The Chair: Thank you for your presentation.

PAUL LAHAIE

The Chair: Now I call on Paul Lahaie to come forward, please.

Good morning.

Mr. Paul Lahaie: Thank you very much. Good morning, sir.

The Chair: You have 10 minutes for your presentation, and five minutes of questioning may follow that. I would ask you to identify yourself, please, for our recording.

Mr. Lahaie: My name is Paul Lahaie, and I notice that I'm the only one without any letters or representing anybody here. I'm just a resident of the city of Hamilton. So I'll make a presentation on behalf of my family.

Also, I notice Dr. Peter George is on this. I hope he's here. Maybe he can amend my credit that I once had with his class there. So maybe it's two-fold.

I'm going to read from a discussion paper just so that my thoughts are clearly spelled out here because I am very nervous. This is the first time I have ever participated in something like this.

I'd like to thank the committee in allowing me to come forward and express my opinions and concerns in an open, constructive manner through public consultation which I see today. Further, I welcome the committee to Hamilton since it's very important to travel our province and seek out the various strengths and challenges that are

faced regionally. I commend the committee and the provincial government in doing so as an attempt to be available and transparent throughout pre-budget consultations, seeking local input in the development of a provincial budget.

My attendance here today strengthens my belief that participation is open to all. I come here today to seize upon the process available and to bring forward my set of observations and suggestions to assist in the strengthening of our community and the province of Ontario.

Although I've become older and curse time, which spares no one, I accept that my role has changed towards family, community and to step forward as a leader to become involved in due process. It certainly places us in a position to seek out answers to issues that are of a very complex nature. Budgetary issues are amongst them and not easily sorted out.

My concern here today is to comment on the manner in which we collect tax dollars at the federal, provincial and municipal levels, all coming from the same group. The group doesn't change. I'll touch on three provincial examples briefly and make comment on how tax revenues are seen to be managed.

Canadian taxpayers recognize and accept that federal and provincial income, sales and excise taxes must cover the normal costs of the federal and provincial governments. Hamiltonians recognize too that a high proportion of their own surplus tax yields are destined for poor regions which are unable to pay their own way. This is understood as a price of equity, fraternity and national unity. But this doesn't alter the fact that not enough resources return to municipalities for reinvestment into education, public transit and social programs, to mention only a few.

I'm not here to argue a constitutional arrangement in which revenue collection was set out under the BNA act, but these fiscal complexities that face urban municipalities have changed from the days of a workforce that was destined to be farmers or communities bracketed as being taverns and inns.

Time spared no one, including cities. I make comment that the disconnection between public treasuries and local domestic needs drawing upon them does not exist within taxpayers' pockets or bank accounts. The same taxpayers supply the money for all layers of government. I see the disconnection is purely administrative and governmental.

One way to offset these rising costs is that the user must pay for some of these increased services with user fees, but the social programs, where they were once universal, have become ability-to-pay.

Recently, an after-school tutoring program announced that tutoring sessions will cost \$190 per student. This is a dangerously accepted trend as a practice since it moves away from the principles of universality. One could argue that this policy is creating artificial poverty and inequities within our school system, which is under the provincial umbrella. I find this disturbing, watching it unfold from the wings where I sit.

Other costs of urban life and urban infrastructures are most equitable related to the expansion of the economy.

But these tax reserves or streams are reserved for more senior levels of government, not municipal. The municipalities don't have this luxury.

An example of this comment would be that Hamilton has not fully benefited from the housing boom in its share of potential tax revenues. New housing developments have contributed positively on the income tax side through wages, but the revenues enjoyed are not shared. It's done through permits, as we all know.

So municipalities have loaded everything onto the property taxes, decade after decade. As with the camel's load that was increased a straw at a time, along comes a straw that threatened to break the back of the system. Increased property tax assessments on businesses and residences have added heavy operating costs that have threatened to bankrupt many establishments or prevent them from entering the marketplace.

1030

City and property appeals have hit \$3.8 billion in losses for the province of Ontario. Could residential taxpayers be faced with additional tax hikes from these losses? If so, will it traditionally be placed back on homeowners and businesses? For instance, Jackson Square, the building complex that sits next to us here, under the old assessment was \$72 million. Under the new assessment it's \$52 million, having a loss tax to the city of \$600,000 a year.

City budget appeals in 2006 have been earmarked from \$8.2 million to \$10.5 million in 2007 in the city of Hamilton.

The disconcerting fact that raises an alarm with me is that every loss of \$5 million in lost assessments amounts to a 1% tax increase across the city. The loss of a municipal tax base places a city at an economic disadvantage to offer a friendly environment to attract future growth on the employment side for new industry.

Compounding this potential loss of tax assessment in Hamilton, 25 cents of every municipal tax dollar collected is spent on social programs. If we look outside Hamilton, our neighbours are paying 15 cents on the dollar. This creates an economic inequity where our city cannot be as competitive to attract new businesses or keep old businesses within our community.

Hamilton is continually dependent upon transfers or grants where these social services are additionally offered to non-Hamiltonians as well through displacement of regions that don't provide for this necessary net of care. An example would be the fine work of Hamilton psychiatric care, which is the envy of the world. We offer to take residents from all across of the province. Patients require long-term treatment and tend to remain in the community so that these valuable health services can still be obtained.

The separation of public funds has allowed the provincial government to micromanage and standardize needs for a city. So much for the fiscal policy approach, when the economic approach, to me, should be that the principle of government works best and most responsibly and responsively when it's closest to the people it serves

and the needs are addressed. An example would be day-care here in Hamilton.

A remedy that I wish to see, and I say this as a father, would be that the federal and provincial governments allot as a right a share of the income tax yields—or points, which is the term provincially—to municipalities, and a proportion of the federal goods and service tax or provincial streams through sales tax. Municipalities themselves would share in the investment made possible by the rewards of economic expansion or a mixture of both from the GST and PST. For example, if a city conducts its fiscal house responsibly, we see urban growth. They should enjoy, on the tax side, revenue through wages. A city that self-sustains growth should be the benefactor.

I'd like to thank you for allowing me to be part of this process in the presentation on the bill. I'm available to the committee for questions.

The Chair: Thank you. The question goes to the government. Mr. Arthurs.

Mr. Arthurs: Paul, thank you very much for your presentation. I have to tell you, sitting on that side of the table, I did a couple of times when I was in a different capacity and shared that bit of nervousness or anxiety about presenting to a provincial or federal committee. From this side, after a while it's a lot easier.

Just a couple of things: As you worked your way through, I was making some notes. I come from a municipal background and can't help but concur in many areas that we need a better way for municipalities, ultimately, to be able to provide the services they do directly, responsively and responsibly to people and have the resource capacity to do that. I thank you for your specific suggestions, whether it be a portion of the Income Tax Act as one component or GST/PST inclusion as other options. I know some members are up and grabbing a coffee. But Mr. Prue is the former mayor of East York and I'm the former mayor of Pickering, and we share with Hamilton in some ways low or limited growth. His municipality had built out. Mine was at that stage for a period of time and had the similar kinds of challenges of finding new revenue sources to do the jobs we had to do. As I heard your presentation, it struck home not only from the standpoint of what you're facing in your municipality, where you live as a resident, but what we face in other jurisdictions as well, and certainly Ms. Marsales has been quite clear about the challenges that Hamilton faces. We do only have one taxpayer.

You mentioned the taxation. What do you see as the biggest challenges that Hamilton is facing in meeting its obligations to its citizens at this point in time? Is it infrastructure, is it social services, is it recreational services, the soft service side?

Mr. Lahaie: I see two problems. One is a social problem. I'm very concerned about the drug use in the community with crack and crystal meth, because it draws on police services, and also with the deterioration of downtown. Also, Hamilton is undergoing a transition of its economy, moving away from sunseting industries such

as steel to redefine itself. I'm very proud of the re-development of our harbourfront because I see that as the future.

For many years my father worked in the open hearth for Stelco here in Hamilton, where we had large numbers of employees who worked and contributed positively to the tax base. Now Hamilton is in need and we have to have streams of revenue returned to us so that we can rebuild our city, so that we can produce surpluses in taxes for other regions that also require help.

Mr. Arthurs: You mentioned in your presentation that—and I'll use the word “magnet,” only because of a similar example I have on the other side of the greater Toronto area, where Oshawa is something of a magnet in Durham region to provide support services for people who might not necessarily be as local to the community. Hamilton faces that as well, you're saying here: It's a magnet for needs because, as a single-tier city, you're providing a high level of service in trying to meet the needs of your own community.

Mr. Lahaie: Exactly.

Mr. Arthurs: I had the opportunity to see a little bit of the harbour. They had us out here with the chamber of commerce and board of trade for a small business agency meeting a few months ago, and I was most impressed. It's one of those gems in most municipalities and most communities that stays hidden to the broader public. Anything Hamilton can continue to do to raise its profile and raise the profile of those types of facilities can only help benefit in drawing people to the community and giving a greater sense of pride in its own community. Thank you for your presentation.

The Chair: Thank you.

ONTARIO ENGLISH CATHOLIC TEACHERS' ASSOCIATION

The Chair: Now I call on the Ontario English Catholic Teachers' Association to come forward.

I think you've heard this this morning, but you do have 10 minutes for your presentation, and five minutes of questioning may follow that. Please identify yourselves for the purposes of our recording Hansard.

Ms. Elaine Mac Neil: Good morning. My name is Elaine Mac Neil. I'm first vice-president with the Ontario English Catholic Teachers' Association. I'll leave it to my colleague to introduce himself.

Mr. David Church: Hi. I'm David Church. I'm on staff at the Ontario English Catholic Teachers' Association.

Ms. Mac Neil: Thank you very much, Chairperson. I don't know if you make that comment to all teachers in particular, because we do like to talk on once we get the opportunity for audience, but I will endeavour to keep my remarks to the point and within the allotted time.

I understand that you have before you the brief that our association prepared. Mr. Church was instrumental in that preparation, so questions at the end would probably be more appropriately directed to him.

We represent 36,000 men and women who teach in the Catholic publicly funded system in Ontario. We also represent occasional teachers. We do not represent support staff personnel; we are solely teacher representatives.

We certainly agree with Dr. Mordechai Rozanski's report of a few years ago. We've always endorsed the 33 recommendations, and we consistently invite the government to implement all of those recommendations. You'll find those comments on the first page of our report.

Given that, however, and recognizing that you will find individual bullets on specific items throughout the paper, ultimately you will find our recommendation on page 17 that the Ministry of Education, in consultation with OECTA, our affiliate, and other education stakeholders, meet annually to review and update the benchmarks in the funding model and conduct an overall review of the model every five years. That's certainly what we would like to see. That gives an opportunity for input into all the important areas.

However, failing that, we need to go back and look item by item at the issues that have a great impact on our membership, on schools and on communities.

1040

If you'll turn to page 2 of our report, “Funding the real cost of education”: Although we applaud the government's move to fund the real cost of teachers' salaries, we don't want that funding to detract from other areas in the funding formula that will restrict the ability of school boards to meet the real costs of other areas, such as transportation, school secretaries, administrator salaries and other types of services that are provided by school boards. We all know that education is more than simply what is delivered in classrooms from day to day. It goes into all of the other ancillary services that support the delivery of education.

In 1998, as you'll note in point 2.02, benchmarks for school operations, transportation and maintenance were unrealistically low. Since 2003, efforts have been made to keep those non-salary benchmarks in line with inflation, but the adjustments have been very small and often on a one-year basis only. They have not been adjusted in the same manner as teacher and administrator salary funding and, as a result, schools have been unable to keep pace with urgently needed maintenance, putting the health and safety of students and teachers at risk.

Aside from the basic inadequacy, this funding does not take into account regional diversity due to geographic location, remoteness, cost-of-living factors and so on. Therefore, you'll see the recommendation on that page: That the funding model benchmarks be adjusted to reflect the real salary and non-salary costs of school operations and maintenance, recognizing regional variations due to climate, cost of living and the conditions of school facilities.

I'd like to move ahead to page 4, then, with respect to occasional teacher costs. This is a group of individuals who are often kind of forgotten. They're in the background in the school system. These are the individuals who fill in for teachers when we're not available to

perform our duties. Their salaries have not kept pace in the way that teachers' salaries have over the last number of years. I would bring to your attention that this, again, was set at an unrealistically low level when the funding formula was introduced in 1998. School boards have received almost no increase in funding in the occasional teacher area from 1998 through 2003, and since 2003 they have received only the same salary adjustments as other non-teacher salary areas. We all recognize as well that this is not a given, that despite what school boards may be funded at for occasional teacher salaries, there is still the matter of negotiating that group of salaries at school boards around the province.

You'll see, then, as you move over to page 5, our recommendation: That the supply teacher portion of the pupil foundation grant be adjusted to reflect the real costs for occasional teachers.

Further on down that page—and I won't go into it in specifics—it speaks to the issue of teacher attraction and retention. That has been an issue that the college of teachers and certainly other advocacy bodies around have spoken to. It's not enough to attract teachers—and we know that right now we seem to have a surplus of teachers in Ontario; it's keeping them. After a lot of time and money have been invested in these individuals to get their qualifications, we want to make sure that when they enter teaching we can keep them there. Certainly salary is one of the components that will keep them there, given the increasing debt load that they come out of university with.

I'm not going to go into detail regarding secondary or elementary school staffing except to say that we applaud the government's initiative to reduce primary class sizes. This is something that school teachers, school boards, parents and students see as a benefit to the school system. However, we don't want those smaller primary class sizes to result in larger class sizes in grades 4 to 8. We see a disturbing trend in that direction and we encourage the government to continue to review that and to address that need so that we don't see the 4 to 8 class sizes blossom to sizes that teachers can't manage, especially given the diversity of student needs, split-grade classes across the province and so on.

Likewise, in secondary school: If you have children in secondary schools, you know that most of them take an average class load of eight credits per year. However, the funding for secondary schools is based on a 7.5-credit load. So the funding for secondary schools is not based on the reality that we in fact find in secondary schools.

You'll find on the pages that follow that David has been involved in preparing excellent information for you there on primary class size numbers, so I won't spend any additional time speaking to that.

On page 10 there's a section on new government initiatives, and I would suggest to you that the teachers understand the theory behind why government initiatives have been introduced. We certainly support many, if not all, of them. The concern is the stress it places on the school system in terms of one-time funding for new in-

itiatives that may or may not be continued over a number of years, so we're looking at the sustainability of a project as you're trying to build capacity in the school system. So we want to be sure that when additional staff are added or additional resources are put in place, we can count on those things being continued over a number of years to support the best implementation of that particular initiative. You'll see on page 11 the recommendation that new government initiatives be given adequate and sustainable funding in addition to funding for class size.

If you move to page 12, where we speak to special education, again the Rozanski report called for special education allocations, above and beyond inflation increases, to the benchmarks. We would certainly concur that the best place for students is in the classroom. We believe in integration. That has always been our position. However, integration without the proper resources for those students is not assisting the students at all. We see again a disturbing trend towards the hiring of more teaching assistants rather than teachers to assist those students in the classroom. Moving them into the school system is not about finding a place to put them; it's about trying to provide educational opportunities for them and meeting their needs. While educational assistants are critical to the education of these students, they are not able to provide the type of programming, the type of consultation with parents, to assist these special students in being able to meet their educational goals. So we encourage the government to take a close look at the funding around special-needs students, and you'll notice the recommendation on page 14.

In terms of adult education, you'll note that there's information at the bottom of page 14 on the type of funding that is generally available for adult education. Education is broken out into the under-21 programs versus over-21, and adult education falls into that area. However, if you look at the funding for adult education, it differs greatly from the under-21 funding. Whereas the funding that school boards receive for under-21 students is an average of \$8,937, the funding for adult education is \$2,587—considerably less. We recognize that you're not operating gym facilities; you're not operating a lot of other programs that would occur in a secondary school. However, it's not simply a matter of delivering a credit in a classroom either. There are special needs for those adults enrolled in adult education as well. Many of them left the system initially, I would hazard to guess, because they were having difficulty in schools at a time when perhaps we weren't as aware about special needs as we are today. So the opportunity to be able to provide those kinds of supports for those adult learners, I would suggest, is critical.

At the end of our report you will find some mention of child poverty, and we know that the best way to move families and children out of poverty is to provide better opportunities for adults to receive higher education. It improves job opportunities. Overall, it contributes to the betterment of society and to the revenue in the system. So

we would suggest to you that the adult education system—and we know that the current minister was involved in a review of adult education a few years ago—that particular area, needs some work and some review by the government in order to be able to improve the chances of those individuals.

The Chair: You have about a minute left.

Ms. Mac Neil: Thank you. I'm going though quickly to figure out what I have to say last here.

What I want to do then is to go to child poverty, at the end of the report. I don't think any of us would disagree that the best opportunities to move children and families out of poverty are better and more educational opportunities. We see that as critical. OECTA, the Catholic teachers, have always been proponents of social justice. We believe in that as we discuss where we want our school systems to go.

1050

You'll note on page 19 that there are a number of statistics that I hope you will take the time to read over. The rate of poverty in Ontario is 17.4%; the percentage of children in working families who live in poverty has doubled in 10 years; one in every six Ontario children lives in poverty; and more than 40% of Ontario's food bank users are children. Child and family poverty is highest among single mothers, aboriginal peoples, recent immigrants, visible minorities and those living with disabilities.

We know that social programs are extremely important, but there is nothing that will move families out of poverty and into being able to sustain themselves more than improving their opportunities for higher education. Their employability skills will certainly increase. Their opportunities to be able to provide for their own families and the dignity that that brings to families is something that we believe strongly in. We think there's nothing more important than being able to provide that education to children and families. On that note I'll end my presentation.

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

Mr. Hudak: Ms. Mac Neil and Mr. Church, thank you very much for the comprehensive presentation. It's homework for the members of the committee.

I have a number of questions; I'll try to get through them as fast as I can. One is outside of your presentation, though. Every year the finance committee will hear from various groups that believe that the boards should be merged, that there be a single public education system. I disagree with that argument, as I suspect OECTA would as well. But I'd like you to go on the record with respect to collapsing the Catholic system into one large public system.

Mr. Church: If the angle of that theory is financial, there is limited merit to that argument. I believe many of those efficiencies have been found over the years. It's no irony that some of the school boards that have been in the most financial difficulty over the past few years have been large school boards. Economies of scale don't

necessarily apply to school boards the same way they may apply to some other industries. I think it's a bit of a fallacy to say that there is financial gain to be had by merging the school boards. That's where I can approach that answer. I don't know if Elaine wants to elaborate further.

Ms. Mac Neil: I think my president might agree that it's a political question as well. We believe there's a lot of time spent on that discussion, for perhaps the reasons that David has cited. We believe that the discussion should be more around how we move forward from here, not how we create chaos in the system again for something that, again, has limited financial benefit. Ultimately, it's up to the citizens of Ontario, though, to make that decision.

Mr. Hudak: I appreciate the point. It's usually brought forward for financial purposes, but my thinking on this issue is pretty much the same as your presentation. So thank you for getting it on the record.

In this area, the greenbelt legislation is putting pressure on new areas for growth—for examples in the Glanbrook, upper Stoney Creek area and above the escarpment in the Niagara Peninsula—which means that populations will grow and both systems will see an increased demand at school facilities. Are you satisfied that the funding formula with respect to expanding schools or new schools is flexible enough to keep up with that shift in housing demand?

Mr. Church: I think that the funding formula does turn its mind to those sorts of growth issues. One of the concerns is just the responsiveness of those growth issues. Very often, school boards are expected to overcrowd existing schools for a number of years through the use of portable structures, etc.—which is a whole area of concerns for our members as well as for, I think, the public in general—before enough capital revenue can be accumulated in order to build new structures. If anything, we'd like to see a little bit more of a looking-forward approach, trying to predict where those areas of growth are and to be a little more responsive in a shorter period of time, instead of causing those areas to have large portables.

All in all, it's been sort of a balance between the large growth areas, but then for maintaining some of the older structures there still seem to be some concerns in terms of long-term maintenance, retrofitting, things like that, versus just the building of new schools in new areas. It's great when you are in the situation where you can build new schools, but we have many situations where we have older schools, whether they be in growth areas or not, that have gone a long way without adequate increases in that funding for that long-term maintenance to make them continue to be valued parts of the school system.

Mr. Hudak: Another area that you covered quite well in your presentation with respect to Dr. Rozanski's recommendations was around special-needs funding. One of the issues that this committee will wrestle with is provision of services for children with autism, particularly after they enter the school system. I know that the inter-

face of IBI treatment with the school day is a challenge. Do you have any advice to the committee with respect to autism services within the school system?

Ms. Mac Neil: No. I wouldn't have anything specific. I'm not a special-needs teacher and I certainly wouldn't want to highlight one special need over others. I recognize that that has been probably the most prominent issue around special education in the media, but no, I don't have any specific suggestions.

Mr. Church: It would be a concern, not so much in terms of the delivery of those programs, but the access to those programs, especially outside of the larger urban areas where you may not have the densities of students needing to access those programs. So I think the big picture needs to be looked at, where, if those services can be delivered and probably should be delivered, all the regional issues are looked after for parents of autistic children in the outlying areas from the large urban centres.

The Chair: Thank you for your presentation this morning.

WATERLOO CATHOLIC DISTRICT SCHOOL BOARD

The Chair: Would the Waterloo Catholic District School Board please come forward?

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 purposes of our recording Hansard.

Mr. Wayne Buchholtz: Certainly. Thank you very much. First of all, it's a distinct pleasure to be here today, and I'd like to thank you for this opportunity. With me today are the vice-chair of the board, Marion Thomson Howell, and the director of education of our board, Roger Lawler, to my right. My name is Wayne Buchholtz and I'm chair of the board.

The Waterloo Catholic District School Board last year proudly celebrated 170 years of Catholic education in the Waterloo region, and our purpose is simple: to provide a quality, inclusive, faith-based education. And we do it well.

We are committed to the implementation of the government's education agenda. We believe the school system has a responsibility to reach every student to ensure that these students graduate as caring, contributing members of society with the academic and social skills to transform the world.

To accomplish our work, we rely upon the government as a true partner. To this end, we acknowledge the investments the government has made in the areas of textbook and classroom resources, professional development for all staff, reduction of the average class size, specialty teachers, and staff to address learning to 18. These investments will go far to address our common goal of improving student learning.

However, there are still serious funding problems to address. The Waterloo Catholic District School Board

does not believe that the provincial funding model is broken. Rather, we believe that there are important areas where the model simply does not provide the necessary level of funding to accomplish the government's own goals.

We wish to speak to three particular areas.

Firstly, employee compensation benchmarks: Funding for employee compensation is a serious issue for all school boards as salaries make up over 80% of boards' operating expenditures. While we are grateful that the government took significant steps to address the teachers' salary gap, we are concerned about the way the change was funded, i.e., through the realignment of grants, and in particular the local priorities grant and the learning opportunities grant, the first being eliminated and the second significantly reduced. As well, we encourage the government to ensure that boards are able to fund salary demands of support staff, whose expectations are often fuelled by the agreements achieved by the teaching staff.

1100

Our second area is special education. While significant improvements have been made to the funding of special education since 1998, it is still an area where the needs of students far outstrip available resources. We understand the ministry's need to review the way special education is funded, but there is a growing gap between costs and funding because the model has been effectively frozen. We need to ensure that current funding levels are adjusted upward to reflect increasing costs while the model is being reviewed.

We support a layered approach to special education funding. The current practice of providing grants through the foundation grant and supplementing these with a separate and protected special education per pupil amount, or SEPPA, grant to assist in provision of services and programs for students with special needs must be maintained. It is necessary, however, that benchmarks within the SEPPA allocation be reviewed and updated to reflect real board costs, particularly at the secondary level.

The third area we wish to speak to is student transportation. A new and vastly improved student transportation model has been promised and re-promised to school boards since 1997-98. Like the teacher salary funding model, the current transportation model stands on an outdated and woefully inadequate benchmark based, as it is, on 1997 dollars. For example, when the model was introduced in 1997-98, some boards, such as our board along with the Waterloo Region District School Board, had already gone through significant restructuring and had engaged in a transportation cooperative. Nonetheless, the savings that we had encouraged were not recognized and the model in fact penalized our boards. We continue to pay the price for finding efficiencies.

As the government is aware, the several attempts since 1997 to create a fair and equitable transportation model have not been successful. Our request is simple: The actual cost of transporting students to school must be reflected in any model—a model that should be based on

the principles of equity, adequacy, autonomy, flexibility and accountability. Until such time as a new transportation model is released, school boards require interim funding to close the gap between transportation expenditures and provincial grants.

I'd like to now speak to the recommendations that we've developed. We're aware that the learning agenda of the government is a critical piece in the economic and social future of Ontario. The Waterloo Catholic District School Board supports the agenda and will continue to work tirelessly as a full partner with government to achieve this agenda. We very much appreciate the openness and co-operation of MPP John Milloy in this regard and we commend his enthusiastic support of public education.

To that end, our requests of our provincial partners are:

—That in the area of salary benchmarks, the Ministry of Education take steps to ensure that the provincial funding model for 2007-08 and future years reflects the cost of employee salaries; and

—That the Ministry of Education review and enhance the funding formula to ensure that benchmarks are in place to enable school boards to recognize the current costs of employee benefits; and

—That in special education the Ministry of Education continue to allocate funds for special education through a layered process that includes the foundation grant, a separate and protected SEPPA grant and funding to recognize the incidence of students with high needs, and that the benchmarks within the SEPPA allocation be reviewed and updated to reflect actual board costs, particularly at the secondary level; and

—That in student transportation the government provide additional funding to school boards in the area of transportation to bridge the gap between current cost and grants based on a decade-old benchmark; and

—Lastly, that the government and ministry make all announcements pertaining to the distribution of funds, whether operating or capital, in a timely fashion to allow school boards adequate time to plan and implement programs in a responsible, accountable, efficient and effective manner and that the announcements pertaining to the annual grants for student needs be made no later than March 31 of the prior year. Thank you.

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

Mr. Prue: Thank you for your presentation. I look here at your five recommendations or requests to the provincial partner. The first question I have, though, relates to number 1: "That ... the Ministry of Education take steps to ensure that the provincial funding model for 2007-08 and future years reflects the cost of employee salaries." Are employees' salaries at present being funded from some other line item and, if so, which one?

Mr. Buchholtz: The reality is that at the present time, teachers' salaries are funded at level, so the actual costs of teachers' salaries are being funded. However, it took the elimination of some grants and the redistribution or

reduction of other grants in order to achieve that. Our request is that all employees of the boards—so we talk of the groups outside of teachers: your custodians, your secretaries. Those people are not funded to their level right now.

Mr. Prue: Where's the extra money to bring them to their pay coming from?

Mr. Buchholtz: I'll turn this over to Roger Lawler, our director.

Mr. Roger Lawler: If I may respond, what would happen if you look at a board's financial, how they allocate funds is that money is being taken from plant operations, from textbooks to do that. The government last year funded teachers' salaries by cancelling the local priorities grant and moving other grants around. For example, the small schools grant was cancelled. At the same time, that only dealt with teachers' salaries. When Minister Kennedy put forth the guidelines in terms of 2%, 2%, 2.5% and 3%, essentially what happened is that boards paid that to CUPE and other unions as well and that was never funded.

Mr. Prue: So you took the money out of textbooks and everything else.

Mr. Lawler: Out of textbooks, out of plant operations, any other place you could get it.

Mr. Prue: Number two is much the same, that you want to "review and enhance the funding formula to ensure that benchmarks are in place to enable school boards to recognize the current costs of employee benefits." Where are those employee benefits coming from now if not from the government? Are you taking that money from textbooks and transportation and heating and lighting and repair and those things?

Mr. Lawler: If I may answer the same answer, essentially when the salaries were reviewed, the benefits were not. The minister of the day promised that benefits had to be reviewed, and essentially I think the rate of benefits we get is something around 12%. Some of the benefits are costing 17% to 20%, so it needs to be reviewed.

Mr. Prue: Number four: You're looking for additional funding for transportation. We've heard this a lot at Queen's Park, and I think it's well taken. In your school board, are you taking money from other sources to fund this or are you simply not bringing all the kids to school on the bus and telling some of those who maybe don't have as far to go that they have to make their own way?

Mr. Lawler: We're one of the many school boards that, about four years ago, had \$6 million in operating reserve. This year, to balance our budget, we used all of our reserves. Some \$500,000 of that reserve went to the transportation that we spend in addition to what we receive. So essentially, as we start our budget process for this coming September, we need to find \$2.5 million in cuts before we start because we have no reserves left. I, as a matter of fact, became a director of education 10 years ago, when the funding model came out, and I have been waiting for 10 years now for a transportation funding formula.

Mr. Prue: So just in a nutshell, then, to bring it all together: It has been difficult. You've gone into your

reserves, you've taken money from textbooks, you've taken money from school maintenance in order to fund what you're doing and there's none left and you need some real action. Is that pretty fair to say?

Mr. Lawler: Yes. It's also fair to say that in terms of the new investments in education, which have been welcomed in terms of reduction of class size and so forth, that is new money above and beyond what Rozanski recommended that has gone to new government priorities. So we have gone up in revenue, but that's gone towards new programs as opposed to addressing other issues in the funding model.

The Chair: Thank you for your presentation this morning.

1110

HANDS OFF CAMPAIGN

The Chair: I call on the Hands Off Campaign to come forward, please.

Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. Please identify yourself for the purposes of our recording Hansard.

Mr. Craig Foye: Thank you, Mr. Chair. My name is Craig Foye. I'm a staff lawyer at McQuesten Legal and Community Services here in Hamilton. I'm here today representing the Hands Off Campaign.

The Hands Off Campaign, as you may know, is a coalition of more than 100 diverse organizations calling for an end to the national child benefit supplement clawback from families on social assistance. Our members include the Ontario Association of Food Banks, the Elementary Teachers' Federation of Ontario, the Canadian Auto Workers union, the Ontario Association of Interval and Transition Houses, and a number of other groups and agencies. As I said, I appear before you today as a staff lawyer at one of our local community legal clinics.

For some context, I know you'll remember that many members of this provincial Parliament have expressed sincere concern about poverty in Ontario and in their own constituencies. In fact, on October 17, 2006, the United Nations International Day for the Eradication of Poverty, Premier McGuinty acknowledged that his government still has a lot to do to address poverty in Ontario, and we agree.

In 2006, I had the privilege of travelling to Geneva to present a report to the United Nations Committee on Economic, Social and Cultural Rights. That report, entitled the Right to an Adequate Standard of Living in Hamilton, was produced locally by the Income Security Working Group and was unanimously endorsed by Hamilton city council. On behalf of city council, our former mayor wrote to the UN committee, the Prime Minister of Canada and the Minister of Foreign Affairs, the Premier of Ontario, and all local MPs and MPPs, to express council's support for that report.

The report was written primarily because the Income Security Working Group looked at the concluding com-

ments of this UN committee from 1998 and saw that the areas of concern and recommendations made by that committee in 1998 remained critical and emergency issues in our community today. One of the major issues identified by the UN committee in 1998 and addressed in our report was the striking inadequacy of social assistance rates and the continued clawback of the national child benefit supplement. In fact, in the 2006 concluding observations made in May of last year on Canada, the UN committee recommends:

"The committee reiterates its recommendation that the national child benefits scheme be amended so as to prohibit provinces and territories from deducting the child benefit from social assistance entitlements."

What this international attention highlights is that the issue of the clawback is not only a critical policy matter, having dire consequences for the future health and economic well-being of our community and the province; it is a fundamental matter of human rights. Every citizen of Canada has an internationally guaranteed right to an adequate standard of living, ratified by Canada in 1976. Every day that the clawback continues, I would suggest to you, is a very serious breach of that right, a breach that attracts international attention.

While the current provincial government has made some modest improvements to income security programs in Ontario—welcome improvements, I should mention—such as implementing a 5% increase to social assistance rates, providing a six-month extension of drug and dental benefits to people leaving social assistance and establishing an emergency energy fund, the economic and social rights of low-income people in Ontario continue to be violated, at great cost to them individually and to society and our community more broadly.

The Hands Off Campaign was heartened to hear the Premier state to an Ottawa radio station that child poverty may be a central theme of the 2007 budget. We desperately hope that family and child poverty finally gets the attention it requires.

The ending of the national child benefit supplement clawback will go a long way and will represent a critical step to addressing child and family poverty in Ontario. In 1998, the supplement was introduced to alleviate poverty. Despite this goal, the national child benefit supplement is deducted from families on social assistance—some of the poorest people in our communities, I should mention. Every month, families on social assistance lose \$122 for their first child, \$105 for their second child and \$98 for each additional child; that is clawed back from them. The depth of poverty experienced by families on social assistance is significantly impacted by the clawback of the supplement.

As you will know, when this issue came up during the previous election, our current government promised to end the clawback of the national child benefit supplement. Instead of keeping the promise, unfortunately the government has only allowed the annual increases since 2004 to flow through to families on social assistance. These increases amount to roughly \$40 a month for each

child. The bulk of the national child benefit supplement is still clawed back.

I would suggest to you that this clawback is a cruel and discriminatory practice that deprives families and children of much-needed income because they have the misfortune of relying on social assistance. As a lawyer practising in a community legal clinic, I can say without reservation that social assistance rates fall far below subsistence levels, meaning that parents in our community are often making the always tragic choice of either paying the rent or feeding their kids.

Some members of Parliament have expressed that while they are sympathetic to the need to end the clawback, they are concerned about a so-called “welfare wall”; that is, they are concerned that the incomes of people on social assistance must always be less than those who are engaged in paid labour, even if it is at minimum wage. I ask the committee to consider, however, that the foundation of the concept of the welfare wall rests on a faulty assumption. It is assumed that people on social assistance are able to work but choose not to. I can tell you from first-hand experience assisting hundreds of people on social assistance that most would prefer to work but face significant barriers to doing so, including disability, child care responsibilities, lack of availability of high quality and affordable child care, lack of marketable skills, and discrimination. These people are not relying on social assistance because they lack financial incentive but because they have no other choice. To penalize people for being on social assistance is not only unjust; it perpetuates their poverty and isolation.

I suggest to the committee that all people in Ontario deserve a decent standard of living regardless of their source of income. If the committee feels that a family must be financially better off working than on assistance, a more just, decent and effective strategy is to raise the minimum wage. Keeping the incomes of families on social assistance at such dreadfully low levels—and, I would add, below subsistence levels—is not the solution in a province as well-resourced and as committed to justice, decency and social inclusion as ours.

We are aware that the government is considering the creation of an Ontario child benefit that would begin to restructure social assistance in this province. The creation of an Ontario child benefit provides an excellent opportunity to end the clawback. In fact, many of the campaign’s partners have joined a chorus of anti-poverty advocates calling for the creation of an Ontario child benefit that raises the living standards of all low-income families, including those on social assistance. It is worth stressing, however, that a new Ontario child benefit must end the clawback of the national child benefit supplement and increase the income of families on social assistance at least by the amount of the current clawback, as well as increasing the incomes of working-poor families.

In the longer term, the province must begin the work of analyzing social assistance rates to determine levels at which an adequate standard of living is provided to those individuals and families who must access those rates.

This issue was last directly addressed by the province of Ontario in the 1988 Transitions report, which recommended that the government use a “measure of adequacy that is clear, understandable and publicly available.” The inadequacy of the current rates has been addressed more recently in the 2002 inquest into the death of Kimberly Rogers, and more recently in the report of Deb Matthews to the former Minister of Community and Social Services in 2004.

In conclusion, ending the clawback and developing a comprehensive poverty alleviation strategy is both the just and responsible thing to do. What we don’t spend ensuring that people have a decent standard of living and are able to participate in their communities, we spend many times over in the health care system, the justice system, child protective services and education. To ignore this issue for even one more year or for even one more day is to further mortgage the futures of our communities in this province and is an affront to the dignity and human rights of those who must access social assistance in this province.

1120

If this government were to return these clawback monies to those families on social assistance as a first step in a poverty plan or framework, I can guarantee you that it would be seen and remembered by the citizens of this province as an ethical and forward-thinking government that acted on the basis of international human rights law, coupled with local fact-based evidence. I thank you very much for your time.

The Chair: Thank you. This round of question goes to the government and Ms. Marsales.

Ms. Judy Marsales (Hamilton West): Good morning, Craig.

Mr. Foye: Good morning.

Ms. Marsales: It’s wonderful to hear you at this pre-budget consultation process. It’s wonderful to be here in Hamilton, actually, and have Hamilton heard. Hamilton certainly has had its share of challenges, not the least of which of course is the poverty issue which you’ve highlighted.

You’ve touched on a number of issues—certainly the clawback of the child care benefit. As you see it, which of those reports—and I should pay tribute to my colleague Deb Matthews for all the wonderful work she’s done in this area—would help the largest percentage of Ontarians and the working poor? I think you’ve made the point that helping children certainly enables them to move forward in much more positive fashion, which then diminishes all the costs attached to the other areas of life that are less positive. So, in your view, which area should receive the priority of our budget?

Mr. Foye: Thank you very much, Ms. Marsales. I think that an emergency situation in our communities right now is that social assistance rates fall below subsistence levels. Families who rely on social assistance in our community right now are actually—and this is something I witness, being at the nexus of where people access the law when they are on social assistance. We see

families spiralling deeper and deeper into poverty when they are on social assistance.

So I think a first step to this, which is an emergency situation, is to return these child benefit supplement monies to the families for whom they were intended. In the longer term, I think there needs to be work done to develop an intelligent social assistance system, as Ms. Matthews has started to do the work on. In particular, what I'm referring to is a system in which the setting of the benefit rates is actually related to the cost of basic necessities in the community. Currently those social assistance rates in this province, and indeed in most provinces in Canada, are set as arbitrary rates and have no actual relation to the costs of basic necessities in the community.

Ms. Marsales: Thank you, and I want to also thank the McQuesten legal group for all they do in the community. They've done a wonderful job of addressing some of these issues, both from a legal perspective as well as the practical perspective of dealing with the people in need. So thank you very much for that. Would you have any other advice for us?

Mr. Foye: Just that I think the central point we're trying to make today is that the emergency situation is the clawback. If those monies can be returned, then this government will have already started to do some very important work in the area of poverty. And to continue that work, the next step will be actually developing an intelligent system that sets the rates based on an analysis of basic needs.

Ms. Marsales: Thank you.

The Chair: And thank you for the presentation.

Mr. Foye: Thank you, Mr. Chair.

McMASTER UNIVERSITY

The Chair: McMaster University, if you could come forward, please. The committee appreciates your being here somewhat early. You have 10 minutes for your presentation, and there may be five minutes of questioning following that. Please identify yourself for the purposes of our recording Hansard.

Dr. Peter George: Thank you, Mr. Chair. My name is Peter George. I am the president and vice-chancellor of McMaster University. It's a position I've had the privilege to hold for the last 12 years, and I've actually been a professor at McMaster for 42 years. So you're looking at somebody who's long in the tooth and much experienced with post-secondary issues in this province.

Let me begin by thanking the committee for the opportunity to appear in your 2007 pre-budget consultations. I want to get right to the point and then leave some time for questions, I hope.

Ontario students, their families and future employers need your help. They need you to make strong recommendations to the Minister of Finance that he fund the actual undergraduate enrolment increase in 2006-07 and the unbudgeted projected increases for subsequent years; that he commit to funding a reform of the university

funding formula that brings grant levels per student in line with today's requirements for quality; and that, in co-operation with the federal government, he set up a realistic plan to fund the backlog of needed maintenance and repairs of campus facilities.

I don't think I need to make the economic, social or even political case for a stronger post-secondary education system in Ontario. All of Ontario's parties have recognized this. The point was well made in Bob Rae's report, in the Minister of Finance's 2005 budget, and in many speeches by the Premier and other political leaders in this province. The public understands it and supports it. The vision for higher education in the 2005 budget made it one of the best received in recent history.

So what is the difference between the vision and the reality? The first problem is the unfunded enrolment increase. There are 14,000 undergraduate students in Ontario universities this year who are not yet being funded by the government. It is important to note that this unexpected growth is a result of both new first-year students arising from unexpectedly higher application rates, and of retention. Higher retention increases the number of entering students who ultimately graduate. It is one of the performance measures required in our accountability agreements with the province.

What does this mean? If we look at the Ministry of Finance's assumptions and expenditure sensitivities table in the 2006 Economic Outlook and Fiscal Review, it says that a 1% increase in enrolment would cost the government \$26 million. So a 14,000 unplanned enrolment increase, approximately 4.3%, leaves a funding shortfall of over \$100 million for 2006-07 that will only increase in subsequent years.

Applications for next year are also running well ahead of forecasts; they are up 5.2% over the original projections. Without a change in funding or a dramatic reduction in new admissions, we are looking at some 27,000 unfunded students next year, with attendant increases in funding shortfalls that will reach an estimated \$300 million by 2009-10.

In many ways, we really should not be surprised at this unexpected growth. One of the primary goals of the Reaching Higher program was to increase access to higher education in Ontario. The program has been very successful in terms of access. The government, as well as the rest of us, told students and their parents that Ontario was committed to giving our citizens access to a high-quality post-secondary education and no willing or qualified student would be denied a place. The vision was supported by a number of innovative programs targeted to increasing access, including \$1.5 billion over five years for additional student financial support. Reaching Higher has been an unequivocal success in these areas.

What are the options for universities? We are already considering downsizing at McMaster because of a significant structural budget deficit. We may have no choice. We should not have to come to this.

What are the options for government? There may be some room for short-term fixes by re-profiling the fund-

ing from some of the Reaching Higher initiatives that are taking longer to implement than planned, but I would argue against that. The government could change its access policy and encourage fewer students to seek higher education, but I would argue against that too. The more educated our population, the better our prospects for economic prosperity.

I urge you to recommend that the government commit to funding actual enrolment growth. This should be our preferred course of action.

Even if funding increased to match enrolment growth, there would still be a challenge. The grant level per student is challenging our ability to provide our students with the quality of education they deserve and that their families and future employers expect.

1130

When governments embarked on their deficit-cutting programs of the 1990s, university operating grants were adversely affected. As the funding has been restored, funding has gone to targeted initiatives and special-purpose programs that have required additional growth, and they have not adequately addressed the underlying quality issues.

Now, these are all worthy initiatives and have been politically popular. Student financial assistance is an example. As with Reaching Higher, many have been focused on the important priority of increasing access. As the enrolment numbers demonstrate, the access initiatives are working, adding to the pressure on quality.

But is the mix of spending right? To me, if you think of the post-secondary education system as a highway, we are doing a great job of building on-ramps, but not devoting enough resources to maintaining and improving the road our students need to travel to get to their destination.

While the enrolment adjustment I described earlier is pressing and needs to be addressed immediately, the necessary adjustments to the basic grant level per student could be phased in over a few years. But the commitment to do so needs to be made now so that we can plan to deliver the learning environment to deliver our social, economic and civic objectives. Even our Premier has recognized the essential need to improve Ontario's operating grant per student from our current 10th-out-of-10 position in Canada. I urge you to recommend a review of the funding formula to the Minister of Finance.

One of the legacies of the era of fiscal restraint is that necessary work for the upkeep of facilities and equipment has been deferred. The legacy cost of deferred maintenance for Ontario universities is estimated to be \$1.8 billion. Provincial funding to address it for all universities in Ontario amounts to only \$27 million annually. Estimates of an appropriate level of funding are in the range of \$270 million annually.

At McMaster, we have a deferred maintenance liability of \$158 million. We recently received this year's allocation from the Ministry of Training, Colleges and Universities to deal with it: \$1.8 million.

I am concerned that federal-provincial issues are getting in the way of finding permanent solutions. Ontario's

share of the federal PSE infrastructure trust fund would help. For those of us who see the desperate need on a daily basis, we would like to see an early resolution that does not penalize Ontario students and that maximizes the amount of funding for higher education in Ontario. I urge you to recommend in your report that, in co-operation with the federal government, the Ontario government establish a realistic plan to fund the backlog of needed maintenance and repairs of campus facilities.

I have not dealt with a number of other issues of importance to our students, faculty and staff members, including research, but I wanted to focus your attention on some of the core issues facing us today. It is sound public policy to be ambitious about our post-secondary education system and the essential role it plays in our future prosperity, and I urge you to make ambitious recommendations in your report.

The Chair: The questioning goes to the official opposition. Mr. Barrett.

Mr. Barrett: Thank you, Dr. George. You make reference to the unexpected growth in the student body, and I'm always a bit puzzled by that as well. The baby boom crowd have gone through and now have grandchildren. Again, where are these students coming from?

Dr. George: Well, it is a very interesting phenomenon. As part of Reaching Higher, both the ministry and the Council of Ontario Universities co-operated on doing some projections of enrolment demand. There was a popular conception that the double cohort would be a hump and then enrolment pressures would level off in the latter part of this first decade, but in fact the numbers are staying up. It's partly the baby boom echo effect, it's partly an increase in participation rates, and it's partly an increase in retention rates. In terms of this increased demand, most of it has been focused on the universities, and very little of it on the colleges.

Mr. Barrett: Okay. You make mention—and there's a beautiful campus at McMaster, by the way. A lot of people don't realize it; it's almost hidden in the city.

Dr. George: Thank you.

Mr. Barrett: The repairs and maintenance: You speak of a \$158-million shortfall and on allocation this year of \$1.8 million. You're considering downsizing McMaster? What would that entail?

Dr. George: We presently have a \$20-million operating deficit in our budget. The basic problem is that the combination of operating grants and the capped tuition increases are less than the rate of inflation and have been for many, many years. Gradually, the cost-cutting eats into any potential fat in the system, so we're under instructions from our board of governors to put that budget into balance.

Part of that problem is that in the revenue shortfall, almost \$5 million was projected to come from the quality improvement funds, and those funds have not been flowed by the government. So part of that is revenue expectations that did not materialize; part of it is the pension issue. We have a defined benefit pension plan, and you may have heard from your own university rep-

representatives that a number of the universities are in a problem where the defined benefit pension plans are causing serious burdens on operating resources.

Mr. Barrett: Just a last point: In your call for a reform of the funding formula, the operating grant per student in Ontario sits at number 10 out of 10 provinces. The operating grant per student, just a ballpark figure: Roughly what is the student's share of those payments from students? What percentage of the operating and overall expenses is covered by students, covered by maybe—I'm not sure if you get funding for research.

Dr. George: For the average student, I would say it's about half. Twenty-five years ago, the share of our operating budget that came from tuition fees was about 17%. The share from operating grants was in the high 70% range and the rest was ancillary revenues. Nowadays it's about 45% tuition, 45% government grant and about 10% ancillary revenues. There's been a dramatic shift over the past 25 years to put more of the burden on the student contribution. At the same time, the student assistance programs have been improved so that students from families with financial barriers are able to attend university.

The Chair: Thank you for your presentation.

Dr. George: If I might, Mr. Chair, would you allow me two minutes to mention a couple of other policy issues that I think might be worth the committee's consideration?

The Chair: Do we have consent? Agreed.

Dr. George: Thank you. I think the Reaching Higher plan, as I've tried to indicate, has been a success on the access side. We're on track on the accountability side. It's the quality side that I'm most concerned about. I think there are two or three policy issues that are really important for us to get our heads around, and we're not going to solve that today, but one of these is how to preserve the important emphasis on the quality of education in the face of these unexpected pressures on access. That's something that I think we need to worry about as partners in this, because it is not a university problem and it's not just a government problem; it's a problem that confronts all of us and our students in their capacity to excel.

Second, an important issue has developed about how access is managed between colleges and universities. In recent years, the increase in demand has been mainly at the university level but not at the college level. Now universities are getting a disproportionate share of the enrolment demand as compared with the funding allocations. Does that mean politically that you reallocate funds from the college system to the universities or does it mean that you create incentives to produce more of the very successful collaborations between colleges and universities like those between McMaster and Mohawk? We have a wonderful new program in the bachelor of technology that will be a concurrent program between college and university which has not yet received funding approval but seems to me to be a kind of creative response to this access challenge and the management of it between colleges and universities.

Third, the fiscal imbalance issue: From the government's point of view, the universities are always saying, "We need more money," but we're fed in those expectations by the government's hopes for us, by the Premier's saying, "We're 10th out of 10 in funding," by everyone's agreement on the relationship between post-secondary education and the prosperity agenda.

So my question is whether the fiscal imbalance issue and the resolution of it is the best vehicle, perhaps the only vehicle, for a permanent solution to the funding issues confronting higher education in this province, and how can we help? How can we help you make those cases for an effective resolution of the fiscal imbalance issue?

Thank you, Mr. Chairman and committee members. I appreciate your attention.

The Chair: And thank you for the presentation.

We are now recessed.

The committee recessed from 1141 to 1259.

McMASTER CENTRE FOR MEDICAL ROBOTICS

The Chair: The standing committee on finance and economic affairs will now come to order as we start our afternoon session here in Hamilton.

Our first presenter is McMaster Centre for Medical Robotics, if you would please come forward.

Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. If you would please identify yourself for the purposes of our recording Hansard, you can begin.

Dr. Mehran Anvari: Good afternoon, members of the committee. Thank you for this opportunity. My name is Mehran Anvari. I'm professor of surgery at McMaster University. With me I have Mr. Mike Parfitt from MDA. He is a father of Canadarm and the space robotic program that we're so proud of.

We are here today to talk about a request for funding for commercialization of a new robotic surgical platform, which is a partnership between McMaster University and MDA. You have your handouts.

In a recent report done for the Ontario government by the Change Foundation, it was pointed out that in the next 10 to 15 years the biggest change in health care is going to come with the integration of IT into health care, allowing us to offer our patients more targeted, minimally invasive techniques. And it's been pointed out that robotics will play a major role in this innovation in health care.

When you look around the world, at the moment we are dealing with one surgical company producing surgical robotics in the United States. Even within that company we've seen an incredible growth in the last five years. The market capitalization for that company went from \$385 million in 2003 to \$4 billion in 2006, showing the hopeful future that people see in this field.

Ontario has a very strong heritage in robotics. In fact, Ontario leads the world in robotic technology, thanks to

over \$2 billion of investment that Ontario has made in the area of space robotics. Again, Mike and his engineers have built some of the most sophisticated robotics in the world, mainly for the exploration of space. However, what we would like to do is to transition that know-how from space robotics into robotics in health care. In fact, over the last three years, MDA and McMaster University have created a partnership to do just that.

Hamilton and London are two of the largest and best-known international robotics surgical centres in the world. Our centres, CMAS and CSTAR in London, are recognized for their contributions to these fields. In fact, our centre in Hamilton became world-recognized three years ago when we did the first long-distance robotic surgery, where the patient was in North Bay and the surgeon was in Hamilton. Since then, we've done multiple operations and are still to this point the only site in the world which is capable of doing such an operation.

This has led to a great deal of research with other institutions such as NASA. Some of you may have seen some of the incredible amount of media which has come out of our work as well as the US military. Our program has been applauded by Premier McGuinty; in fact, it was he who two years ago called for the commercialization of some of this innovation. We've certainly followed up on the Premier's recommendation.

We have received some of the highest awards the country has to give for innovation: the Diamond Award for innovation in technology from Ontario as well as a gold medal of distinction from the federal government. So the work has been recognized both nationally and internationally. Within the city, the university has invested in the research infrastructure to support the development of the new robotic platform with the creation of the centre for medical robotics.

What we want, and what we have over the last three years worked to develop and patent, is a new platform for surgical robotics that has more flexibility, capability and functional capabilities than the current platforms available. There's certainly a great deal of interest from surgeons, industries and the various other potential components. This is a six-arm, robotic bed platform, which is a major departure from the current robots available, which are quite bulky, expensive and difficult to manoeuvre.

Towards this R&D, we have had over \$10 million of investment from MDA and the university for research. Most of these research dollars have been gained through various competitive grants, and certainly we are continuing to seek and get research dollars. However, we have reached a crossroads where we need to take that research to the next level of commercialization. Our need is \$10 million to develop a fully functional prototype as a partnership between MDA and McMaster. This involves 15 engineering positions as well as testing and validation of the new modality between CMAS and CSTAR in London. We need to showcase the capability of this new robotic platform before we can get future investment for commercialization.

I think the benefits for Ontario are very obvious. This could be the start of a very significant multi-billion-dollar biotech industry. It allows us to capitalize on the investment we have made to this point, and it will certainly create new jobs and new economic growth in the province. It increases and supports other IT industries in the province that provide the components, and it also allows us to maintain our global leadership. Without this, there's a loss of opportunity to transition from space robotics to health care, a loss of leadership and, frankly, we may lose some of the expertise. I know that some engineers at MDA have gotten or are getting offers from elsewhere. Space robotics has a finite lifespan, and I think that unless we transition to a new market, we're going to lose some of that know-how in the country. It's really a negative message to other innovators who have spent their time developing things that they cannot commercialize.

As far as deliverables, we will deliver a full-scale prototype with appropriate testing. Both MDA and CMAS have a track record for delivering on time. Recently, MDA was asked, after the last shuttle crash, to develop a new robotic arm to be designed, built and delivered within nine months, and they did so. That's for the new shuttle. So we both have track records for delivering, and we believe there's going to be a significant amount of media interest and public interest in the future in this area.

Mike?

Mr. Mike Parfitt: I'd just like to emphasize one of Dr. Anvari's points. He's already said that Canada leads the world in robotics, and I would say that 90% of that work has been done in Ontario for the last 30 years. The major programs it's been done for are the space shuttle and the International Space Station. That work is in decline, as you've probably seen. The space shuttle, for example, will close down in three years.

MDA has recognized this. We have to diversify to not be a one-horse company. In the last three years, we've invested over \$5 million to get into the field of surgical robotics. We've done that in concert with McMaster engineering, McMaster health sciences and Dr. Anvari. We've got to the point where we've created the technologies that the surgeons want. We've got to the point where we've built an engineering model, but basically we need help to get over the final hurdle, which is to build a formal prototype for commercialization. That's what you have to do to establish the business and break into the multi-billion-dollar opportunity.

In the last three years, we started off as a one-person company; this year, we will get to 30 people dedicated to medical, so we have the beginnings of a company. I believe, if we get to the commercialization stage, we will actually create hundreds of jobs, which would all be in Ontario. That is our number one edge in diversifying the company.

The Chair: Thank you. The questioning will go to the NDP. Mr. Prue.

Mr. Prue: Thank you very much for the deputation. I assume that the reason you're here before the finance

committee is that the economic development minister has not been forthcoming with the funds, because that would be the logical place to go, not here.

Dr. Anvari: Yes, we have contacted both the minister and the assistants. The current programs available do not offer support for the scale that we're asking. While the minister was very supportive, at the moment the ministry does not have programs which can fund individual \$10-million requests for commercialization. Most of those funds are dealing with requests from \$50,000 to \$250,000, which is good for small gadgets, but when you're dealing with a full surgical robotic platform, that's inadequate. So we're requesting some format to allow commercialization of innovations which are at a much larger scale, and which also have significant, bigger connotations for the province.

Mr. Prue: So the recommendation, I take it, to the committee would be that the finance minister find monies within his budget to allow for larger projects—I don't know whether we can just say one—such as yours to do full-scale development.

Dr. Anvari: Absolutely. Based on the recommendation, we have done a market analysis, so we have all of the details necessary. As I say, currently there are no programs to allow for this. At the moment, there are projects like ours that win all the innovation awards in Ontario, but we cannot commercialize them in Ontario.

Mr. Prue: If you were to go to private money, somebody who had \$10 million who wanted to invest, they would, I assume, become partners. Would you expect that the province of Ontario, if they gave \$10 million, would become a partner and would be eligible for some of the profits or the proceeds in the future?

Dr. Anvari: Absolutely.

Mr. Prue: So it's not just a grant you're looking for; it's someone to partner with you. This is a private-public partnership, the reverse of what we usually hear.

Dr. Anvari: Yes, absolutely. That's what we are requesting.

Mr. Prue: I think that would be my question. Thank you.

The Chair: Thank you for your presentation this afternoon.

1310

HAMILTON CENTRE OF EXCELLENCE IN BARIATRIC MEDICINE AND SURGERY

The Chair: Now I call on the Hamilton Centre of Excellence in Bariatric Medicine and Surgery to come forward.

Good afternoon. I think you understand how this proceeds since you haven't left the table, but I would ask the other two people to identify themselves for the purposes of Hansard and then we'll begin.

Dr. Arya Sharma: I'm Dr. Arya Sharma. I'm a professor of medicine here at McMaster. I was recruited from Germany four years ago to run the obesity program here at McMaster.

Ms. Colleen Brakewell: I'm Colleen Brakewell and I'm a patient of Dr. Sharma's.

Dr. Anvari: Thank you, members. I'm not just being greedy. I do wear a couple of hats and this is a different hat that I wear with respect to initiating a very major program that has a significant surgical component for the city of Hamilton and for the province of Ontario.

I think it's without exaggeration if I say that obesity is probably the biggest epidemic affecting North America and the province of Ontario. In your presentation you have two decades' worth of a glimpse of how Ontario is getting fatter. You've seen the increasing rate of obesity; almost 30% of our population is obese. It not only has significant social implications for the patient; it is also an increasing burden on our health care dollars. There's a chart on page 4 published by the OHTAC for the Ontario government that shows the amount of expenditure that we spent as a province on obesity-related complications such as diabetes, cardiovascular disease, joint, hip and knee replacement and even cancer. This burden is increasing and is particularly acute for about 200,000 Ontarians who are classified as morbidly obese. These are individuals whose not only quality of life has been affected, but they also suffer from significant secondary health issues related to their disorder.

The same OHTAC report has recommended that in order to provide treatment to this increasing population of people in Ontario, we need to create multidisciplinary centres of excellence across the province that offer a full scale of treatments necessary: education support, medical care, psychiatric and psychological care as well as, obviously, surgical care, which for some of these patients is the only option to lose and maintain the necessary weight. However, surgery without the other segments of care would be unsatisfactory and would lead to long-term failure.

At the moment, as a province we do not have a multidisciplinary team approach of centres of excellence. A number of other provinces have already taken the lead. Quebec is well developed, as well as Alberta and British Columbia. I know that Ontario at the present time is looking at setting up similar centres of excellence. At this point, most of the surgeries for Ontario are done outside the country. This is again from a government report from OHTAC showing you that in the fasting-rising component of bariatric surgery, those patients who are going to the United States are being paid, by OHIP, \$36,000 per case to have their surgeries done in the United States.

The other surgeries in Ontario at the moment are being done in community hospitals that do a combination of private and public care. They do privately gastric banding, which is one of the surgical options that costs \$15,000 a case, and in order to attract them, they do some covered surgeries as well. The problem here is that they only have limited resources, limited support staff, usually one nutritionist, and do not have the multidisciplinary team approach that has been recommended worldwide.

The Hamilton group, led by the five physicians whose pictures you have, in the last two years has set out to

develop a multidisciplinary team to provide the level of care that has been recommended at the highest level. We have a total of 21 health care professionals involved in our team, which includes the full gamut from nutritionist, physiotherapist, occupational therapist and nurse clinician to physicians from all branches of medicine, surgery, endocrinology and psychiatry. We also have the largest family practice unit in the province, tied in with Dr. Tytus and his group, involved in this proposal.

The proposal in front of the Ministry of Health, which we would like this committee to support, is a phased approach: phase one is to perform 250 surgeries per year and 1,000 cases of medical assessment per year. This requires very little capital investment as the two hospitals already involved, St. Joseph's hospital and Hamilton Health Sciences, in combination with McMaster University, have made some of the initial investments necessary, primarily operational costs to care for 1,200 patients.

In phase 2, we intend to expand the program to 3,000 medical patients and almost 1,000 surgical patients. For this increase, we do need some infrastructure change and require funding for that.

If you look at the budget for phase 1, which we've requested, it comes down to just under \$4 million to look after 1,200 patients. This covers the full gamut of care—medical, surgical, psychological, nutritional—all aspects of care necessary to provide care for this number of patients. It also includes all the surgeries, some of which are currently being done privately in Toronto within the public system. So there is no private surgical care being provided within our proposal.

How can we justify this? Ontario today spends over \$10 million a year on sending patients to the United States. So for less than half of that, we will look after all the patients who currently are being sent to the United States. We're not asking for new money; what we're asking for is, give us the money that we give for people to go abroad, for us to care for these patients and provide the long-term support that these patients need. Many of the patients who go to the United States come back and do not have long-term support because it was a one-time surgery that they went to undertake.

There is an alternative proposal being considered by the ministry, and that is to do a pilot project in one of the community hospitals in Toronto. The clear advantage is that there is probably less cost because they're a smaller centre, but the primary disadvantage is that it is not a reproducible model, and it does not meet all the recommendations that OHTAC has made for a multidisciplinary team approach to this issue.

If you just do surgeries and provide some nutrition support, this is not the full gamut of support these patients need. By supporting the Hamilton proposal, we are basically offering a centre of excellence with the highest level of care, recognized nationally and internationally, and it's something that is reproducible in other centres in Canada. We can do training and research and, most

importantly, we will provide the full long-term support that these patients need.

The other side, and the reason I'm here, is that we will also lose some of the people we've worked very hard to gain. In the last two years, I have lost two of the surgeons we've trained: One, Dr. Biertho, has gone to lead the surgical bariatric program at Laval, and another one, Dr. Birch, has gone to lead the surgical bariatric program in Edmonton. Frankly, I'm tired of training people to go and lead programs in other provinces.

Our Hamilton proposal establishes Ontario's first multidisciplinary bariatric medical-surgical program. It is more cost-effective than paying out-of-country patients to get care in the United States, it improves long-term support and care for these patients, it reduces the burden of chronic diseases on OHIP, it creates a model site for future duplication in other cities and supports research in education, and I think it will allow us to not only not lose individuals but attract highly qualified health care providers to the province. Thank you.

Dr. Sharma: If I can just add a few words: I represent the medical part of this program. As I mentioned, I was recruited to come to Canada from Germany to start a bariatric program. That was four years ago. I currently run one half-day clinic a week with the resources available. I have a waiting list of 600 patients, most of whom are over 300 pounds. It currently takes you 18 months to come and see me for the first time.

I also want to point out that when we talk about these patients, these are generally young patients. These are patients in their early 20s to 30s and 40s. I brought for you one of my patients whom I had to send to Rochester to get surgery. She's now being followed up in our clinic. We have probably sent about 25 patients so far, and I have another 40 waiting to go. I don't see why we are doing this, because we certainly have the skills to offer the service here. What we don't have is the funding to actually do it.

Ms. Brakewell: I went to Rochester at the beginning of last January. Since my surgery, I have lost 108 pounds. The surgery was life-saving for me. It's emotional. It was very hard to have to go down to Rochester to have the surgery done. I had to leave family who couldn't go down with me because I had to stay for a week. So I was in a hotel room by myself for a week after having surgery done. I've had to go down since surgery for follow-up appointments and also see Dr. Sharma.

I think the surgery is needed in Canada, in Ontario. All I can tell you is that I was maintaining 100 pounds on my body. This is after running a half-marathon. I was doing everything you're supposed to do and I couldn't get the weight off. I had diabetes and arthritis and needed a CPAP machine for breathing. So I had significant medical conditions that warranted my choosing this route. It was a hard decision to come by, but I thank God for it.

1320

The Chair: We'll move to questioning from the government.

Ms. Marsales: Thank you, Dr. Anvari; thank you, Dr. Sharma; thank you, Colleen. First and foremost, I want to

commend you for all of the programs that you're running and the various hats that you're responsible for because I think it augments Hamilton in terms of the transition that we are hoping to see with our economy. The innovation that you're attracting will attract certainly global attention and, in so doing, I think support Hamilton in the future and its vision.

My question to both of you: Very often we look at the economic costs, and Colleen, you identified something that is not often taken into account, which is the emotional cost. There was a price tag attached to that. Did I misunderstand? My colleague and I were trying to understand the difference in costing models of the United States and Canada. The second part of the question is, obviously, that we'd like to see you stay in Hamilton, and what can we do to support that?

Dr. Sharma: The costing model in the US is completely different because it's for-profit. Colleen went to the University of Rochester, but even there the university hospitals are for-profit models and end up being more expensive. I have another patient here at the back of the room who has been waiting now for two years to try to get access to surgery in the province, which has proven to be impossible.

I think, in terms of getting highly qualified people to stay in the province, just to put this into perspective: Obesity surgery and obesity care is currently the fastest-growing field of medical care worldwide. This is extremely competitive. There are a lot of centres. There are a lot of investments going into setting up these centres of excellence around the world. As Dr. Anvari mentioned, there has been considerable investment in Quebec and Alberta, and in BC. Ontario is years behind in this. Obviously, for someone like myself, who came all the way from Germany to start a bariatric program, now, after four years in Ontario, still not having achieved anything, I'd be stupid not to reassess my situation.

Dr. Anvari: I'd like to explain also that on the surgical side, the cost currently that OHIP pays for a patient to go to the United States is \$36,000. That just covers the cost of surgical care. The figure you have in front of you, which is about \$14,000 Canadian, is not only the cost of surgery but long-term support of these patients: nursing, nutritional, psychological, occupational therapy. So what you're seeing, at less than half, allows us to provide long-term full support for the patient as compared to what we're paying one time for a patient to go to the United States to undergo surgery.

As far as building Hamilton, this has obviously been an academic focus for the city. Bringing Arya—he's a CR chair. Significant dollars have been put behind; there is significant research. But we're not just doing it because we're interested in research; we're interested in creating a multidisciplinary bariatric centre which is for the care of patients. There are so many patients in Ontario who are in great need.

OHTAC suggested that about 4,000 patients need surgery in Ontario per year. Right now, we're sending about 300 to 400 people out of the province and another

200 get half private, half public care in some of the community settings. This program will not be enough to meet all the needs but it will be the first to set up, and it can be duplicated in other big centres. We believe, in the long term, that there is going to be one necessary in Toronto, one in Ottawa and one in London. So I think this will be at least one in the future, but at least we will create a model for future growth.

Ms. Marsales: I think my colleague has another question if there's enough time.

The Chair: Mr. Arthurs, a quick question.

Mr. Arthurs: I want to try to be as specific as I can, as quickly as I can. You referenced about \$10 million that we're expending for patients sent to the States for this type of surgery. You reference your 2007-08 budget of 1,000 assessments and 250 surgeries at just under \$4 million. Are those direct comparisons, then, the \$10 million we're spending—

Dr. Anvari: The \$10 million was the 2004 budget, so it's higher now. I can't get the 2006, but that's exactly—

Mr. Arthurs: But providing the same—

Dr. Anvari: It's more than that. We are providing long-term care, so ours actually includes the long-term care of the patients, whereas in the United States it's only one-time surgical care.

Mr. Arthurs: And the comparative would be 250 surgeries?

Dr. Anvari: Correct.

Mr. Arthurs: Thank you.

The Chair: Thank you for your presentation.

GREATER KITCHENER WATERLOO CHAMBER OF COMMERCE

The Chair: Now we'll hear from the Greater Kitchener Waterloo Chamber of Commerce, if you'd come forward, please.

Good afternoon. You have 10 minutes for your presentation, and there will be five minutes of questioning allotted. I ask you to identify yourself for the purposes of our recording Hansard.

Mr. Todd Letts: Thank you very much, Chairman Hoy and members of the committee. My name is Todd Letts. I'm president and CEO of the Greater Kitchener Waterloo Chamber of Commerce. Joining me today is Art Sinclair, our policy adviser.

As the largest accredited chamber of commerce in Ontario, the Greater Kitchener Waterloo Chamber of Commerce serves over 1,900 members, representing all sectors of the local business community. Our membership includes small employers, medium employers and large employers who provide over 70,000 jobs in one of Ontario's most economically diverse regions.

The recommendations we are proposing today reflect the concerns of our membership and are focused in three areas: encouraging innovation and job creation, retaining manufacturing jobs, and investing in infrastructure.

As many of you know from your own ridings, the world is changing rapidly. Our province and region are in

an international battle, not only for business investment but for talent. An important part of the ability to compete is encouraging innovation in both the products that we produce and the processes in order to retain jobs and create new ones.

Our chamber and the community we serve are grateful for provincial investments in previous provincial budgets in the Perimeter Institute for Theoretical Physics and the Institute for Quantum Computing at the University of Waterloo. These investments will ensure that both institutions continue to compete at the highest levels of international excellence in the future. An investment in these long-term initiatives is an important component in Ontario's innovation strategy.

Consistent with your investment in innovation is a strategy that can be complemented by this year's budget. We recommend that this budget put a focus on improving the operating environment for manufacturers.

I'll now ask Art to outline our key recommendations.

Mr. Art Sinclair: The greater Kitchener-Waterloo area is one of the largest census metropolitan areas in Canada, with a population of approximately 500,000, projected to grow to more than 729,000 within the next 25 years. Recognized as one of the three pre-eminent technology centres in Canada, the region is home to more than 400 high-tech enterprises that employ more than 29,000 people. We have also developed a diversified economy around financial services, automobiles and automobile parts, and food processing.

Approximately 26% of the local workforce is employed in the manufacturing sector, providing Canada's second most manufacturing-intensive economy. A recent report issued by Canada's Technology Triangle noted that the value added by manufacturing in the Waterloo region totalled \$7.2 billion in 2003. Value-added in this context is a measure of how much value workers generate using the land and capital equipment employed in production, essentially including wages and the return from capital and equipment utilized. This is the measure on which global investment decisions are made.

Despite the relative strength and importance of the Waterloo region manufacturing sector, issues such as competition from abroad and a rising Canadian dollar are providing significant challenges. In response, our chamber has established the Manufacturing Action Group Network, or MAGNet, to advance sector concerns. This group has developed a series of recommendations which, if implemented, would assist in maintaining jobs and investment in Waterloo region.

The primary recommendation originating from this committee is the urgent need to eliminate the Ontario capital tax in the 2007 provincial budget. We have cited in our brief a number of recent studies which strongly indicate that Ontario corporate taxes are not competitive with neighbouring jurisdictions. We do, however, thank the province for recognizing the damaging effects this tax has on business investment. Although you have a plan in place to reduce this tax, we argue that removal in 2012 or 2010, depending on the province's fiscal circumstances, deserves immediate reconsideration. We recommend

elimination of this tax in this year's budget, given the current economic conditions faced by manufacturers. This would be consistent with the federal government's decision to eliminate the federal capital tax last year.

1330

Furthermore, we support the private member's resolution tabled by Waterloo-Wellington MPP Ted Arnott directing this committee to commence a study of Ontario's economic competitiveness in the manufacturing sector. This study, we trust, would examine all critical issues, including the current corporate tax regime.

We also request that the government bring about property tax fairness for businesses across Ontario sooner rather than later. When it assumed control of education funding in 1998, the province equalized the residential tax rate; however, it left the widely varying business education tax rates in place. There is no justification for two similar business properties in different municipalities to be charged different provincial tax rates for an education system that equally benefits all Ontarians. We propose a single, uniform tax rate applied equally to both residential and business classes.

Implementing a fair and uniform business education tax rate will have measurable economic benefits for the province and will simplify and apply fairness to the system as a whole. This could be but one step towards finally addressing the inconsistent and inequitable nature of the provincial property tax system.

Our community, like many across Ontario, is concerned with the ability of our residents to access family physicians and other vital health care services. We thank the Ministry of Health and Long-Term Care for reinstating our underserved area designation for family practitioners in September 2006. Kitchener-Waterloo is now back on a level playing field with other southern Ontario municipalities that offer family physicians valuable financial incentives through ministry programs.

Physician recruitment is a critical priority for the Greater Kitchener Waterloo Chamber of Commerce. Last year, we launched our health care recruitment council and a new strategy that will strongly position our community in the eyes of family physicians looking for new practice opportunities. We are actively working with stakeholders on developing innovative programs and initiatives to positively engage family residents and practitioners and promote Kitchener-Waterloo as a welcoming, attractive, leading-edge centre of medical discovery with promising practice opportunities. We thank the provincial government for your facilitation of investments in the new pharmacy school and the new McMaster-University of Waterloo satellite medical school, which will also add to this strategy.

Investing in the skills of Ontarians is an important strategy for improving competitiveness. In our region, the chamber has shown leadership over the past year in our involvement with the Waterloo Region Immigrant Employment Network, or WRIEN. This group focuses on ensuring that the abilities of immigrants are more optimally utilized in our community to the benefit of

their families and assisting local employers in meeting critical skill requirements. We believe this initiative should be a model for communities across Ontario for initiating prosperity and sustained economic growth. We anticipate participation from the Ministry of Citizenship and Immigration and thank them in advance for accepting our invitation to become involved with WRIEN.

Finally, there are big expectations in Waterloo region associated with the provincial Places to Grow planning policy. Strategic investments in infrastructure are critical for ensuring that Waterloo region effectively manages anticipated population growth. The regional government is currently conducting an environmental assessment for the development of a rapid transit system within the region's central transit corridor. We encourage the Ontario government to help cost-share this project with the region and federal government.

We also encourage the province to expedite plans related to the construction of a new Highway 7 between Kitchener-Waterloo and Guelph. A new four-lane route connecting these increasingly important urban centres is required for not only economic but safety reasons. The chamber asks the Minister of the Environment to complete the necessary approvals so that the project can be included in the province's five-year transportation plan.

In 2002, Waterloo region submitted an application for a GO Transit rail link between Waterloo region and Toronto, connecting at the Milton GO station. We submit that approval of this application will also assist in managing the region's anticipated population and corresponding economic growth. It is also encouraging that GO Transit is studying the extension of bus services to our region. Completion of this initiative would decrease both commuter traffic and air pollution.

I will now turn it over to Todd for concluding remarks.

Mr. Letts: We would like to thank the committee for the opportunity to present our recommendations for growth and prosperity for all of Ontario. It is a very challenging period for many businesses, and your consideration of our recommendations is very much appreciated.

We will be pleased to answer any questions from the committee.

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

Mr. Barrett: Thank you, Todd and Art, for testifying. A brief question, and Mr. Hudak has a question as well. Waterloo region has a long-term strategic plan to deal with growth of up to, I see, 729,000 people perhaps in the next 25 years. I think most of the water comes from wells; the Grand River, somewhat. Has there been much progress, or is it mainly just discussion, with respect to the idea of a water pipeline, say, coming up from Lake Erie to serve the region?

Mr. Letts: In its recent strategic planning, the chamber of commerce has identified the issue of water supply and water quality as needing more emphasis in the immediate term. The Places to Grow strategy, as you know, puts a greenbelt around the greater Toronto area.

We're just outside of that greenbelt, and the projections for population growth are such that we're actually ahead of schedule, therefore warranting the need to look at water supply. You are correct that we have most of our water supplied via aquifers, and there is a plan in place to look at a pipeline in the 2030-31 time frame. We're encouraging our regional government to look closely at the current plans and ensure that we have money budgeted for that capital expenditure.

Mr. Barrett: Thank you.

Mr. Hudak: Thank you, gentlemen, for a very comprehensive presentation. I appreciate the points, particularly on the danger to our manufacturing sector. In fact, a quick survey, I believe, shows that in the Kitchener-Waterloo area some 5,000 manufacturing jobs have been lost in the last couple of years alone: BF Goodrich; NCR Canada; La-Z-Boy; Image Craft in nearby Cambridge lost 550 employees. And I appreciate your point in terms of eliminating the capital tax and getting it back on the schedule it originally had been on, which I believe would have eliminated that by 2008.

Energy prices have been another reason why manufacturing jobs have fled the province of Ontario under this government's watch. Any comments on energy policy going forward?

Mr. Letts: Energy is also a very important concern of the manufacturing and business community in total. The key to the strategy there is bringing some certainty to supply. Businesses like certainty. Certainty can bring about allocation of investment in Ontario.

There has been significant investment of this government with respect to alternative energies, and we certainly support that. We have an energy and environment forum each year where we encourage businesses to conserve, where we encourage businesses to look at alternative energies, cogeneration; etc.

The bottom line in our position on electricity is that we need to quickly move to market prices so that private sector investment in more supply can occur. Of course, the market prices are significantly higher than what we see now, and that may require a rebate system or a managed approach, but more incentive for the private sector to provide supply and more supply is the solution to the electricity dilemma, and we encourage the government to move in that direction.

Mr. Hudak: The proposed closure of Nanticoke, Lambton, Thunder Bay and Atikokan, which would be about 20% to 25% of our energy supply, seems to run against the notion of trying to control hydro costs. Any comment on that?

Mr. Letts: A sustainable environment is an important principle for the business community in Waterloo region. We recently have been trying to interpret the public statements of the Premier and the government in perhaps looking at clean coal technology. We know that other jurisdictions throughout North America and Europe have had success with clean coal technologies, and certainly we encourage the government to explore that fully so that supply is not compromised in the future.

The Chair: Thank you for your presentation.

CHILD CARE ACTION NETWORK OF WATERLOO REGION

The Chair: I call on the Child Care Action Network of Waterloo Region to come forward, please.

Good afternoon.

Ms. Catherine Fife: Good afternoon.

The Chair: You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. Please state your name for the purposes of our recording Hansard.

Ms. Fife: My name is Catherine Fife. I'm the coordinator of the Child Care Action Network of Waterloo Region. I'm also a trustee with the Waterloo Region District School Board.

The Child Care Action Network is a chapter of the Ontario Coalition for Better Child Care. Our network involves over 100 members, associations and unions, and we have worked hard over the last three years to raise the profile of early childhood educators, to increase the awareness of learning and care and the value it holds for working families, their children and society.

1340

We also firmly believe that access to affordable, quality early learning and care can dramatically improve the lives of children and their parents who live in poverty. Children who have a good start do better at school, have higher earnings, pay more taxes, have fewer health problems and are less dependent on welfare. Child care is a smart investment for the province of Ontario, and we certainly feel that it is an integral part in creating a more just society.

Waterloo region celebrates one of the strongest economies in Ontario and the country. That said, not all families in the region have cause for celebration, and the gap between rich and poor is expanding. I'm sure you are aware that social assistance incomes are so low that they now "bear no relationship to the actual cost of even subsistence living," as determined by the National Council of Welfare.

Poverty is a very real concern from an educational and health perspective, especially for our children. We also draw the fourth-largest number of new immigrants to the region in Ontario, which enhances our community's diversity but also increases our need for quality early learning and care opportunities.

Eighty-two per cent of our parents both work, while only 19% of our children have access to regulated, affordable, quality early learning and care. One can see why the region embraced the Best Start initiative: We, like other municipalities across the province, have much ground to make up in this area. However, we have come to an impasse on the child care front in Waterloo region, which is no place for a progressive community to be.

By all accounts, our child services followed the rules of engagement as outlined in the Best Start initiative and through our Best Start network. As of September 2006, there are 710 new spaces across the region of Waterloo; the region had only received funding to support the operating costs of 314 new spaces. This operating

funding supported wage subsidies for ECE teachers and fee subsidies and services for children with special needs attending these expanded services.

The budget shortfall for the 2007-08 year will be approximately \$3 million. In the absence of provincial funding, this could result in 100% regional funding, a tax increase or, without provincial funding, a drastic reduction in service levels.

Last June, the child care community lobbied for local funds to be used to make up the difference for 2006. We were successful, which actually doesn't happen that often, and \$1.6 million was used to maintain spaces and programs for the balance of 2006.

So you see, we are at a standstill, because the region of Waterloo contends that Best Start should continue to be funded 100% by the provincial and federal governments, and they are not the only municipality to protest the downloading of child care to the local level.

There is a disturbing trend developing in the province that we have become aware of through the coalition. The projected cost-sharing formula is fast approaching the 70%-30% ratio instead of the 80%-20%, which is the agreed-upon rate. This situation needs to be rectified by the province of Ontario.

City councils like Ottawa are considering privatizing municipal child care centres as a way to find savings in their 2007 budget. For us, this indicates that the child care system is becoming more unstable because of a lack of consistent and reliable funding.

I'd like to highlight just one other issue. Child advocates across the province are concerned with the expansion of the eligibility criteria when the funding has not been guaranteed to support this expansion. I realize there is an announcement today on behalf of the government outlining the new eligibility criterion, and the goal of implementing a less intrusive income-testing formula is long overdue. However, while expanding the number of people who qualify for subsidy is laudable, not increasing the funding for this initiative will only result in longer wait lists.

I know that this government understands the value and importance of quality early learning and care and the value of that system. The Premier demonstrated this when he committed \$300 million for child care to begin to repair the damage caused by the former government. What I do not understand is why the \$300 million that was promised in support of Best Start has not been honoured. Certainly, we know that investing in children and their families and providing this important resource to communities pays off in dividends.

The economic benefits are well researched and documented. I believe there have already been eight other delegations across the province who have spoken at length to these issues. Child care is an economic issue.

My goal today, however, is to highlight what we will be facing at the local level, and it is my hope that this government will commit the \$300 million as promised. Municipal governments also deserve a commitment to new provincial dollars in this year's budget to address the

widening gap between the real costs and the available funding.

Looking forward, children in this province need you to re-activate the Best Start plan to address the need for continuing expansion, for increased affordability and improved accessibility with additional dollars over the next five years. The cancellation of the bilateral agreements by the federal government was short-sighted, especially when they have no plan or vision for child care in this country. That said, other provinces like Manitoba and Saskatchewan have remained committed to their ELCC systems with provincial dollars. The framework exists. We require the political will at the provincial level to make up for the incompetence at the federal level on this portfolio.

We need an initial investment of \$600 million for the 2007-08 budget to allow Best Start to move forward, not backward. For our part, we will continue to work hard to make the National Child Care Act a reality and to pressure the federal government to fund the act in their next budget.

Please do your best for the children of Ontario in the 2007 budget.

Thank you very much for your time.

The Chair: Thank you. Mr. Prue of the NDP will have the questioning.

Mr. Prue: It was just towards the end that you got to, I think, the key point. You're looking for \$600 million to \$700 million to actually fund and get Best Start going.

Ms. Fife: Absolutely. Otherwise we'll lose ground in this province.

Mr. Prue: To be fair, I don't think we've ever even taken a step forward in the last three years. Have we?

Ms. Fife: Well, what signalled the change in the region was that a plan was rolled out from the province to the region, directing regional governments to try to create spaces. So even that was new. You could talk about it from a philosophical perspective. The tone and the nature of how government was addressing and talking about child care did change.

Unfortunately, the funding, the provincial dollars that were connected to that talk, never materialized. The federal money did flow, but we also had to, at the local level, jump through a lot of bureaucratic hoops to access it. So it was better than before.

Mr. Prue: It was better than before because they were talking about it.

Ms. Fife: Even talking about it and planning for funding to come forward was a shift. I think that's fair to say.

Mr. Prue: Have you ever actually seen any provincial dollars?

Ms. Fife: The region has created —

Mr. Prue: The region?

Ms. Fife: The region has, yes. We're a lobbying group. I can just give you one example of how some capital funding did flow to the region. We built a new school out in Baden. You know, rural child care is in very great demand, and the school board had agreed to allot something like 10 spaces. When Best Start did flow

through, the timelines were conducive to our adding some capital space to that daycare, and instead of 10 spaces, we had 30 spaces. It was sort of a rushed plan and it was, "Spend the money quick because we don't know where it's going to go from there."

So we've seen some spaces, but the region actually has seen a lot of natural growth of child care spaces because the need is so strong. Fully 80% of our parents are dual workers. So it leaves you to wonder: You have 19% of the children accessing regulated, safe, educationally based child care; where are the other kids? This is what has generated us at the local level to hold the regional government accountable, the provincial, and we're also working at the federal level.

Mr. Prue: How many of the available, at this time, child care spaces in the region are located in schools? The reason I ask that question is that some schools in Toronto are scheduled to close. There's very real talk of them closing and, with them closing, the child care spaces that are in them. Is that a factor here?

1350

Ms. Fife: Well, as soon as the former Conservative government cancelled the capital funding for child care centres in our schools, the public school board at least fell very far behind in creating those new spaces. The pressure on the education dollar is such that it doesn't allow for those kinds of projects. We have recently, though, as a school board, said, "Well, we'll fund the capital cost if we can find a child care operator to lease it back and pay us back for that capital space." So you can see that we are scrambling to try to be creative and be innovative, but it's not a stable plan and it's also very dependent on the wealth out there from the child care operator's perspective.

Mr. Prue: You talked about the reduction in service levels. You talked about the region protesting the downloading. How much have they been downloaded?

Ms. Fife: In this current budget, your last budget year it was \$1.6 million. This year they're looking at a shortfall of \$3 million, and I should be very clear about that: That \$3 million is around the operating costs of maintaining the new spaces that have been created. So if the region doesn't use their surplus and the province doesn't come forward, this will directly affect special-needs children, because they need extra resources and it's an extra expense to the child care centre, and subsidized spaces as well and, of course, wage subsidies. Of course, we all know that early childhood educators in this province are underpaid.

The Chair: Thank you for your presentation.

Ms. Fife: Thank you for your time.

HAMILTON/BURLINGTON SOCIETY
FOR THE PREVENTION
OF CRUELTY TO ANIMALS

The Chair: The Hamilton/Burlington Society for the Prevention of Cruelty to Animals, would you 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.

Mr. Jim Sykes: My name is Jim Sykes and I'm the president and CEO of the Hamilton/Burlington Society for the Prevention of Cruelty to Animals. There may be a colleague joining me shortly who's on his way down from Newmarket. He's the acting CEO of the Ontario SPCA and his name is Craig Mabee. I also, to clarify, serve in a volunteer role as the chairman of the board of directors of the Ontario SPCA, which I believe the committee will be hearing from on Thursday of this week.

I'd like to tell you a little bit about who we are in Hamilton/Burlington and what we do. The Hamilton/Burlington SPCA was founded in 1887. It's a charitable not-for-profit organization. Our service area includes the cities of Hamilton and Burlington officially, but we are also currently assisting Norfolk county and the Simcoe humane society with the provision of services, particularly investigation and enforcement in their community. We're an affiliated member of the Ontario SPCA. We provide education, investigation and enforcement, animal sheltering and adoption services in our community. We currently employ 20 full- and part-time staff, and about 400 volunteers assist in all aspects of our work in the community. We rely almost entirely on donations and fundraising to fund the services that we're mandated to provide under the Ontario SPCA Act and basically the enforcement of the Canadian Criminal Code.

One of our concerns is that our legislated mandate in some ways prevents us from accessing funding. Although we're a registered charity, because we provide law enforcement services, we're often considered ineligible to apply for funds such as Trillium funds for many of these services.

We are not a police service that receives government funding. Under the act, society investigators have police powers to enforce the act and the Criminal Code of Canada as it pertains to animal cruelty, yet we are not funded like other Ontario police services. We rely on our donors to fund the investigation and enforcement services that we do provide. Our donors don't have the capacity to fund all of the services that we are expected and mandated to provide by the province. We also receive no funding for humane education or adoption and other preventive strategies targeted at the human community. Again, we take full responsibility for raising the funds to operate those programs.

We do not receive grants from the proceeds of crime fund. The government has recently provided grants under the civil remedies act totalling \$763,000 to assist victims of crime, yet we are not considered for such grants. Our ask in this area would be the government's consideration to work co-operatively with the Ontario SPCA so that we may be considered for appropriate government funding programs. In that regard, I'm speaking primarily about

existing funding programs, whether they are truly government or somewhat at arm's length, such as Trillium, where we could apply as a charity for assistance.

Our investigators are potentially put at risk because of a lack of proper equipment. SPCA investigators are mandated under the Ontario Society for the Prevention of Cruelty to Animals Act to enforce animal cruelty laws. Under the act, society investigators have police powers to enforce the act. We are also a named agency in the new Dog Owners' Liability Act, or pit-bull legislation. We are called in by government ministries on a regular basis to perform services for the province, unfunded. Three examples would be for OMAFRA, for the Ministry of Natural Resources and for EMO. We are also called in to deal with provincial emergencies like Kashechewan, where we worked with societies across the province and other organizations to evacuate dogs from that community.

Investigators are in need of adequate radios, cell phones, GPS devices and services for tracking officers and vehicles in rural areas. We don't know if our inspectors are in a violent situation at any given time. In fact, many times, if they are in a rural community, we don't even know what area they are in. I was looking at material that was presented to the committee last week, I believe, in Thunder Bay, and certainly the size of that community, although much larger than the service area we're talking about here, presents exactly the same kinds of concerns, that volunteers and paid officers are out in their own vehicles and society vehicles, usually by themselves, and potentially in some very violent situations.

So what we're looking for in that area is personal protective equipment, safety equipment, for our officers. We have a need to equip most of our vehicles with things like emergency flashing lights, as required by MTO—some pretty basic things—and preventive things like pre-exposure vaccinations for rabies, hepatitis A and hepatitis C. The cost of those vaccines, just rabies vaccines, for many of the OSPCA branches and local societies is beyond the limit of their budget, so if agents and inspectors wish to be vaccinated, that becomes their own personal cost, and those are quite expensive. We understand that the government pays for similar safety equipment for police services, and we'd like the government to look at our eligibility for some of that funding. We do the best that we can do with limited resources, but we can't do everything within the resources that we do have available.

Our ask in that area would be consideration of one-time funding to address safety requirements of our investigators.

In the area of capital, as a direct result of our frequent need to use bequest and legacy dollars left to us in individual wills and estates to subsidize our operating costs, our branches and our local societies have massive capital demands and no capital reserves. Donor dollars that could be retained in capital funds for such purposes as leaking roofs, problems with heating and air quality and mould, unfortunately, have become expended on

day-to-day operating costs that aren't funded by government, leaving us with really no options in terms of our capital reserves. We are not eligible for OSIFA funding, and we could all benefit from an initial one-time commitment of capital funding that the societies would then use to support the capital needs of both OSPCA branches and affiliated local societies.

Our ask in this area is an initial one-time infusion of resources into a capital fund.

Fair and equal treatment is required for animal welfare and protection services to be preserved. We urge the government to work co-operatively with the Ontario SPCA to remove barriers to society's access to appropriate government funding and funding programs, that the government consider one-time funding for safety equipment for our inspectors, and that there be initial one-time funding to a capital fund accessible to local branches and affiliates of the society. Thank you.

The Chair: Thank you. This round of questioning goes to the government. Ms. Marsales.

1400

Ms. Marsales: Welcome, Jim. Thank you very much for your presentation, and also for all the good work that your organization does. I know last year when we toured the province, we heard from your sister organizations in almost every community, and in some of them, some of the gut-wrenching stories really tore our hearts apart in terms of animals and certainly the awareness that the public has and the responsibilities that you have incurred as a result.

I was taken by your one-time-funding ask, particularly for the safety of your inspectors. Do you have an idea of what that would look like in terms of dollars?

Mr. Sykes: I can't at this time give you a total for that. My fear, to be quite honest, would be that I'd underestimate. We've just received in the last week or two a review we did through one of our health and safety consulting organizations for the Ontario SPCA that pointed to some of the things where in fact our agents and inspectors on the road, not in the buildings, are at risk because of their exposure, and we're putting those costs together right now.

Ms. Marsales: The second part of that is, how could we free up your organization in terms of the restrictions for availing yourself of Trillium funds?

Mr. Sykes: I think it's the perception that because we are mandated under the act to provide investigation and enforcement services, we must be funded by the Ministry of Community Safety and Correctional Services. Just in the way of a police service, a municipal or provincial police service wouldn't be able to apply for Trillium funds. We're excluded in any area that relates to investigation and enforcement, and sometimes that's generalized to the entire society.

Ms. Marsales: Thank you very much. I'm not sure if my colleague wanted to ask a question.

The Chair: Mrs. Mitchell?

Mrs. Carol Mitchell (Huron-Bruce): Thank you for allowing it.

Thank you for coming today, and thank you for all the work that you do. I'm a representative from rural communities and I know how difficult your job can be, especially the distances that one has to travel in rural communities.

I would like to get to the bone of this and the dollar figure. I know that my colleague here asked you about the one-time-funding request for the safety devices, but can you give me a sense of the capital upgrade dollars that you're looking for as well?

Mr. Sykes: If I were to look at some of the examples we used in the document that you saw today, looking at leaking roofs and mould in buildings, it's a figure that's certainly in the millions of dollars. There are shelters in this province that haven't been replaced in 50 years and are woefully inadequate. I think in the Thunder Bay presentation, it was pointed out that the reality is that the cost of housing and caring for animals in emergency situations—you end up building a shelter that's probably bigger than your day-to-day needs, but you need to have the capacity to deal with those crisis situations. Working collectively, we have some of that ability, but I could suggest that a \$1-million fund would get eaten up very quickly.

Mrs. Mitchell: How many sites do you have?

Mr. Sykes: We have 22 branches of the Ontario SPCA and 31 affiliates, which tend to be some of the medium and larger, older organizations that predated the act.

Mrs. Mitchell: And how many would have actual facilities? I know that in my communities, most of them are affiliates. How many actually would have sites?

Mr. Sykes: The majority would. In our local area here, Simcoe, Norfolk county would be one of the few I can think of that doesn't actually have a shelter.

Mrs. Mitchell: Okay. Thank you. It gives me a sense of the numbers.

The Chair: Thank you for your presentation.

ONTARIO ASSOCIATION OF SOCIAL WORKERS, HAMILTON AND DISTRICT BRANCH

The Chair: Now I call on the Ontario Association of Social Workers, Hamilton and district branch, to come forward. Anywhere you like: They'll turn the microphone on for you. You have 10 minutes this afternoon for your presentation, and there may be five minutes of questioning. I'd ask you to identify yourself for the purposes of our recording Hansard.

Ms. Sally Palmer: I am Sally Palmer. I'm the chair of the social action committee of the Ontario Association of Social Workers for Hamilton and district. I'm going to be sharing my time with Rob Ellis, whom I'll introduce at the end. So I'm only going to use five minutes.

We really appreciate the opportunity to come before your committee, and we hope that you will be able to influence the Minister of Finance and the Premier, who appear to have a pretty controlling grip on policy for

Ontario. We find that when we go to even our Liberal MPPs in this area, they feel somewhat helpless to address the area of poverty that we are talking about.

I know you've been sitting here on other days as well, hearing from people who hope to get funding for their programs. But we are actually speaking for people whose physical survival is at risk if the status quo continues.

Our members, who are social workers, are very concerned about the desperate situations of people who rely on social assistance from Ontario Works and the Ontario disability support program. It's generally acknowledged that social assistance budgets have lost approximately 40% of their spending power since 1995, when a Conservative government cut welfare rates by over 20%.

We appreciate that your government has made small increments to social assistance budgets, amounting to 5% since you came into power. Unfortunately, this increase has not kept up with inflation. The 5% increase seems especially unfair when compared with the increase of 25% over the same period to MPPs' salaries, because these salaries were already 13 times higher than the allowance to a single adult on Ontario Works, which is below \$550 per month.

A single mother with one child on Ontario Works receives only \$1,008 per month, which is just \$100 more than the average rent for a two-bedroom apartment in Ontario. Our members who work with these families see their hardships in terms of inadequate diets and loss of shelter as they fall behind in their rent. Some children have even lost their families. Children's aid societies across Ontario have experienced a much higher rate of children coming into foster care as families on social assistance have fallen deeper into poverty.

Over time, we believe that allowing families to struggle far below the poverty line ends up costing society more, because these families often require expensive mental health and corrections services. Children who are excluded from the activities around them because their parents cannot pay the fees or buy the equipment become increasingly alienated from society. Ultimately, it costs more to institutionalize somebody than to help them live decently in the community.

A sad comment was made during a discussion among social workers on our committee. We were questioning the provincial practice of clawing back the national child benefit supplement, which is federal money that is deducted from the cheques of OW and ODSP recipients. In Hamilton, the municipality has used some of their share to buy bicycle helmets for children, and we noted that children on Ontario Works would probably not have bicycles. One of our members noted sadly, "When they"—the children—"do have them, they have usually stolen them." This illustrates the alienating effects on children of being excluded from normal activities in their schools and communities. And we can expect that children who get pushed aside may reject the rules of mainstream society.

So we're urging your government in its 2007 budget to make a substantial increase to the levels of social

assistance so that these families may live with dignity and provide adequate food, clothing and shelter for their children. We also urge you to allow families on social assistance to keep the federal national child benefit supplement. We do acknowledge, and are pleased, that you have allowed federal increases to pass through to the families, but the lion's share is still taken away from them.

Many Ontario municipalities have urged the Premier to stop the clawback. Some of them—Toronto, Kingston, Peterborough, Sudbury, London and Hamilton—have decided to give their 20% share of the money back to the families from whom it was taken.

1410

Provincial guidelines prevent municipalities from returning the money directly to the families, so the cities are forced to use third-party agencies to return it. And in this process, the third party takes about 10% for administration charges, money that rightly belongs to the families.

We refer you to your government's excellent report Review of Employment Assistance Programs in Ontario Works and Ontario Disability Support Program, which was completed by Deb Matthews and released in December 2004. This report supports our plea for an increase in social assistance rates when it states:

"I heard how deep and sustained poverty is in itself a barrier to employment.... People relying on social assistance are desperately trying to survive. Finding stable housing, enough food, and raising their children can exhaust all their energy, leaving nothing left for training and job searches.... Under current rates, it is impossible to provide children with proper nutrition necessary for optimal brain development and readiness to learn."

The Matthews report also recommends that the government "continue movement toward the elimination of the clawback of the national child benefit supplement."

Our members are now seeing young people who have grown up since 1995 with the effects of the Harris cutbacks. Children whose parents cannot provide them with the necessities of life tend to become alienated. Thus, a government's reluctant or punitive approach to the social safety net has led ultimately to heavier costs in terms of social services, mental health expenditures and pressures on the justice system.

Our province can be judged by the living situations of families and individuals at the bottom of the economic scale. Your government has made a start toward correcting the punitive approach of the previous administration. In 2007, we urge you to raise social assistance to realistic levels and to allow federal assistance to flow through to all children for whom it was intended.

I'd just like to mention, in introducing Rob, that our members have made a link with his organization, the Campaign for Adequate Welfare and Disability Benefits, which is a group of people who are on ODSP or OW. We hear at their meetings about them falling further behind as the cost of living increases. That's why I invited Rob to come today to express the feelings that are shared by many in the group.

Is it all right if I stay up here and then they can question either of us?

The Chair: Of course you can stay there. We've got about two minutes left in the presentation, sir.

Ms. Palmer: Well, that was my fault. We can have fewer questions, I guess.

Mr. Rob Ellis: Good afternoon. As Sally mentioned, I'm a member of the Campaign for Adequate Welfare and Disability Benefits. What I want to try and do this afternoon is deliver a message to this committee from Ontarians who are living in poverty in this province.

When the Liberal Party won the election in 2003, we thought the Common Sense Revolution was over. Over three years later, it's perfectly clear that we were wrong. Not repairing most of the damage done by the Harris government makes you responsible as well for the suffering of people as a result of harsh changes brought about by the Harris government.

A few crumbs spread over three years only reminded us many times of what you weren't doing: not restoring benefit rates to adequate levels, not ending the child tax benefit clawbacks, not ending the child support clawback, not ending the bogus overpayments and not scrapping the computer system that tortures us.

The truly despicable behaviour of this government is what it has done, not so much in what it hasn't done: taking the special diet benefit away from many people and severely reducing it for many more. The province of Ontario can't afford such luxuries. On the other hand, you can afford to spend hundreds of thousands of dollars on a new provincial logo which nobody really wanted or thought we needed. You can give a \$3-million golden handshake to a bureaucrat who was stealing money from us and hundreds of millions to big, rich corporations who then turn around and start laying off people and closing plants. It's no wonder that so many people in this province have so little respect for the law. So many laws are written to make theft legal, as long as you're stealing from the right people. You can afford a ridiculously huge increase to your own salary and you've got money to burn persecuting pit bulls. It looks like we're lower on this government's list of spending priorities than animal control.

Many of us don't vote, and that's not a mystery when you consider our choices. There are only two parties with a chance to win the next election; one hates us and the other is indifferent towards us. There are millions of people in Ontario living in poverty, and this is a very large minority group living in a very rich province, Ontario, in a very rich country, Canada, where we're supposed to have democratic governments. Assuming that this is true, how do you account for the fact that the needs of such a large group of citizens are ignored in the formation of public policy? Please don't tell us your policy is to address the needs of Ontarians living in poverty unless you are prepared to explain why you've been ignoring your own policy for over three years.

We, the people on the receiving end of your indifference, aren't deceived by your smoke and mirrors.

The taste of the few crumbs you've brushed off your table for us is bitter in our mouth. We are getting angry, not the kind of anger that flares up for a short time and then is gone, but a slow, burning anger that lingers just below the surface. This is not a threat, but a warning. Soon, this anger will be expressed as actions. We're not violent or ignorant people, but we won't be abused or ignored by the provincial government any longer.

Have you forgotten whose money you're spending? It's not your money; it's our money—meaning all Ontarians' money. We pay taxes too. "Yes," you say, "but not very much." Well, we say that in the past, many of us earned incomes large enough to pay more taxes in a year than we are now receiving in social assistance benefits. Some of us will pay taxes like that again in the future, so please remember, it is our money.

We demand that you show us as much generosity with our money as you do to yourselves. That means an immediate 25% increase for all Ontarians living in poverty, including the workers only receiving minimum wage. I think that would take the minimum wage up to about \$10 an hour. And we demand that you stop the clawback because, let's be honest, "clawback" is just a euphemism for legal theft.

The Chair: We are going to have to move to questioning now, so we'll go to the official opposition and Mr. Hudak.

Mr. Hudak: Mr. Ellis and Ms. Palmer, thank you for your presentation. You've obviously put a lot of thought into your comments here. I don't know if Mr. Ellis has much left in his presentation. The main question I wanted some comments on, if Mr. Ellis wants to complete his presentation, is, how do you set the appropriate level for assistance, whether it's the social assistance, whether it's the Ontario disability support program, to ensure that it keeps up with the costs relative to the provinces? If Mr. Ellis wants to take more time, please do so.

Mr. Ellis: I'm almost finished, so if you wouldn't mind?

Mr. Hudak: Sure. Go ahead.

Mr. Ellis: Just a few more demands: We demand that you restore the 21.6% cut to Ontario Works benefits, which should never have been made in the first place. We also demand that you stop deducting overpayments from social assistance recipients when no overpayment has occurred or one has occurred as a result of bureaucratic errors. We demand that all government employees treat us with the respect we deserve as human beings, as citizens of Ontario and as their employers. We demand that all government programs, rules, regulations and policies treat us with respect as well. It's not a sin to be living in poverty, but it is a sin to mistreat people who are.

1420

The Chair: Further questions?

Mr. Hudak: Sure. Thank you for commenting on Ms. Matthews's report. I know Ms. Matthews has worked very hard on that report, and we've heard a lot of positive comments during the committee hearings about Ms. Matthews's work.

What's the appropriate mechanism for determining what the level of ODSP and social assistance should be going forward? The suggestion was 25%. I think that was structured based on the MPP pay raise and getting up to a \$10 minimum wage. Is that the best mechanism or is there a preferable way to determine the appropriate level of compensation?

Mr. Ellis: Restoring that 21.6% cut to OW would be the first basic thing, and then to increase the benefit rates to cover for inflation since that time. Up until that 3% increase a couple of years ago, there was nothing. So we went for about eight years or so, with eight years of inflation eating away at our benefits. If those two things were added in to the current benefit rates, and if you would allow for cost-of-living increases each year, that would be a start.

You might also want to consider bringing people up to the poverty line at least so that they can afford things like rent, which a lot of people just can't afford. I can't afford to go out and rent a one-bedroom apartment on the Ontario Works benefits that I receive. The only reason I even have a bachelor apartment right now is because I was lucky enough, years ago, to get into Hamilton housing, into subsidized housing.

Have you got anything to add to that, Sally?

Ms. Palmer: I agree that if the Harris cut was put back and the inflation put in for all the years since then, we'd be well over giving people a 25% raise.

Mr. Hudak: One of the goals, obviously, of any good social policy is to help move people from social assistance into the workplace. One of the challenges is not only the high marginal income tax rates that are faced but a loss of benefits as well. What are the best mechanisms to give people the opportunity to move into the workforce from social assistance?

Ms. Palmer: I think there have been a lot of programs put in place since the Harris government came in that were attempting to get people back to the workplace, like workfare, forcing them to do some kind of work in the community. I think that was a punitive approach. I think a carrot would work much better than a stick, making jobs available, not just forcing people to go out and find something to do.

There should also be a recognition that many of these people are never going to work again. Many of them have some kind of disability, whether it's mental or physical, and sometimes it's an addiction that they haven't been able to overcome. They tend to be blamed for those things rather than understood.

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

Ms. Palmer: Thank you for the opportunity.

The Chair: The International Brotherhood of Electrical Workers Construction Council of Ontario? No.

ONTARIO ASSOCIATION OF FOOD BANKS

The Chair: The Ontario Association of Food Banks, are you in the room?

Please come forward. Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. Please identify yourself for the purposes of our recording Hansard. You can begin.

Mr. Adam Spence: Good afternoon. I am Adam Spence, executive director of the Ontario Association of Food Banks. On behalf of our organization and those we serve, I'd like to thank you for the opportunity to speak today.

I'm here today to talk about hunger, to offer a new perspective and to outline our new vision for relieving hunger and poverty in Ontario. For more information on our materials, we've brought a submission as well.

Over 330,000 Ontarians were served by food banks every month in 2006. This is equal to the populations of Barrie, Cornwall and Peterborough combined, and represents an increase of 18.6% since 2001.

A troubling trend is emerging. Ontario's children, Ontarians with disabilities and working Ontarians are hardest hit by hunger. These three groups represent the vast majority of those served by food banks in our province. Forty per cent of those we serve are Ontario's children, almost 20% are Ontarians with disabilities, and 17% are working Ontarians.

We live in the most prosperous province in one of the most economically powerful nations on earth, and yet hundreds of thousands of Ontarians are struggling. These troubling trends cannot continue. We need a new perspective on hunger and poverty. The image of hunger for many Canadians is simple: It is a very visible scar on our major cities, striking a small but unfortunate group of citizens forced to our streets and back alleys to plead for food and money. But the actual picture of hunger is very different. It is urban and rural. In some rural communities, rates of food bank usage are two to three times greater than the provincial average. It strikes Ontario's children, Ontarians with disabilities and working Ontarians. It affects hundreds of thousands and reaches into our own communities, our own neighbourhoods and our own homes. Hunger lives next door to all of us.

Ontario's system of supports has left many sitting at an empty table. The hunger felt by these individuals has a lasting impact on our collective social and fiscal well-being. The result is a very significant and lasting social deficit.

We need a new perspective on poverty that acknowledges the spiralling costs of this social deficit, and that the investments we make today will reduce the costs of tomorrow. We need a new perspective that recognizes hunger and poverty, not just as a moral imperative and a matter of social justice but as an issue of collective development, health and economic success.

We need to change the hearts and minds of Ontarians so that they can see the impact that hunger and poverty has on us all and on the daily lives of many. We need a bold new vision for reducing hunger and poverty in Ontario. To that end, we have prepared recommendations focusing on three groups that have been hardest hit by hunger.

We want a new vision for Ontario's children. In the throne speech following the 2003 provincial election, the current provincial government made a commitment to our children. Unfortunately, child poverty in Ontario and Canada has risen over the past 15 years. Since 1989, child poverty rates in Ontario have risen by nearly 5%. Child poverty rates in Canada are much greater than in our peer jurisdictions. According to UNICEF's 2005 global survey of child poverty, Canada ranks 19th of 26 industrialized nations in terms of child poverty.

These alarmingly high rates of child poverty have negative impacts on the health and development of our children. One of North America's greatest emerging challenges is obesity. Studies in academic journals, the national population health survey and the 2004 Canadian community health survey all show that obesity rates for low-income children are greater than their higher-income counterparts.

We can begin to tackle child poverty through two key actions. Income supports are one of the best mechanisms for governments to reduce child poverty. An Ontario child benefit would be a new mechanism to support that aim as a new income support program for low-income families with children. The benefit would vary according to income level, family size and need, up to a maximum of \$125 per month per child. This would result in a net increase in benefits for all low-income families with children as the OCB would be received by all families: those on social assistance and those who work. By ensuring the money is received by all families, the OCB would effectively end the clawback and provide additional assistance to working families.

We are also calling for the creation of measures and targets for the reduction of poverty to ensure that benefits are meeting their intended aim and to ensure public accountability to Ontario's children.

We also want a new vision for Ontarians with disabilities. In the throne speech following the 2003 provincial election, the current provincial government also made a commitment to Ontarians with disabilities. Unfortunately, the application process for the Ontario disability support program is extremely difficult for many Ontarians. About 40% of applicants opt out of the application process because of its complexity and the short period of time required for completion.

The maximum amount of assistance provided to ODSP recipients is also well below any poverty benchmarks. The maximum monthly allowance for a single person on ODSP is \$476 below Statistics Canada's low-income cut-off if they live in a major centre in Ontario.

We can also reduce poverty amongst Ontarians with disabilities with two key actions: We're calling for more disability support caseworkers to guide Ontarians through a confusing and complex application process, and we're also calling for an increase in the disability support package in order to, at minimum, meet the levels provided to seniors and, ideally, provide enough assistance to Ontarians with disabilities so that they are able to live at or above the poverty line.

1430

We also want a new vision for working Ontarians. There are too many working Ontarians living with hunger and poverty. There may be as many as half a million working Ontarians who live below the poverty line, and this figure continues to rise.

There are too many working Ontarians without access to supplementary and other benefits. In low-income families with one worker, only one quarter of that family will receive supplementary health and dental coverage, compared to 75% for other households.

Despite record high employment—we see it every day in our papers—labour force growth in Ontario is being driven by low-wage occupations. The net gain has been achieved through 161,900 jobs in sales and service, but we've lost 105,600 jobs in manufacturing, management and trades in the past 15 months. These sales and service occupations have the lowest wages and the most modest wage growth.

But we can begin to tackle poverty amongst working Ontarians with four key actions. Once again, we need an improved Trillium drug program to provide better coverage and a reduced or eliminated deductible for low-income working Ontarians. We need a new low-wage strategy that ensures a fair and predictable minimum wage, supported by a low-wage board. There is no minimum wage plan beyond 2007, and the current level and rate of increase is insufficient. We are also calling for an improved quality job development strategy that links social justice, education and skills, and our collective economic objectives. Finally, we are calling for measures that will help families save and succeed in the long term.

We are recommending that the provincial government create individual development accounts to match savings for low-income individuals and families for further education, home ownership, or small business development. We hope this is a truly comprehensive approach to reducing hunger and poverty for all Ontarians. And the time to act is now.

The provincial government is planning the final budget of their four-year mandate. Each party is in the midst of preparing its platform for an election at the end of 2007. At the federal level, it is far from certain when an election will be called, but it is likely to fall in this year. The clash of opposing visions for our nation has already begun.

Over the coming year, we will begin to ask important questions about who we are as a province and a country, in order to define the Ontario we want to live in and the province we want for our children to grow and succeed. These questions will be numerous and will transcend topics of hunger and poverty. But we believe that these questions we raise will be the most pressing of our fellow citizens. We believe that Ontarians will ask:

—In one of the most prosperous provinces in one of the most successful nations on earth, how can hunger live next door to all of us?

—Is it just that a citizen can work and not have enough food to feed themselves or their family?

—Is it economically responsible to let our children live without adequate nutrition with all we know about the health and development impacts of hunger?

—Can we afford to risk our collective success and prosperity by limiting the full potential and dignity of tens of thousands of our citizens?

Ontario's children, Ontarians with disabilities, working Ontarians and all citizens across our great province await your response to these questions. We are all hungry for change.

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

Mr. Prue: Thank you very much. I've seen this report before; you've talked to us before. But what continues to trouble me is the number of Ontario's children who use food banks: Your total usage is 40%. What effect would the elimination of the clawback have on the number of children—if you just eliminated the clawback, if the government did one thing, how would that 40% be reduced?

Mr. Spence: I think we want to talk about it in terms of the addition of benefits, and what we call for is a new Ontario child benefit which meets that aim of eliminating the clawback as well as providing support for working families. The Daily Bread Food Bank in Toronto indicates that 13,500 families in Toronto alone would come off the food bank rolls. So by providing that assistance, that's going to allow families to put a whole lot more food on the table and it's going to have a real impact on children.

Mr. Prue: I'm also troubled by working Ontarians, that nearly 17% of those who have a job are going to the food bank. What effect would raising the minimum wage to \$10, as it seems everybody but the government wants, have on reducing usage of the food bank by working Ontarians?

Mr. Spence: I think we have to consider a number of different frameworks. One is that there does need to be an increase to the minimum wage at a greater rate as well as a new schedule of minimum wage increases, because that will have an impact on the number of persons who are served by food banks. When we look at who is being served, it's the low-income population. So what we want to look at as well, beyond a low-wage strategy, is making sure that we have the kinds of jobs that we need in this province, the quality opportunities for people to succeed and have benefits and have the kinds of basics to be able to put on their tables.

Mr. Prue: Mr. Sorbara has suggested that raising the minimum wage at anything except a snail's pace is going to take 66,000 jobs out of the economy. Has your group studied that? Do you believe that to be true? I find it bizarre, but I'd like to hear your comment.

Mr. Spence: In terms of the rate of increase, we haven't seen any data to show that an increase of that scale would have that impact. We do have to recognize that we are entering a period of economic slowdown. The minimum wage that the provincial government sets has to recognize that, but also has to recognize fairness and

equity for a lot of families who are being served by food banks. So it is a bit of a push-and-pull factor. But the figures that you quoted—we haven't seen any proof of that.

Mr. Prue: I'm troubled as well, but surprised, that Ontarians with disabilities only make up 18% of the people who use the food bank. What effect would an increase for those people have on the usage? You've got all the facts and figures here: A single mother gets about 1,000 bucks a month if she has one child. If that was increased, even to give back half of what was taken away in 1995—even if they got a 10% increase—what effect would that have on the need to go to food banks?

Mr. Spence: I think an increase of, for example, even \$50 to \$80 a month is going to allow someone to buy another week's worth of groceries. When you put it in those kinds of exact and very visceral terms, I think we do recognize that there is very much a need. As you've noted, ODSP rates are well beyond what is required for people to be able to put food on their table.

The Chair: Thank you for your presentation.

The International Brotherhood of Electrical Workers?
No.

ONTARIO CATHOLIC SCHOOL TRUSTEES' ASSOCIATION

The Chair: The Ontario Catholic School Trustees' Association.

You have 10 minutes for your presentation, and there may be up to five minutes of questioning following that. Please identify yourselves for the purposes of our recording Hansard.

Mr. Bernard Murray: Good afternoon. I am Bernard Murray, president of the Ontario Catholic School Trustees' Association. With me today are Paul Whitehead, our past president, and Jim Hardy, our senior policy adviser on finance. We appreciate the opportunity to address the standing committee.

In November 2006, OCSTA submitted to the Minister of Education a brief on education finance entitled *In Support of Student Success—Refinements to the Funding Formula*. A copy of the finance brief is attached to our submission today.

OCSTA has welcomed the actions taken by the government to improve the funding of education in Ontario. Despite these positive steps, however, many school boards continue to experience serious financial challenges.

OCSTA strongly supports the basic philosophy and structure of the funding model. The difficulties confronting school boards today arise primarily from insufficient updating of benchmarks since the formula's introduction in 1998.

OCSTA appreciates the action taken by the government to substantially close the gap that had existed between the cost of actual salaries and their funding. This was primarily accomplished, however, through a realignment of other grants. For some boards, the transfer

has been revenue-neutral, but for others there has been a severe negative effect on overall funding.

For many Catholic school boards there also remains a shortfall in funding for actual preparation time provided for elementary teachers. The cost of providing the actual number of credits taken by secondary students is also not recognized.

OCSTA recommends that the provincial funding model for 2007-08 and future years reflect the actual cost of employee salaries.

1440

There continues to be a gap between the actual cost of employee benefits and their funding. Many of the factors that affect the cost of these benefits are beyond the control of school boards. The funding formula must be enhanced to recognize the current cost of employee benefits.

The report of the provincial working table on special education contained several positive recommendations related to the delivery of services and programs to children with special needs. Nonetheless, many boards expressed concern about their ability to fund current programs and services and address future needs. Benchmarks within the SEPPA allocation must be reviewed and updated to reflect real board costs, particularly at the secondary level.

Separate school funding is provided for students with high needs. The amount of this allocation varies from board to board, based on the number of these students. Boards are concerned that the current enrolment-based, high-needs amount is not structured to respond to changing incidence. OCSTA recommends that a research and review process be developed by the ministry to confirm the validity of or track the changes in rates of students with high needs and to inform future funding decisions.

OCSTA applauds the government's recent announcement with respect to the improvements to education for aboriginal students. It is important that the new aboriginal education strategy, including the First Nations, Metis and Inuit education policy frameworks, be developed quickly and funded adequately in order to ensure successful implementation. In addition to start-up funding, ongoing funding will be essential to enable school boards to meet the needs of aboriginal students. Despite overall declining enrolment, the number of aboriginal students, particularly in some of our northern boards, is increasing. These students must be afforded educational opportunities equal to those available to all Ontario students. OCSTA recommends that the province grant school boards sufficient start-up and ongoing funds to fully implement the aboriginal education strategy.

Catholic school boards have been struggling for many years to maintain adequate transportation services with far less than adequate funding. A new model for transportation must be found that will provide sufficient funds to ensure a reasonable level of service. Resource allocations must be fair and non-discriminatory. The formula must treat school boards and students in similar circum-

stances in a similar manner. OCSTA recommends that the Minister of Education immediately re-engage in the process of developing an equitable and adequate transportation funding formula that meets actual needs for student transportation.

Some boards have identified schools that are in urgent need of significant repair or renovation in order to meet current program expectations. The school renewal grant must be reviewed and refined to provide the funding necessary to enable all schools to meet minimum provincial standards for health and safety and accessibility, as well as local jurisdictional requirements and the demands of ministry-approved programs.

There is also a need for the funding formula for capital projects to recognize diverse and rapidly changing construction costs in various regions of the province. We recommend that the benchmarks for funding capital programs be regularly updated through the use of a regional construction price index.

Mr. Paul Whitehead: I'm Paul Whitehead. Almost every school board in Ontario is experiencing some degree of declining enrolment, particularly in the elementary panel. Education funding is primarily driven by enrolment, and even a small decline in enrolment has a severe negative impact on revenues.

Unfortunately, the costs of education do not follow the same pattern. Even though there may be an enrolment decline overall in a board, the decline at the school level is often less dramatic and does not allow boards to reduce school-based expenditures such as teacher and support staff salaries to the same degree and in the same time cycle. It is difficult to adjust transportation services, as bus routes and their costs remain relatively fixed. Declining enrolment also results in reduced grants for new pupil places and a reduced ability to service debt that is already incurred. OCSTA recommends that the Ministry of Education immediately convene a task force to examine the impact of declining enrolment and to recommend long-term strategies to deal with this issue. In the interim, additional relief to school boards facing declining enrolment should be provided through enhancements to the declining enrolment adjustment grant.

OCSTA and Catholic school boards support the fundamental structure of the funding model, which provides equitable funding for Ontario's students. At the same time, it is clear that refinements to the formula are required. Over the years, changes to many individual grants within the formula have occurred. We know that changes to any one part of the funding formula have a significant impact on boards' budgets as a whole. Changes to a special-purpose grant will affect different boards in different ways, giving advantages to some and disadvantaging others. This can have a critically important impact on boards' ability to fund basic common expenditures such as salaries. In order to monitor the funding model as a whole and the impact on all boards of the changes in any one grant, OCSTA recommends the creation of a provincial advisory committee, including representatives from provincial associations and ministry

officials, to monitor on an ongoing basis the status and impact of the funding formula and to provide advice to the minister accordingly.

A substantial amount of new funding has been provided to school boards in the past three years to support key government priorities, including primary class size reduction, student success initiatives and lower dropout rates. These are laudable initiatives in which Catholic boards are fully participating and achieving success. Because much of the additional funding has been enveloped, however, boards lack the flexibility to allocate these funds within their budgets to meet other needs. Elimination of the local priorities grant has further reduced boards' flexibility. A provincial advisory committee of stakeholders and ministry staff, as recommended by OCSTA, could monitor the issue of spending flexibility within the funding formula as a whole and provide advice to the minister.

OCSTA looks forward to working in partnership with the minister, ministry staff and our partners in education to accomplish necessary refinements to the funding formula. We urge immediate action in these endeavours. We strongly recommend that the 2007-08 grants announcements be made no later than March 31 so as to allow school boards to plan programs and allocate staff responsibly and efficiently.

Thank you for your time this afternoon. We would be pleased to answer your questions.

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

Mr. Arthurs: Gentlemen, thank you for being here this afternoon and for the very precise and thorough presentation that you've made, both verbally and in writing. It's helpful. The series of recommendations, while not excessively long, which is always a good thing too—it allows people to focus a bit—certainly will be helpful for this committee's deliberations and to inform the minister, both in finance and education, on some priorities as you see them.

There are a couple of things here. If you could, I'd like you to articulate what the priorities might be even within that grouping. We were in Kenora and heard about declining enrolment issues in some small northern municipalities or jurisdictions. I was also particularly interested in the recommendations around the formulation of the task force or committees and the ongoing consultation process with associations, trustees—I assume you're talking there about trustees—teachers, support staff, administrators; I guess those would be the four or five primary groups. I'm interested in the priorities and some comment on the advisory bodies, what your experience has been to this point and what you would look forward to should such bodies be established.

1450

Mr. Whitehead: Let me leave the question of priorities to Mr. Hardy for a moment. Let me mention our point about the advisory committee. Our point about the advisory committee is not that it should be an event, something struck in a particular year and then disbanded.

We see the value of such a committee as one that would be ongoing over time in order that timely recommendations might be made on an ongoing basis, keeping in mind at the same time the gains that have been made in the past and those that have been looked forward to for the future. That's our point about that committee.

Mr. Hardy can probably answer the priority question.

Mr. Jim Hardy: I'm sure priorities would change within boards, but overall most boards would agree that the priorities are, in no particular order of priority, in special ed, transportation, updating the benchmarks, particularly employee benefits, and the same thing in capital to ensure that the capital announcements that have been made are made in a timely way and can be funded and carried through.

Mr. Arthurs: Thank you. I believe Mrs. Mitchell has a question as well.

Mrs. Mitchell: Thank you for coming today. I'm looking for more specifics in your recommendation 10. It says, "to broaden the definition of acceptable transportation," and you speak specifically to "a spectrum of cooperative transportation arrangements." I'd like you to further expand on that, specifically number 10. I have it broken down—one, two, three points—so just to give you the opportunity to expand on transportation.

Mr. Hardy: I think the concerns that have been raised by school boards about the ministry guidelines are that at the moment the guidelines call for transportation consortia in a very prescribed manner and to be mandatory. Over many years, many Catholic school boards, together with their coterminous public boards, have had cooperative ventures, which in some cases are sealed with a handshake over a cup of coffee and in other cases are very formalized and of the type that is envisioned in the guidelines.

What recommendation 10 calls for and, as I say, what most Catholic boards and some public boards want, is a broader definition that would include those arrangements that already exist, that are working and that don't require the kind of formalization as set out in the consortia guidelines. It's not that we are against consortia; it's simply that boards be allowed to choose the method of consortia.

The Chair: Thank you for your presentation this afternoon.

ONTARIO FLUE-CURED TOBACCO GROWERS' MARKETING BOARD

The Chair: Now I would call on the Ontario Flue-Cured Tobacco Growers' Marketing Board to come forward.

Good afternoon. You have 10 minutes for your presentation, and there may be up to five minutes of questioning. I would ask you to identify yourselves for the purposes of our recording Hansard.

Ms. Linda Vandendriessche: Thank you. Good afternoon. First, I'd like to thank you for having us here today. I'm Linda Vandendriessche, a director of the

Ontario Flue-Cured Tobacco Growers' Marketing Board. To my left is my fellow board director, Chris VanPaassen.

Our board represents all of the flue-cured tobacco producers in the province of Ontario, approximately 1,000 farm families. We are a provincially mandated marketing board that looks after production, marketing and advocacy on behalf of our farmers. We oversee a strict regulatory framework for tobacco production which ensures that all legally sold tobacco in the province goes through our auction exchange in Delhi.

I'm here today to ask for help. Over the past several years we have found ourselves impacted by government tobacco control policies. Our farmers and communities are suffering. Our farmers are trapped. They have invested their lives' work in tobacco-specific equipment and assets and are carrying significant debt associated with those assets. In many cases, they are second- and third-generation tobacco farmers, and now they have no way out.

The Ontario government has instituted, in its own words, a "war on tobacco," putting in place some of the most rigorous tobacco control legislation in the world. Smoking bans have been enacted; taxes have been increased; retailing of tobacco products has been curtailed.

We have not argued with these measures. We have not fought the government's agenda. We have complied with the law in our own operations, buildings that are owned by tobacco farmers. We do comply with the no-smoking policy. We do ask, however, to be helped out of a business the government is committed to eliminating.

Since 1998, the tobacco crop size has been reduced by 63%. Farmers are being forced into bankruptcy. In contrast, governments are receiving record levels of tobacco taxes—\$9 billion in 2005 alone.

We appreciated the help of the provincial and federal governments last year as a first step in this process, a program to help us deal with the most financially vulnerable at this time. However, the devastation in our sector requires a much more comprehensive plan. We believe it is now time to take the obvious next steps and put a plan in place that will eradicate all tobacco production in Canada over an agreed-upon period of time. Our plan could be implemented in such a way that farmers are fairly compensated for the loss of their farms and capital investments by the industry itself financing an exit plan: collecting the required funds on the sale of tobacco products.

Also, we strongly believe that the communities that rely on tobacco production need a significant amount of assistance to adjust to a new economic base. We have received the support of members of Parliament and provincial Parliament from all sides on our proposal and ideas. We have been working closely with governments at all levels on this issue, and we appreciate the level of serious consideration our proposal has received.

However, time is running out. In the last year alone, our production was reduced from 85 million pounds to 55 million pounds, a 35% drop. Coming up, in the following

2007 crop, we anticipate a decline as well. Our farmers have never been in a more precarious financial position. Many of them cannot hold out much longer. The anxiety in our community is running at a fever pitch and it is having an effect on our families and communities.

Now is the time to look at this issue of tobacco production in an upfront and mature way and put a plan in place to deal with it from now until the time flue-cured tobacco is no longer grown in Canada. The signals we are getting from the federal government are that they are serious about resolving this issue and are looking to the provincial government for co-operation. We need the two levels of government, provincial and federal, to sit down together, roll up their sleeves and get this deal done. To the committee here today, we need all MPPs to be supportive of our plight and for the provincial government to be a willing partner in solving this issue once and for all.

Again, thank you for having us. If you have any questions, we are pleased to answer them.

The Chair: This round of questioning goes to the official opposition. Mr. Barrett.

Mr. Barrett: Thank you, Linda and Chris. In 2005, the Ontario government had the TAP program, the tobacco adjustment program, and that was a good step. That obviously helped a few hundred families to quit growing tobacco and helped those families that are still in the business. I know that for several years on this finance committee we have discussed that program, and the province did come through on that. That \$15 million was dedicated to community programs, creation of new employment in totally different fields. I actually have personally been in and out of a few farm shops where people have benefited from this and are working on various equipment, for ice arenas and things like that.

How successful has that been, that investment from the province, to date? I know it's only been about a year.

1500

Ms. Vandendriessche: Thank you, Toby, for that question. Yes, the community transition is handling that \$15 million, and to this point we're almost finished with giving out the \$15 million. I say "we" because I sit on that particular committee group. It has been very successful. You will see that many farm families and many employees and commodity groups and other industry have looked to some of that \$15 million and have been able to achieve getting some of those dollars, and are putting them to good use.

One of our criteria was to make sure that if you use those dollars, we get some employment out of it. It has been very beneficial because many of the people who retire from growing tobacco had employees who needed jobs, and some of these jobs now are being taken up by those tobacco people, who have been able to get some of those jobs.

It hasn't in particular assisted a lot of the tobacco producers, because some of them are still in it, but to some small extent it has. But it has been a successful program and I'm very pleased with the province for giving those dollars.

Mr. Barrett: One other point. You used the word “anxiety,” and I know it’s only going to be another five weeks or so where farmers are going to decide whether they’re going to order seed or not, or be in the greenhouse, which locks you into that whole cycle again of planting and harvesting and of hiring labour. I’m fully aware, as an MPP down that way, that the banks are setting the deadline; there’s no question about that. I think we’ve got, what, till March 1?

Ms. Vandendriessche: I’ll let Chris answer that with the farming calendar, but the anxiety is growing, and I’ll let him speak to that.

Mr. Chris VanPaassen: Thanks for the question, Toby, but it’s one of those things where I think we’ve had a hard time with government trying to explain the urgency of this whole situation. The growing cycle for tobacco starts the fall before. We need to do work in the greenhouses in October and November. We need to order that seed in December. If it’s not ordered now, we’re going to have a hard time getting that by spring. At the end of February, we need to start in the greenhouses to plant that next year’s crop. We need to sit down with our bankers and line up the financing for next year’s crop, make arrangements for the workers that we want to hire or potentially will hire. It’s a whole process that starts when there’s still snow on the ground. We can’t just go out there on the May 24 weekend and decide we’re going to stick a few plants in the ground. We’re way too late by then. So the urgency of this whole situation is one message that we hope all the members of this committee can take back to Queen’s Park and try to get some commitment. Two levels of government: Let’s solve this problem once and for all.

Ms. Vandendriessche: If I may, just to add to that point, the urgency here is that many, many people will go to the bank but will not be able to receive financing because they grew a smaller crop. Let’s face it: We all bought assets thinking that we would be able to pencil those assets out on a crop size. With the crop size decreasing as rapidly as it is, we are unable to financially pencil that through, so we’re already behind the eight ball. I recognize most everybody around the table understands the farming situation. If you can’t pencil it, putting plants in the ground is almost stupid, and we can’t afford to lose more money.

Mr. Barrett: Again, our understanding is that virtually every tobacco farmer is going to quit now. It’s over. What’s that going to take from government, to get to that stage, and how long is that going to take?

Ms. Vandendriessche: Since the plan is proposed over a defined period of time, if between the companies and the government they see fit that it lasts just a few more years, a gradual decline—of course, that is not up to us as a board to decide. It’s up to government to decide. But that’s why it’s not feasible for many next year to grow. Maybe another bunch can hang on for a year, and maybe a very small amount can hang on the year after, but it’s a very crucial time and a very short window we’re looking at. Do you agree, Chris?

Mr. VanPaassen: Well, in the proposal that we’ve made to government and that I think we’ve circulated to all the members, we have described it as a full exit, all the growers, the total elimination of tobacco production in this country, but over a defined time period. We recognize that drastic change from—tobacco was the major economic driver in a small section of southwestern Ontario. To eliminate it very quickly has a devastating effect on the community. So if it can be done in a managed sort of way over a defined time period, it will be easier on our communities. It will be easier on our employees. We’re members of those communities too, and we see what it’s done to our communities and our community centres, our libraries. Our tax bases are eroding. We can’t afford services for our kids anymore. To take that out very quickly would have a devastating effect on our communities, so a gradual time period. But that’s up to government, to decide how long they are willing to tolerate us, I guess.

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

AMERICAN FEDERATION OF MUSICIANS, CANADA

The Chair: Now I call on the American Federation of Musicians, Canada, to come forward.

Good afternoon, 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. Bobby Herriot: Thank you. My name is Bobby Herriot, and I am the international vice-president from Canada of the American Federation of Musicians of the United States and Canada. This is Mr. Ray Koskie, who is our consultant and helps us keep out of trouble, hopefully. I would like to thank the committee for this opportunity to appear before you to discuss issues which are of major concern for our members in this province.

Who are we? The AFM represents 14,000 musicians in Canada, of which approximately 6,300 are employed in Ontario. Our total organization in North America is just about 115,000.

Since I came into office, we’ve been aggressively pursuing several issues for our members, including access to supplementary group pension benefits; access to workers’ compensation, which we were successful in getting; employment insurance for self-employed artists; the rights of musicians in live and recorded performances; group residential mortgages; income averaging for artists; music and education; and status-of-the-artist legislation.

Numerable reports and studies, as set forth in our brief, which I believe you all should have copies of, have recognized this sector as being a major contributor to the economy. In fact, this was recognized by the recent report of the status-of-the-artist subcommittee of the Minister’s Advisory Council for Arts and Culture in Ontario: “The arts and culture sector contributes over

\$1,700 in economic return for every resident of Ontario.” That’s page 4 in our brief.

The unique characteristics of artistic employment: “The three most striking characteristics of the cultural sector labour force are a high level of education, a high rate of self-employment, and relatively low earnings, especially for self-employed artists. The statistics presented in the study also demonstrate that the arts, culture and heritage labour force is a unique, important and fast-growing segment of the overall labour force in Canada.”

Despite high levels of education and the substantial economic and immeasurable contributions they make to Canadian society, artists’ incomes remain among the lowest in Canada. To give you a better understanding of the plight of artists in this province, I wish to highlight certain facts, as detailed in our brief, page 5:

—The lowest-paid artists are among the worst paid of any occupation in the entire labour force. Of over 500 occupational groups tracked by Statistics Canada, only 23% have average earnings that are lower than the lowest-paid cultural occupation.

—Many cultural occupations, especially artistic occupations, have extremely high self-employment rates.

—Cultural occupations have an overall average self-employment rate of over one third, three times higher than the average for the labour force as a whole.

—The high level of self-employment is another key factor in the relatively low earnings for artists. Self-employed artists earn on average between 28% and 40% less than the self-employed in all other sectors. Most artists do not have access to the social benefits generally available to the rest of the workforce, including paid vacations and holidays, employment insurance, disability benefits, medical insurance and retirement benefits.

1510

What are we proposing for the committee? Enough has been written and said about the plight of artists, including musicians, in this province. We now want to make certain recommendations with the objective of improving upon the labour and social benefits which thus far have eluded artists in this province but have been given to six million other Ontario workers.

Income averaging tax credit: What makes artists unique is that they put in years of labour and often years of sacrifice, incurring debt and doing without the basics of life. Then, when the payoff comes and they receive significant income from a project, it’s taxed as if it was earned entirely within that particular taxation year. The nature of artistic work results in sporadic and fluctuating income. In some years these fluctuations can be extremely dramatic, particularly when an artist reaps the reward of what may be years of effort and productive output.

The current tax regime in effect penalizes artists for pursuing artistic endeavours. This tax inequity compounds the economic insecurity issues already faced by artists. Given the significant contribution artists make to Ontario’s economy, eliminating this tax inequity makes sense from an economic policy perspective as well as a

social perspective. As stated by PricewaterhouseCoopers, tax equity and fairness dictates that some form of income averaging relief should be available to artists, who are most vulnerable to the tax consequences of sporadic and/or fluctuating income.

Interestingly, more recently, the Minister of Culture’s status-of-the-artist subcommittee recommended introduction of “measures that allow artists to spread their income over several years; for example, an Ontario-based tax deferral system.” This report acknowledges that various forms of income-averaging measures for artists have been adopted in foreign jurisdictions, including Australia and Sweden, as well in the province of Quebec. In fact, Quebec adopted income-averaging relief for artists in 2004 and, as the Quebec government stated, “Given the government’s commitment to implementing a policy to help artists make a better living from their art, a new measure will be introduced to enable some of them to defer the tax on a portion of their income.”

Our recommendation: The Ontario government should introduce amendments to the Ontario Income Tax Act to provide income-averaging relief for artists by means of an “artists’ income averaging tax credit.”

Because of the time—I believe you all have copies of this—I’m going to skip a couple because I do give a little example of how the deduction can work in Ontario. I’ll go to the next page.

While the federal government failed to take a leadership role in this regard, nothing precludes the Ontario government from implementing these measures to further its stated goal to improve the socio-economic condition of artists in Ontario. Our recommendation on this: The committee should urge the Ontario Minister of Finance to adopt a concept of a copyright income deduction and also request the federal Minister of Finance to include the copyright income deduction for revenue derived from copyright and residual payments. The AFM endorses the recommendation that the deduction should be set at a minimum of \$30,000 per year, as advanced by the Canadian Conference of the Arts in its submission to the federal standing committee of finance in its 2006 federal pre-budget consultations.

One of the other problems we have is the subsistence grants which are given out by government agencies such as the council for the arts. It looks very nice to get those, but the substantial flaw is that you get the grant, but you’re taxed on it, so you don’t really get the amount of money that everybody thinks you’re getting. So we would like to ask the government to make grants to artists exempt from income tax.

We strongly recommend that the government of Ontario, in collaboration with other provincial governments, advocate to the federal government the introduction of an exemption for subsistence grants to artists. In the interim, the AFM requests that this committee propose to the Ontario Minister of Finance the introduction of a subsistence grant tax credit.

Status-of-the-artist legislation: We believe that the foregoing recommendations and submissions are key

components of the overall socio-economic policy reform that the government must adopt to fulfill its stated objective of improving the abysmal economic and working conditions of artists. This legislation should extend to artists fundamental labour rights available to the balance of the workforce and, as noted in the Ontario Liberal Party's platform, "will recognize the importance of Ontario's artists and represent a new respect for their social and economic contribution." In fact, the Minister of Culture committed in the Legislature on May 15, 2006, "to move forward to improve the socio-economic status of the artist, recognize and enhance the labour status of artists, promote artists and their work and enhance artist health and well-being." However, unfortunately, to this moment nothing has happened—nothing at all.

We strongly recommend that the government move expeditiously to finalize and implement status-of-the-artist legislation, including provisions to ensure that artists, like six million other Ontario workers, have access to the collective bargaining process.

Ontario's commitment to education and the cultural economy: Again, the status-of-the-artist subcommittee recommends "that the Ministry of Culture provide new funding for the Ontario Arts Council which will enable the council to provide sustainable funding to artists and arts organizations." We urge that the government increase funding for the arts, and in particular funding for the Ontario Arts Council.

One of the most important things addressed is music education. In 2005, the Coalition for Music Education in Canada released the first-ever Canada-wide benchmark study on the state of music education. The study revealed that schools across Canada desperately need funding to keep up with the demand for music programs. With respect to Ontario in particular, the study noted, "[T]he feedback from Ontario was alarming. Our most populous province is facing the greatest challenges in delivering quality music programs. Ontario reported the highest percentage of non-music specialists teaching music in their schools, the lowest school board support rate of any of the provinces, and the largest decrease in government funding."

Our recommendation is this: In furtherance of the Ontario Liberal Party's commitment to supporting artists and fostering the economic growth of the sector, we urge the government to revisit and revise its funding formula and to ensure that adequate and specifically targeted funding be provided to permit quality music education to be delivered by certified specialist teachers.

I thank you, ladies and gentlemen, for the opportunity to make our presentation to you today. We'll try to answer any questions that you have. I hope you understood my funny accent. I've been here 50 years and I still don't speak any of the official languages of the country.

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

Mr. Prue: Last fall—I can't remember the exact date—there was a group of artists that came into the Legislature the whole day long, made statements and had

a press conference imploring the Minister of Culture to introduce the status-of-the-artist legislation, which had been promised by the government during the last election. Have you heard anything about that ever since? I haven't; I'm just wondering whether you have.

Mr. Herriot: Not a word. We were there at that event.

Mr. Prue: You were there; okay.

Mr. Herriot: Yes. There were all kinds of promises made, and vague statements were made by the minister, but nothing has come forward, despite the fact that the minister made a statement in the House as well as at committee that they were going to look into this and there would be a committee formed. The Minister of Culture was going to work with the Minister of Labour to get something, but there's nothing.

Mr. Prue: We have had a change of ministers over the last year or so.

Mr. Herriot: Yes. Madame Meilleur first of all and now Madame Di Cocco.

Mr. Prue: Yes. Has there been any change since the new minister came on board? Has she promised—has she done anything?

Mr. Herriot: Same message. The first minister was quite adamant that she wasn't going to have collective bargaining. As a matter of fact, she even resented the fact that entertainment unions were questioning the status of the artist. Then, when Caroline Di Cocco was appointed, we thought, "Ah, that's great, because she introduced the bill for the Liberal government." It's been exactly the same result as with Madame Meilleur. The entertainment unions are quite frustrated by that.

Mr. Prue: Okay. I think your colleague wants to say something.

1520

Mr. Raymond Koskie: The American Federation of Musicians, in August 2005, in accordance with a request from the chair of the status-of-the-artist subcommittee, went to great expense in presenting a brief to the government and to the subcommittee that included model collective bargaining legislation. That was as a result of a comparison of the federal status-of-the-artist legislation and the Quebec status-of-the-artist legislation. We prepared this very detailed model legislation, which had agreement from—I won't say there would be unanimity. There rarely is unanimity on labour legislation, but it was supported. The discouraging thing is that the subcommittee in August last year recommended to the Minister of Culture that the Minister of Culture and Minister of Labour get together and get the stakeholders together quickly to agree on this legislation. That has not happened to date. That request was contained in the subcommittee report sent to the minister in August of last year. The report was finally released, I hasten to point out, unceremoniously after many, unfortunately, demonstrations by the arts community. It was released about two weeks ago. Nothing at all has happened. It is most discouraging that these artists are to be denied, for example, collective bargaining rights that six million other Ontario workers have enjoyed for decades.

Mr. Prue: I'm a little disturbed by that. Madame Meilleur, you said, was opposed to your having the right to collectively bargain?

Mr. Herriot: Yes. She made no bones about it—Madame Meilleur.

Mr. Prue: She said that you couldn't form a union, you couldn't have collective bargaining, you couldn't—

Mr. Herriot: She wasn't prepared to discuss it at all. She said, "I'm only interested in the socio-economic things." Well, if people don't have a job, they certainly have a socio-economic problem. We had a meeting. As a matter of fact, Mr. Levac was there.

Mr. Prue: And Madame Di Cocco made the same statement?

Mr. Herriot: No. She just said, "Well, we're just going to look at the socio-economic thing. We're not looking at the collective bargaining but we'll discuss it with the Ministry of Labour and see what we can come up with." But nothing has happened.

Mr. Prue: Okay, but she made no commitment for free collective bargaining either?

Mr. Herriot: No.

Mr. Koskie: In fact, if I may, in the Legislature on May 15, as we say here, she promised, in response to a question, to move forward on both the socio-economic issues and the labour status. When we had a meeting with Minister Di Cocco, I would say in July of last year, Mr. Herriot thanked her for agreeing to proceed to move forward on the collective bargaining, at which point she said, "Oh, I made a mistake. I didn't intend that. I don't intend to focus on collective bargaining." We have put this in writing to her, and it's very discouraging. I don't know what more artists have to do to await the day when they have the right to collective bargaining.

Mr. Herriot: If I may: What's most disturbing for the arts community is that it was part of the election platform of the Liberal government that they would have status-of-the-artist legislation introduced and passed in the first two years of their mandate, which is nearly finished, and there's nothing. They don't even talk to us. They formed a committee and the minister won't even have any entertainment union representatives attend the meetings.

The Chair: Thank you for your presentation.

Mr. Koskie: Thank you.

Mr. Herriot: Thank you very much. I appreciate your help and hope you have a safe trip back home.

LONDON HEALTH SCIENCES CENTRE

The Chair: Now I call on the London Health Sciences Centre 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. You can begin.

Dr. Bob Kiaii: Good afternoon. My name is Bob Kiaii. I'm the director of the minimally invasive robotic cardiac surgery program at the London Health Sciences

Centre. I would like to thank the committee for giving us the opportunity of presenting our project and our request.

The handout that I've given is based on a slide presentation, hence there are so many pages. But the pages are quite concise and hopefully will provide the information that I want to present.

If we move on to the outline of this presentation, I'm going to first introduce the innovative technologies that we're using for these particular types of procedures and the different systems that have been in use. I'll then move on to London's history specifically, the applications and benefits of such innovative technology, and the essential need for other, required technology in our request.

If we look at surgery over the last quarter of the 20th century, there's been a significant paradigm shift in which surgery is being performed. More and more operations are being performed minimally invasively, and the invasiveness of these procedures being dramatically reduced has resulted in superior results. By superior results, superior outcomes, we mean improved survival, fewer complications and, most importantly, quicker return to functional health, productive life and a good quality of life.

If we date back to the 1980s, when the first laparoscopic gallbladder removal was performed, it was the first time the surgeon was able to perform an operation without having to touch the organ and actually directly look at that organ. That was a significant revolution in the delivery of surgical types of procedures in health care. After that, a lot of other disciplines decided to adopt minimally invasive technology and were able to continue with that particular procedure. That resulted, again, in fewer complications and better improvement in terms of outcomes.

Unfortunately, in cardiac surgery, in heart surgery, there was a lag in terms of the ability to perform these minimally invasive techniques. Why? Because we did not have the proper instrumentation and the proper technology. Luckily, with the help of different robotic systems, specifically those called computer-assisted systems, we were able to have improvement of this instrumentation technology and overcome the limitations that existed. Specifically, in cardiac surgery, we perform what we call miniature and microsurgical reconstructive surgery; hence, for this we need significantly enhanced technical ability and also better instrumentation to do these procedures. With the introduction of these robotic surgical systems, we were able to do this.

To go back, in terms of the history of the robotic surgical systems, there were two companies that provided these particular technologies: One was Computer Motion and the other was Intuitive Surgical. They both continue to be based in California. Computer Motion put out two systems, one called AESOP, an automated endoscopic positioner, and another one was ZEUS, the name of the particular instrument used. Intuitive Surgical was another company that came up with another system called the da Vinci system. We in London have used all three of those systems over the years. Computer Motion went out of

business and was bought by Intuitive Surgical, and now there is only one company that provides these particular types of medical robotic systems.

If we look at what AESOP is, as I said, it's a one-armed robot that primarily holds the camera and responds to the commands by the surgeon. The surgeon wears a headset and by speaking into the headset is able to make the robot go to the right, go the left while the surgeon is manually performing the operation. Meanwhile, the next generation of such systems is the ZEUS system, which is a three-armed system. The middle arm holds the camera, and the other two arms are controlled by the surgeon sitting at a console distant from where the patient is actually located.

Moving on to the same generation, the da Vinci system was built by another company. The advancement of this is that it's got four arms. The surgeon not only has one arm for the camera but can rotate between the three different arms, and hence has an assistant that the surgeon can also control. In addition, the advantage of this particular da Vinci system is that it gives you a three-dimensional image, which we do not have with the regular system, and hence is able to give you the correct brain-eye coordination. So the advancement of it is that it enhances 3D imaging; improves dexterity; has greater surgical precision; improves access; and increases range of motion and reproducibility.

1530

The next picture is the way we provide the instrumentation between the ribs to be able to do these procedures.

If we move on, there's a quote from one of the authors of the *New England Journal of Medicine* back in 2004, stating, "The management of heart disease has evolved dramatically over the past two decades.... The surgical treatment options must be tailored to each patient in order to optimize the benefits and minimize the risk of detrimental effects."

The most important thing there is to optimize the benefits and minimize the risks. The types of patients we are confronted with these days who are requiring heart operations are all very different and we have to tailor the operation in terms of the risks versus the benefits. This type of technology allows us to do that.

Going on to London's history: In 1998, we acquired the first robot, which is the one-armed robot; in 1999, we acquired the three-armed robot from Computer Motion; and in 2003, we acquired the da Vinci system. The da Vinci system was acquired at the same time as we had the grand opening of CSTAR. CSTAR is the Canadian Surgical Technologies and Advanced Robotics, our national centre, which was primarily provided by funding through the Canada Foundation for Innovation and Ontario grant money that allowed us to build this particular centre. Over in London, we've performed over 400 robotic-assisted operations: 300 heart bypass operations, 80 regular valve operations, and 20 other types of operations, which required treatment for irregular heart rhythm and closing of openings between chambers of the heart.

As I mentioned, we've had a lot of world's firsts. In 1999, at London we performed the world's first robotic-assisted, totally closed-chest bypass surgery on a beating heart. In 2001, we performed the first Canadian robotic-assisted valve surgery. In 2002, we had the world's largest number of robotic-assisted heart bypass operations.

In 2003, as I mentioned, with the help of the Canada Foundation for Innovation fund and the Ontario research and development fund we were able to create the Canadian Surgical Technologies and Advanced Robotics, which is a centre primarily dedicated to these types of operations. We were able to build a specialized operating room, which is unique. It was one of the first in North America when it was built because it's a combined operating theatre along with an angiography suite, where we can provide both bypasses and stenting in the same, simultaneous setting for the patient. In 2003, we performed the first robotic-assisted valve operation in London. In September 2004, we performed the first North American simultaneous robotic-assisted bypass along with stenting in this specialized operating theatre. In 2004, we had the world's first robotic-assisted treatment for irregular heart rhythm. In December 2006, we had the largest number of such simultaneous procedures.

If you look at a comparison—why robotics are advantageous—of individuals who have undergone a bypass operation conventionally and the three different robotic systems, if you look at that bar graph, you can see that the length of stay in the intensive care unit, the ICU, was significantly less for people who had a robotic procedure. If you look at the overall length of stay in the hospital, the people who have undergone a robotic procedure spent exactly half the amount of time in the hospital compared to people who had conventional operations, which is the blue bar.

Moving on: Are the procedures we're doing as good as conventional procedures? We studied these individuals by doing a routine angiogram on them after the bypass, and we found that the individuals who had the robotic procedures—the same percentage of their bypass vessels were open as it is for conventionally. So we found them to be as good as conventional operations. After six months' time, 98.4% of these bypass vessels are still open. The advantage of this is that it avoids the use of the heart-lung machine and hence reduces the potential possibility of stroke, bleeding, requirement of blood transfusion, the inflammatory response that you get after these types of operations, and all the different problems in terms of organ dysfunction and wound complications.

If you look at the platform of different heart operations available, we have the maximally invasive one where we break the breastbone in half to get access to the heart, and then basically the transition over smaller incisions eventually, just what we call endoscopic, which means a port-sized incision allowing us to perform the operations.

Unfortunately, being able to do these procedures will require further technology, such as special sutures and

special cannulas for us to perform much more complex procedures, such as heart valve operations, irregular heart rhythms, and closing openings between chambers of the heart.

For example, if we look at the minimal invasive heart surgery, traditionally the breastbone is cut in half and all the cannulation is done centrally, directly to the chest. Using minimal access, we have to do the cannulations either through the arteries in the groin or through the arteries in the neck. To do that, special cannulation systems are needed. These special cannulation systems are called the endovascular cardiopulmonary bypass system. What they do is they enable us to do these procedures by cannulating the arteries in the groin and hence allowing us to do these procedures without having to make big incisions. This has been the biggest advantage to allow us to do these complex procedures.

An example of what this cardiopulmonary bypass system includes two cannulas and two catheters. The picture is shown in the handout. There's a balloon at the tip of one of the catheters that allows us—instead of having to clamp the big artery of the heart to stop it during the procedure, a balloon at the end of it gets inflated and allows us to deliver the solution to stop the heart in a less invasive manner, causing less problems in terms of potential stroke. That's exactly the picture of it, how the balloon is inflated, allowing us to deliver the solution.

If we look at examples of two cases, one is a 42-year-old male and he's a fireman. He had an opening between the chambers of the heart. He wasn't suitable for device closures, which is the least invasive way to do it, because the opening was too large. Hence, we closed this opening between two chambers using robotic assistance. He was home in three days and was able to go back to work as a fireman within a period of one month.

Another example is a 38-year-old female. She and her husband own a farm. She had a mitral valve, a valve that was leaking. Again, we repaired her valve using a minimally invasive technique. She was back farming in two weeks. So these are examples of why this technology is very essential.

These are the pictures of how these individuals look in terms of the size of their incisions, in terms of how cosmesis sometimes makes a big difference immediately after the operation; then, if we look at the comparison picture between the midline incision where the bone is cut compared to just using very small incisions.

In conclusion, these procedures are as safe and efficient as regular treatment modalities. It requires a dedicated team, which we've had in London for several years in terms of a team of surgeons, anesthesiologists, nurses and perfusionists who run the heart and lung machine, a dedicated centre with a lot of experience, specifically experience in minimally invasive surgery. The advantage of improving the delivery of such a system is that the delivery of health care can be much improved and it reduces complications after the operation, including wound complications, infection, neurological

complications such as stroke and much quicker recovery back to regular life.

The last thing is, we have our budget. A robotic system has the requirement of some disposable equipment and sutures for these procedures and some specialized cannulas that are required for the heart and lung machine. Basically, the total per case of this instrumentation is as mentioned. We estimate that in a year we perform about 70 of these procedures and hence that's the amount of budget that we're requesting.

Again, thank you very much for your time and attention. I appreciate the opportunity.

The Chair: Thank you. I don't know if you've ever done that in 10 minutes before, but you just have.

The questioning goes to the government. Ms. Matthews.

Ms. Matthews: Thank you, doctor, for coming here today. I have to tell you that as a Londoner I'm really proud of the work you do. I've had the chance to visit CSTAR and actually was able to manipulate the da Vinci machine—not when it was attached to a human being, you'll be glad to know.

Dr. Kiaii: That's wonderful.

Ms. Matthews: I want to just clarify something. I think your presentation shows that this procedure offers significantly better outcomes for the patient. They spend less time in ICU, they're home from the hospital faster—four fewer days in the hospital, I think on average, if I read this correctly. The cost for each case is \$10,500. Is that over and above what it would have cost under the more conventional procedure? I guess what I really want to understand—because I think what you're really doing is not asking us to spend money; I think you're telling us a way we can save money.

Dr. Kiaii: Correct.

Ms. Matthews: So maybe you could just do the whole cost comparison, the conventional versus da Vinci. Would we save money?

Dr. Kiaii: Definitely, if you look overall at the length of time in intensive care, the length of time in hospital and the actual cost per procedure for the system. Generally, when we do these operations—on an average day, a regular surgeon would do two operations. But because these operations take a bit longer, generally you perform one operation a day. So the cost overall for the operation is definitely less, because we don't—for some of these procedures we do not use the heart-lung machine, depending on what type of procedures we're doing. If it's a bypass procedure, we do not use the heart-lung machine. That, by itself, is cost-saving. In addition, they do not require as much of a stay in the intensive care unit. That's cost-saving.

Unfortunately, I probably should have said that it's a comparison to conventional and done a cost analysis. It probably would have been more beneficial. I can easily provide that for the committee within the next 24 to 48 hours to be more helpful. But overall, in the long run, these type of procedures definitely mean cost savings. But if you compare them case by case only from the

operations point of view, then they're not, because they require more, you can say, innovative instrumentation that's more costly compared to using instruments that are reusable. So if you look at, overall, the cost per patient going for a bypass operation, this definitely is in the long run less costly.

Ms. Matthews: It would be very helpful if you could provide that information.

Another consideration that I think we should probably throw into the mix is, are they back to work faster? Are they back to work more quickly than they would be under conventional—which is another saving to the system, if you will. It just would be helpful if you could demonstrate that this would actually save us money.

Dr. Kiaii: They definitely go back to their regular functional activities, regular work, much sooner—two months sooner than regular people.

Ms. Matthews: Two months?

Dr. Kiaii: Two months.

Ms. Matthews: Because it's not so invasive and the ribs aren't broken? Is that why?

Dr. Kiaii: You haven't destroyed the chest cavity; you've gone between the ribs. So individuals, maybe for the first 24 or 48 hours, may have a bit of pain, but that pain immediately is gone and they're back. We had several farmers—self-employed people are very, very intrigued about this option, because they go back immediately to doing farming, like this lady we had. We have farmers going on their tractors within two weeks. So definitely, the majority of individuals can go back to their regular work much faster.

Ms. Matthews: Thank you very much.

Dr. Kiaii: You're welcome.

The Chair: Thank you for the presentation. The clerk advises me that you worked really hard to be here today, so we appreciate that too.

Dr. Kiaii: I appreciate the opportunity. Thank you.

The Chair: Thank you very much. That concludes our hearings in Hamilton. We are adjourned.

The committee adjourned at 1543.

Continued from overleaf

Ontario Catholic School Trustees' Association	F-845
Mr. Bernard Murray	
Mr. Paul Whitehead	
Mr. Jim Hardy	
Ontario Flue-Cured Tobacco Growers' Marketing Board	F-847
Ms. Linda Vandendriessche	
Mr. Chris VanPaassen	
American Federation of Musicians, Canada	F-849
Mr. Bobby Herriot	
Mr. Raymond Koskie	
London Health Sciences Centre	F-852
Dr. Bob Kiaii	

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Chair / Président

Mr. Pat Hoy (Chatham–Kent Essex L)

Vice-Chair / Vice-Président

Mr. Phil McNeely (Ottawa–Orléans L)

Mr. Ted Arnott (Waterloo–Wellington PC)

Mr. Wayne Arthurs (Pickering–Ajax–Uxbridge L)

Mr. Toby Barrett (Haldimand–Norfolk–Brant PC)

Mr. Pat Hoy (Chatham–Kent Essex L)

Ms. Judy Marsales (Hamilton West / Hamilton-Ouest L)

Ms. Deborah Matthews (London North Centre / London-Centre-Nord L)

Mr. Phil McNeely (Ottawa–Orléans L)

Mrs. Carol Mitchell (Huron–Bruce L)

Mr. Michael Prue (Beaches–East York / Beaches–York-Est ND)

Substitutions / Membres remplaçants

Mr. Tim Hudak (Erie–Lincoln PC)

Clerk / Greffier

Mr. Douglas Arnott

Staff / Personnel

Mr. Larry Johnston, research officer,
Research and Information Services

CONTENTS

Monday 29 January 2007

Pre-budget consultations	F-807
Canadian Federation of University Women, Burlington	F-807
Ms. Marianne Singh-Waraich	
Mr. Charles Spettigue.....	F-810
Haldimand Federation of Agriculture	F-811
Mr. Ron Young	
Interfaith Social Assistance Reform Coalition.....	F-813
Mr. Brice Balmer	
Theatre Aquarius; Professional Association of Canadian Theatres	F-816
Mr. Max Reimer	
House of Friendship.....	F-817
Ms. Deborah Schlichter	
Mr. Paul Lahaie.....	F-819
Ontario English Catholic Teachers' Association	F-821
Ms. Elaine Mac Neil	
Mr. David Church	
Waterloo Catholic District School Board.....	F-824
Mr. Wayne Buchholtz	
Mr. Roger Lawler	
Hands Off Campaign.....	F-826
Mr. Craig Foye	
McMaster University	F-828
Dr. Peter George	
McMaster Centre for Medical Robotics.....	F-830
Dr. Mehran Anvari	
Mr. Mike Parfitt	
Hamilton Centre of Excellence in Bariatric Medicine and Surgery	F-832
Dr. Arya Sharma	
Ms. Colleen Brakewell	
Dr. Mehran Anvari	
Greater Kitchener Waterloo Chamber of Commerce.....	F-834
Mr. Todd Letts	
Mr. Art Sinclair	
Child Care Action Network of Waterloo Region.....	F-837
Ms. Catherine Fife	
Hamilton/Burlington Society for the Prevention of Cruelty to Animals.....	F-838
Mr. Jim Sykes	
Ontario Association of Social Workers, Hamilton and district branch	F-840
Ms. Sally Palmer	
Mr. Rob Ellis	
Ontario Association of Food Banks	F-843
Mr. Adam Spence	

Continued overleaf