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Mercredi 23 janvier 2008

**Standing committee on
finance and economic affairs**

Pre-budget consultations

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

Consultations prébudgétaires

Chair: Pat Hoy
Clerk: William Short

Président : Pat Hoy
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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS

Wednesday 23 January 2008

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Mercredi 23 janvier 2008

The committee met at 0901 in the Cedar Meadows Resort, Timmins.

PRE-BUDGET CONSULTATIONS

The Chair (Mr. Pat Hoy): The standing committee on finance and economic affairs will now come to order. We're pleased to be in Timmins this morning and again this afternoon for the committee. Just a reminder that checkout time is at 11 today.

ONTARIO FOREST INDUSTRIES
ASSOCIATION

The Chair (Mr. Pat Hoy): I would ask our first presenter of the morning, the Ontario Forest Industries Association, to come forward, please.

Mr. Gilles Bisson: Welcome to Timmins. We've ordered this weather just for you.

Ms. Jamie Lim: Well, how else would you want it in Timmins, Ontario? Please. This is actually a warm day. You should have been here on the weekend.

The Chair (Mr. Pat Hoy): Good morning.

Ms. Jamie Lim: Good morning. How are you?

The Chair (Mr. Pat Hoy): Good. 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. Jamie Lim: I'm Jamie Lim with the Ontario Forest Industries Association. The OFIA consists of 27 member companies, ranging from Canadian divisions of multinational companies to sixth generation, family-owned-and-operated facilities. Forestry is one of the true green industries, and it has a great story to tell. Like farmers, the forest sector regenerates all areas that have been harvested.

Our collective objective, government and industry, must be to continue working successfully to resolve the key competitiveness issues that are threatening our sector's viability in this province.

Since 2003, Ontario's forest sector has been going through a significant period of transformation as it adjusts to a set of unprecedented challenges. I think we need to understand that while some of those challenges, like the parity of the Canadian dollar and the crash of the US housing market, might not be within the purview of

the provincial government, there are a number of provincial challenges that are within your jurisdiction which you can take action on today. Over the past three years, your government has demonstrated its ability to effectively address barriers to the Ontario forest sector. Yet as the Premier has repeatedly noted, there is much more to do. You must remain vigilant. You can't do something with the right hand and then go and do something with the left hand that erases everything that you've just done. By not adding to the uncertainty and instability, government can make a real difference for the Ontario forest sector.

In addition, government must also recognize its role in establishing, growing and maintaining customer confidence in made-in-Ontario forest products. FPAC notes that there could be a 3% increase—and even beyond that with the new products that are being developed—worldwide. To fail to adapt to this global reality is a failure to grasp a significant opportunity—an opportunity that will grow jobs and prosperity while at the same time reducing impacts of climate change, because you're using the only renewable resource that's out there.

In an effort to re-establish world-class business environments in Ontario that will attract investment, we are recommending seven actions be taken.

The first is security of supply. From an investment perspective, fibre cost and access certainty are absolutely vital. In 2002, a government report recognized the long-term supply of wood necessary for industrial processing and economic development is 24 million cubic metres annually. The OFIA today is asking your government to honour this commitment and ensure that the existing operational land base—a land base that is governed by one of the most stringent and ecologically sensitive regulatory systems in the world—is not further eroded.

While many detractors of our industry will try to claim that the current harvest levels are unsustainable, this is clearly not the case. Our industry currently harvests less than one third of 1% of the crown forests that are allocated for harvesting annually. And we are governed by over 30 guides and guidelines. For example, since the implementation of the bald eagle habitat management guide in 1987, the bald eagle has been down-listed from endangered to special concern status in northern Ontario. But guess what? The bald eagle remains endangered in southern Ontario.

Forestry and the protection of species can happen together. We've proven it, we've done it and we've done

it for more than just the bald eagle. So we request that this government develop an exemption regulation for Ontario's forest sector that recognizes that our forest management plans satisfy the requirements of the new Endangered Species Act—period.

Secondly, we have the sustainable forest licence conversion initiatives. These have to be done based on a business model. If you use these conversion initiatives to bring in social engineering, you're going to close the door to business faster than you can say "boo."

Thirdly, government procurement policy: In September, your government announced its intention to "adopt the Forest Stewardship Council (FSC) standard for at least 30% of all virgin paper purchased for its offices...." As of today, the government of Ontario cannot source this FSC paper from within your own province. If adopted, this policy would imply that Ontario-produced paper is not good enough for the Ontario government. This policy would discriminate against paper that's made just next door in Iroquois Falls. That's not okay.

The OFIA requests that the Ontario government paper procurement policy recognize all three internationally accepted standards—the standards that we were asked to get certified to by the MNR in 2004. This new policy contradicts that 2004 directive, and it doesn't make sense.

Number four, hardwood crown dues: When our member companies reviewed fibre costs against the jurisdictions in which they operate, the very uncompetitive nature of Ontario's hardwood crown dues was identified. The three most competitive provinces have hardwood dues that are in the 50-cents to 57-cents-a-cubic-metre range, whereas here in Ontario, hardwood crown dues are 800% higher, at \$4.28 per cubic metre. This represents a huge competitive disadvantage.

This is not about old and uncompetitive mills. In 2002, a member company built a \$300-million state-of-the-art, value-added facility in Kenora. At the time, it was considered North America's largest value-added mill. Working at full capacity, this facility injected approximately \$60 million a year into the local economy. Unfortunately, today, that facility is operating at half capacity.

Presently in Ontario, only a fraction of our OSB mills and engineered wood mills remain open. By removing this real, 800% competitive disadvantage, government will be sending the right message to forest companies.

0910

Then we have my favourite, softwood lumber. Last Friday, the US government—always on a Friday—filed a second request for arbitration proceedings under the 2006 softwood lumber agreement, claiming that the Ontario government had implemented three programs that circumvent the agreement. These three programs pre-existed the agreement. I was a part of negotiations, so I can tell you that there wasn't one member of the US government team that wasn't fully aware of these three Ontario programs.

We ask that both orders of government recognize that the never-ending legal shenanigans of the US govern-

ment creates absolutely useless business uncertainty for the Ontario forest sector. We were promised when we signed that 2006 agreement that it would bring certainty, growth and prosperity for the Canadian forest industry. Well, you know what? We're still waiting for that promise to be kept. We're still having to hire lawyers and fight.

Sixth, the environment policy: We're asking government to introduce and develop a sector-based air regulation. For example, proposed MOE regulation changes to acrolein are, realistically, unachievable. A member company quoted a cost of \$60 million to convert its milling process to the proposed standards. That mill, like many others, would just close down. Another company is building a state-of-the-art cogeneration unit. You all think cogeneration is sexy, so here we have a company that's building a brand new state-of-the-art facility, and guess what? When it's finished building the state-of-the-art facility, it's going to pass your new threshold for acrolein by three times. The only solution to meet your new standard would be to close the whole thing down. Why would you invest? Why would you build? Why would you keep building? So we're asking you to make sure you understand the socio-economic impact of your existing and new regulations.

Last, but never least in any of our hearts, is electricity. At present, Ontario's electricity supply is not affordable. It's a huge competitive disadvantage—

Interjection.

Ms Jamie Lim: I've got about one more minute, Chair.

High prices have forced forest product companies to curtail production, shut down mills and lay off people. Ontario's electricity prices continue to rank near the top of the list of competing jurisdictions. We require an industry-wide rate of all-in delivered power that is competitive in Canada, North America and around the world. Right now, as an incentive to investment, job creation and prosperity, jurisdictions around the world use industrial electricity rates as an important economic development tool. Government must implement a program that offsets or rebates Ontario's uncompetitive electricity rates. A program of this nature would benefit Ontario's entire manufacturing sector, not just us, big and small.

In conclusion, ladies and gentlemen, the forest industry does have a bright future, both domestically and globally. People are still using our products and that demand is increasing. But it remains to be seen in which jurisdiction companies, and therefore jobs, will be located. Real companies do not invest in jurisdictions with uncertain and uncompetitive costs. It simply doesn't make business sense.

So ladies and gentlemen, during this period of transformation, we have a wonderful opportunity to put a foundation in place that will guarantee the future long-term viability of this sector—a sector that's supported this province for almost 200 years. This foundation requires the right public policy, and by taking immediate

action on the seven recommendations outlined today, the Ontario government can restore certainty to the province's business environment. Two hundred and thirty thousand Ontario families are counting on us to get this right.

The Chair (Mr. Pat Hoy): Thank you. This round of questioning will go to the official opposition.

Mr. Tim Hudak: Ms. Lim, thank you very much for the presentation—very detailed and strongly made, as usual. Congratulations to you and Mr. Holmes for the work that you continue to do on behalf of the OFIA in being here today.

I know my colleague Norm Miller had brought forward what I thought were some very sensible amendments to the Endangered Species Act. Unfortunately, they were defeated one by one by the Liberal members of the committee at the time. What has been the impact of the ESA on the forest industry now that it has passed?

Ms. Jamie Lim: If there are three things that are absolutely stopping investment—our companies just can't get their boardrooms to invest in the province—the Endangered Species Act that's going to be implemented in June is definitely one of them, because what has been proposed by the government is to remove large tracts of land from northern Ontario to satisfy regulations to do with, say, the woodland caribou. The minute you talk about removing large tracts of land, that affects fibre cost and it affect access to fibre. No one is going to invest. If you don't know that you're going to have the raw material that you need, why would you put \$300 million into a new mill? I can tell you, this is real. We have companies, we have boardrooms right now, that are investing. This isn't my grandfather's industry; this isn't a sunset industry. People still use toilet paper, we still use everything, and yet those investments aren't going to be made here.

Secondly, I would say customer confidence. When your own government is saying that made-in-Ontario forest products aren't good enough—holy cow. You can't imagine how our global customers respond to that: "If it's not good enough for the government, why would we buy made-in-Ontario forest products?" I get it. We're not the BlackBerry RIM, we're not Niagara wine, we're not your agriculture carrots and potatoes; we're the forest products. I don't know when we stopped being proud of ceilings like this, of the library that we have downtown, of the Credit Valley Hospital in Mississauga. Our forest products in Ontario are cutting-edge. There's so much to be proud about, and yet we almost are embarrassed—it's the old economy, it's a dying industry. No, it isn't. So we need to take pride, because that'll send the right message to boardrooms.

Last, electricity. I just toured a facility. Everyone thinks that our mills are up here in northern Ontario. This facility that makes this is in Toronto, and this is what you find on the inside of your toilet paper rolls. And guess what? It's made with 100% Toronto garbage. I was just in the facility this week. So this is garbage. This is your newspaper that you read a couple of months ago. This is

what it is. This facility employs 120 people and they're so proud of the conservation things that they've done—100% garbage. They're using Peel region's garbage incinerator electricity to produce their steam. It's just phenomenal the stuff they've put in place. They were in line to get a new \$300-million machine—their machine is 30 years old—and yet they're still managing to find these efficiencies. Do you know what? It looks right now like that new machine is going to go just south of where you live, Tim, because the electricity is two to four cents as opposed to six to eight, which is what they're paying right now.

That's sad. We've got to do something, folks, because Ontario as a whole can't afford to lose manufacturing jobs, especially when we don't have to. We just have to start doing what other jurisdictions that we're competing with are doing. We have to get as smart as them. We have to wake up in the morning and ask ourselves what we can do to keep the jobs here.

These seven recommendations are not difficult. They're doable, and they're not all about money. We didn't come here today saying, "We need money, we need money." This is just policy. This is doing the right thing. This is promoting made-in-Ontario products. Thank you. Thanks, Tim.

The Chair (Mr. Pat Hoy): About a minute.

Mr. Tim Hudak: There's still a minute remaining?

The Chair (Mr. Pat Hoy): Yes.

Mr. Tim Hudak: Thanks for the answer. I was going to ask you about the price of electricity. I'm well aware that just across the border from my riding, in New York state, power is much cheaper for industrial producers. We're in jeopardy of losing quality investments across the border. I'm pleased that you spoke to that to that extent.

I was struck also by your presentation about the types of standards for paper. It's rather shocking the government would announce this initiative knowing full well that there is no Ontario supplier currently available to produce that.

You mentioned that MNR had originally mandated or asked all of the Ontario producers to hit three potential standards. Now the government has selected one specifically. Could you elucidate a bit on that?

Ms. Jamie Lim: I can. In 2004, we were asked to get the crown forests we operate on certified to one of three internationally recognized standards. So you have FSC, which is the Forest Stewardship Council. You have the Canadian Standards Association. If your kids play hockey, you see their sticker on the helmet. The last globally recognized standard is the sustainable forestry initiative. It's not cheap. Going out and getting certified can cost our larger companies over \$1 million. You just don't go out and invest in this and then tomorrow just go and pick another standard. It's a huge, time-consuming and expensive process.

0920

So there we were in 2004, and this new initiative, this new mandate, came down by government. We embraced

it. My member companies represent 87% of the certified crown land that's in Ontario right now. We do this. We get it. We're responsible. And actually, with the Ontario standards that we have, it's not that difficult because we're doing world-class forestry management practices here. So you can imagine how shocked we were when the government would chose a procurement policy that recognizes only one standard and says 30%. So then they're saying, "Well, there's still 70% that we can get for something else." But sorry, you're sending a loud message that this one standard is better than the rest.

When you have a company, say in Thunder Bay, that's SFI-certified and is supplying paper to global magazines and newspapers that you read every day, what does that customer think now, that SFI is not good enough? I don't want to get into a comparison of the standards, but these standards also stamp forest products in jurisdictions like Indonesia. Well, I'm telling you something, my family is in Malaysia, and I go there every year. The forest management practices in Indonesia and in Malaysia don't even come close to where we are in Ontario.

I just would like to know when made-in-Ontario wasn't something that we took pride in. When did that stop? That doesn't make any sense to me. At a fragile time in our industry, our government goes and hits us in the knees. You go and you bring out a procurement policy, and then you can take it one step further, because I heard it was going to go beyond paper but it got dialled back to paper. Can you imagine if you did this with wood?

I think the infrastructure ministry is looking at adopting the LEED standard. You've got to be really careful when you're looking at these standards. The LEED standard discriminates against wood and promotes steel from China versus using wood from Ontario. Be really careful, because when you bring out something like a procurement policy that discriminates against wood made in Ontario, you're creating a trade barrier. So here we complain about trade barriers that the US government puts up against us, and then right here in our own home province we have government creating trade barriers for us. It's really hard because we're trying to deal with the US dollar, we're trying to deal with a crashing US housing market, and then we have these made-in-Ontario challenges that just keep coming at us. Yet on one hand, you're doing great things, and then on the other hand, you're doing things that just erase all of that good work.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Ms. Jamie Lim: Thank you very much, and you should all go see this facility; it's in the GTA. It's Norampac, a recycling facility. It's an awesome tool.

The Chair (Mr. Pat Hoy): Mr. Hudak.

Mr. Tim Hudak: Thanks Chair. I just wanted to follow-up on Ms. Lim's point in her presentation. Maybe I can ask through you, and I'll put this in writing to make sure it's clear, if we could get a response from the Ministry of Government Services why they chose one of the three standards that were acceptable to the Ministry

of Natural Resources, and if that minister would consider adapting any of the three standards, as opposed to the one that was announced last year. Let me request it through you, Chair, to the Ministry of Government Services to respond to the committee.

The Chair (Mr. Pat Hoy): Research will put that together upon your written proposal.

Mr. Tim Hudak: Absolutely. Thank you.

POVERTY ACTION COALITION OF TIMMINS

The Chair (Mr. Pat Hoy): Now I call on the Poverty Action Coalition of Timmins to come forward. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning. I would ask you to identify yourself for the purposes of our recording Hansard. You can begin.

Ms. Carol Wilton: Hello, and welcome to tropical Timmins. My name is Carol Wilton. I am a member of the Poverty Action Coalition of Timmins, or PACT. PACT was formed in April 2003. It has received support from organizations in Timmins that are involved with low-income people. These include organizations like food banks and health care providers, as well as low-income earners themselves. PACT's key goal is to help put poverty back on the political agenda.

Seven years ago, a tragedy in our province prompted reforms to our social assistance system. In August 2001, Kimberly Rogers died, pregnant and alone, in Sudbury. She had been under house arrest for welfare fraud. Two years later a Liberal government was elected. They responded by reforming the system. For example, they ended the lifetime ban on social assistance for welfare fraud. They've also now committed to a poverty reduction strategy.

These changes are a good first step, but they don't go far enough. There are many pressing issues relating to poverty in Timmins, but I'll just mention two: housing and social assistance rates.

The present government has taken some steps in the right direction on these matters. Money has been made available for housing improvement in the north; social assistance rates have gone up slightly; and the Ontario child benefit was introduced in 2007. These are all positive initiatives, but they are not enough. To paraphrase Franklin Roosevelt, far too many Ontarians are still ill-housed, ill-clothed and ill-fed. More needs to be done, and at a speedier pace.

Let me say a few words about housing. The housing situation in Timmins is quite different from what it was when I addressed this committee two years ago. You have heard, and doubtless will hear more later today, about the economic boom here. It's true that the forestry industry has been suffering, but mining has picked up steam. There's nickel mining close to Timmins, there's a lot of exploration for gold and other ores over by Kirkland Lake, and the Victor project on the James Bay coast has benefited Timmins too.

Along with the mining boom, there's a lot of new construction going on. No fewer than five suburbs are currently under development here in Timmins, and also in South Porcupine. A new multi-million dollar commercial development is partly open near the Super 8 on Algonquin. The last couple of years have also seen remarkable commercial development in the western part of the city.

But there is a flip side to this activity. Housing has become less affordable. House prices in Timmins have risen by about 10% in the past year, so homes are less affordable for the working poor.

The situation for rental housing is also cause for concern. The vacancy rate for rental housing in Timmins as of last October was less than 1%, and rents have been rising steadily. Under the new Residential Tenancies Act, a landlord can jack up the rent when the old tenant leaves. It's a seller's market here for landlords. They can now afford to do without rent subsidies, so there's less subsidized housing available.

The waiting list for social housing also presents a bleak picture. In fact, there are more people on the waiting list for social housing than there are occupied units. Timmins has a total of 1,286 units of social housing, and there are more than 1,300 people on the waiting list. So for every individual or family in social housing right now, there is more than one individual or family out there waiting for a place.

About half of those waiting are looking for places with two or more bedrooms. A majority of these are single mothers. If things continue as they are now, they'll wait a long time. A family that needs two or more bedrooms now has to wait five or six years for social housing. A baby born today, January 23, will probably be in grade 1 before she can live in some place that her family can afford.

The Liberal government has done something to address housing issues. The affordable housing program has provided limited funding for upgrading of existing homes and rental accommodation, but more is needed. Our housing shortage will not be on the way to solution without two things: (1) funds for new housing for low-income people, and (2) more money for rent subsidies. Affordable housing should be a priority in the government's poverty reduction strategy.

It's not just single mothers who suffer from a shortage of reasonably priced accommodation but seniors as well. No fewer than 300 Timmins senior citizens are now on the waiting list for affordable housing.

0930

In addition, there is a serious shortage of care homes for seniors. The result is that too many of them spend months in the hospital, which acts as a kind of holding area for the long-term-care facilities. At the moment, there are almost 40 seniors in the Timmins and District Hospital who should be in long-term-care facilities. They're waiting for spaces to open up. They should be in long-term-care facilities, but instead, they're occupying about a quarter of the beds in the hospital. This isn't fair to the seniors, nor is it an efficient use of community

resources. Seniors are among the most vulnerable groups in our society, and their numbers are on the rise. Funding for more affordable long-term care for seniors should be a key element of the government's poverty reduction strategy.

How many minutes have I got?

The Chair (Mr. Pat Hoy): Four and a half.

Ms. Carol Wilton: Thank you.

I'd like to say a few words about social assistance rates, and I'm sure you're all familiar with their recent history. In 1995, welfare rates were lowered by 22%. But to put it this way understates the seriousness of the situation in terms of real income. The income of people on social assistance has decreased by almost 40% since 1995. This is thanks to increases in the costs of rent, food and utilities.

Let me say a word about these increases. Take the cost of energy, for example. In the past four years alone, the cost of home heating fuel has risen by about 70% in Ontario. And price increases for food are truly shocking. Since 1995 the price of chicken has gone up 46%, the price of apples—apples in Ontario—by almost 50%. The cost of orange juice has slightly more than doubled. It's significant, I think, that the price of nutritious foods has gone up faster than the cost of less healthy foods like soft drinks, pasta and wieners.

It's true that there have been increases in social assistance rates since the Liberal government took office, but these have been on the order of 2% or 3%. This is not enough to do more than blunt the worst effects of inflation. The result is that people on welfare and disability pensions are still living well below the poverty line. They literally can't pay the rent and feed the kids. As another commentator put it, "It's heat or eat." They can't do both.

The experience of poverty is different in the north than elsewhere in the province—for one reason, as you may have already noticed: It's colder. I think it was minus 28 last night, but many in Timmins will say that winter isn't as cold as it used to be. It often starts to snow here in September, and real winter can start as early as October and last until April. This means that winter clothes for low-income people are a more pressing concern than they are elsewhere, and frostbite is a constant winter danger.

Costs are also higher for fuel, gas and food, especially in the coastal communities. In Attawapiskat, for example, you could pay as much as \$10 for a quart of milk. We need to address these kinds of issues for people on social assistance, especially in the north.

Private charity, it's true, is some help. We have a number of food banks in Timmins. We have the Lord's Kitchen, which is a soup kitchen. But private charity is not enough. It's not the solution to the problem of low social assistance rates. Social assistance rates should reflect real increases in the cost of living and this should be a key element of the government's poverty reduction strategy.

The Ontario child benefit is a step in the right direction. The government is providing funds through this pro-

gram to low-income families with children. The amounts will gradually increase over the next five years, but again, it's not enough. The Income Security Advocacy Centre has analyzed the impact of the changes. It has found that after five years the increase for a single mother with one child under 16 will be only \$50 a month. This is after taking into account the restructuring of social assistance rates. And by the time five years is up, the real value of that \$50 will be eroded by inflation. The government should accelerate the timetable of providing these benefits to families with children.

It's often said that we can't afford to pay more to those on social assistance. But consider this: People on social assistance spend that money, and they spend it in their local communities. Individuals, families and the broader community are better off. And consider as well the long-run social cost of the present regime: children too hungry to benefit from school; children whose long-term health is in serious jeopardy; and families too demoralized to provide the necessary boost to the next generation. This means spiralling costs for re-education, for health and for crime control. The reality is that we can't afford not to change.

The Chair (Mr. Pat Hoy): Thank you for the submission. This round of questioning goes to the NDP.

Mr. Gilles Bisson: How much time do we have?

The Chair (Mr. Pat Hoy): Five minutes.

Mr. Michael Prue: Just on social service rates, you talked about the government doing a little bit. I want to tell you, I think they've done almost nothing: 3% the first year, zero the second, 1% the third year, 1% the fourth. I'm saying 1% because they only did it for half a year each.

What kind of money would be necessary for someone to have enough to live on? How much money are we looking at? How much would be realistic? I'm not going to say how much they think is realistic. How much do you think is realistic for an individual or a family to live on at social assistance rates?

Ms. Carol Wilton: That's a very good question. I think the answer to that is that one size doesn't fit all. There are different requirements for people living in different areas of the country. In Toronto, for example, as I understand it, the entire monthly payment for welfare is less than the cost of accommodation for a single person. So they can't afford food, they can't afford heat, they can't afford clothing.

In the north, we're more fortunate in that although rents are increasing and social housing is not as readily available as we would like, rents are certainly lower than they are in the GTA. On the other hand, costs of other items are higher.

I can't give you a monthly figure. The rough guide that we use is that the real cost of the increase of the cost of living should be covered by social assistance.

Mr. Michael Prue: All right. In the last four years the Liberals promised to build 20,000 units of affordable housing and, in fact, built 268; that is, those that are under \$500 a month in rent. How many affordable hous-

ing units are needed in the Timmins-James Bay area to satisfy the needs? In Timmins alone, you were talking of having more people waiting for housing than actually living in it. How many are required in the broader Timmins-James Bay region?

Ms. Carol Wilton: In Timmins alone, approximately 1,300, perhaps even more than that. It may be that some people are discouraged by what they're hearing about the unavailability of social housing. In the broader area, I would defer to Mr. Bisson here, who knows the whole constituency.

Mr. Gilles Bisson: Well, thank you. With that, I guess that's my segue into a question.

One of the things that you touched on briefly is something that we're probably seeing not just here in Timmins but across Ontario, and that is, seniors are more and more being put into a position of poverty, where utility rates have gone up. The typical story is a husband and wife retire, the husband passes away, the wife is left with basically her pension and maybe a survivor's benefit from her husband's CPP; utilities are up etc. We're finding in the constituency office more people coming in and saying, "I've got to sell my house."

At your work, what are you hearing? What do you think needs to be done?

Ms. Carol Wilton: A tremendous amount needs to be done for seniors. I think you're right, that what we're seeing is kind of an impoverishment of this sector of society and they're not in a good position to speak for themselves. As you say, there are these issues about utility rates, there are issues about long-term care. There's a shortage of home care. I heard the example the other day that the test for home care is, "Can you take a bath by yourself?" If you can do that, you don't get home care. So somebody who is blind, who can find his way to the bathtub, is disqualified from getting help with cleaning the fridge, grocery shopping, other things that would be of assistance.

It might be a very good idea for the government, with the committee on poverty reduction, to have special consideration for the needs of seniors in our society. As I said, it's clearly a vulnerable segment, it's clearly a growing segment of our society, and it's an area that probably needs an integrated approach to assist people.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

0940

MUNICIPALITY OF SMOOTH ROCK FALLS

The Chair (Mr. Pat Hoy): Now I call on the Municipality of Smooth Rock Falls to come forward, please. Good morning. You have 10 minutes for your presentation, and there may be up to five minutes of questioning. I would ask you to identify yourself for the purposes of our recording Hansard.

Mr. Kevin Somer: Thank you. My name is Kevin Somer. I'm the mayor of Smooth Rock Falls. The com-

munity that I represent is approximately 1,400 people, and it's about an hour's drive north of Timmins.

The position of mayor is one that I guess was originally considered casual, but that all changed a little more than a year ago when the Tembec mill went into an idle state and then closed permanently on December 5. I had just gone through my inauguration ceremony on December 4, and having never sat on council or any other committee before, it was quite the experience. This as well is a new experience for me.

I've heard a lot this morning so far about energy costs, and that will be discussed in my presentation as well. I had a chance to stop at one of the last restaurants that's open in our community for a cup of coffee and was told that their heating costs were approximately \$2,000 for the month and hydro costs run about \$4,000 a month, so he's seriously considering closing his doors as well.

If I can get back to the mill closing in 2006, shortly thereafter I formed a revitalization task force, which has two representatives from council, two from the local union, two members from the CDC in our community and two members from Tembec. They've told us in no uncertain terms that the mill will not reopen, energy costs being one reason, transportation of fibre being another. We're struggling with what we can use that facility for, but it has to be a non-compete, either directly or indirectly, so there are certainly a great deal of challenges that are there for us.

We have a few studies that are currently under way with land inventory, soil sampling and things of that nature. We've also got another study on the mill at this point in time, looking at what the mill can be used for. But in a resource-based community like Smooth Rock Falls, as so many other communities are, we need resources and access to those resources. We certainly need affordable energy costs if we're going to do anything in the way of value-added and increase employment opportunities in northern Ontario.

There was also an adjustment committee that was formed shortly after the mill was closed. The closing ceremonies for that organization took place last week, after 15 months of being up and running to help aid in finding employment opportunities for the over 200 people who directly lost their jobs at the mill. There would probably be another 100 or more indirect jobs lost. We believe that is still needed in the community. There are still approximately 50 or so people unemployed who seem to revolve on an ongoing basis in short-term employment. Nothing is really long-term or sustainable. We believe additional funding and an organization like a community adjustment committee office should be available and up and running to continue to help people find work in the region, and hopefully we'll have something built in the community.

When a community goes through a shutdown and that's your only industry, there are certainly a lot of dysfunctional activities that seem to take place in families. Alcoholism seems to increase, domestic disputes increase, parents separate to find employment in

other communities. It's difficult, especially if you've got young children. I have four young children and can't imagine myself having to leave and travel great distances for employment and be away from my family. We have a good number of people in our community who travel up to Attawapiskat and are away for weeks and sometimes months. Individuals also travel out to Alberta to find employment. Again, that's very difficult on the family unit, and that has to be considered.

When our community goes into an idle state, we need assistance to find those new opportunities. I know that from a tax point of view a lot of people indicate that it takes about five years before a business can reasonably expect to turn a profit, and that's with a plan. When the plant went idle, we did not have a plan. We'd just founded the Smooth Rock Falls Economic Development Corp. to look for opportunities. Once we can get opportunities identified and a plan in place, it's going to take a substantial amount of time to get infrastructure up, training etc. Funding is certainly needed in our community as well as in other communities in the north that will be experiencing the same thing.

We also believe that the forestry industry will be changing in the future and more research and development dollars need to be placed in that function. We are looking for outside partnerships, but we certainly need government support and access to fibre and to those technologies.

The auto show in Detroit was when we recognized that there is a big push on biodiesel and green fuels. We believe that in northern Ontario, where the boreal forest exists, we have a huge opportunity to be able to capture some of that market for green biofuels etc.

Our own municipality is going to go through a severe shortfall or possible shortfall. The existing Tembec mill that's down is looking for reassessment on their property going back to 2004, and if successful through the ARB hearings, we may find ourselves having to repay taxes paid to the community of almost \$1 million, and \$1 million represents half of the tax base that we used to have with the mill. With a mill that's gone idle, the value has gone down, and they're looking to have the value of that property drop by between 80% and 90% of what its original value was three and four years ago, which was around \$13 million. They're looking to have the property assessed down to \$2 million. That puts a severe strain on the rest of the business and industry in the community, which is very little, and adds increased tax to the members of the community.

I heard the last speaker talk about increased utilities. Not only do seniors in our community have to deal with increased utility costs but with increased tax costs. A lot of facilities are not available to them and they have to travel great distances for health care etc.

By January 1, 2009, there will be a change to the asset accounting for infrastructure in a community. We certainly do not have an awful lot of staff and need additional funds and people—interns or such—to help us through this process. I believe that will be also a common

concern with a lot of other communities in northern Ontario. Small communities do not have the funds or the manpower to complete these tasks on time.

We also believe that there's a huge opportunity for recreation and tourism in northern Ontario. A good number of years ago—20 years ago—I was involved with an outfitting post up in Pickle Lake and saw the activity in northwestern Ontario. They've done a really excellent job, I believe, and are still moving forward with tourism opportunities. In northeastern Ontario we haven't capitalized on what we have around us: the natural waterways, the river streams and camping opportunities. We certainly believe that more dollars need to be spent in promoting northern Ontario. I just read that the Georgian Bay region received some additional dollars to promote their region. We could certainly use those types of dollars in northern Ontario here and move forward.

I think that's all I have for the time.

0950

The Chair (Mr. Pat Hoy): Thank you for the presentation. This round of questioning will go to the government. Mr. Arthurs.

Mr. Wayne Arthurs: Your Worship, thank you for taking the time to come down here. It's about an hour north, a small town. You've got some unique challenges, to say the least. I came out of the municipal sector actually, four or five years ago. I left the office of mayor in our hometown, a growth community right near Toronto. So when I hear about the challenges that you're facing right now, I applaud you for the types of initiatives that you're taking in Smooth Rock Falls, for your efforts in facing this particular time, and particularly for your comments that it's not just your community, it's many communities that you see facing similar kinds of challenges. You're not just here telling us about Smooth Rock Falls, you're here talking about your needs but the needs also in the context of other communities that you see facing challenges in northern Ontario as well. I want to thank you for being here and for providing those insights.

A couple of things: Have you been speaking yet at all along the way with any of the ministries directly that might be of assistance on some of these fronts, whether it's in tourism or municipal affairs, on issues such as doing your asset management activity or new dollars available, either directly or through your local member, Mr. Bisson?

Mr. Kevin Somer: We haven't spoken to the Minister of Tourism, but we've spoken with MNDM, Municipal Affairs, MNR, Ministry of the Environment and the Ministry of Agriculture, and they've been very supportive of our initiatives. Actually, on the one study that I talked about with regard to land inventory and soil classifications, the Smooth Rock Falls Economic Development Corp. is taking the lead on that project but is working with the 12 communities along the Highway 11 corridor, including Timmins. So we do get together on a regular basis with the other communities and are working together to find ways that we can generate economic activities in and around this region.

They have supported us in funding capacities. Some of those announcements haven't been made yet, so I don't want to go there. I think it would be appropriate for the ministries to make those announcements themselves and for us to make comments afterwards. Of course, thanks to the government for the support.

Mr. Wayne Arthurs: In addition to what you've said here, are there any additional specific matters, given the context of this committee's work in the relative short term that we focus on in the preparation of a spring budget, that would be of particular assistance to Smooth Rock Falls?

Mr. Kevin Somer: Again, I've had discussions with some of the other mayors in the community and participated in the economic summit that was held here in Timmins in October and brought forth by FONOM. The community of Smooth Rock Falls and myself are very much in support of the recommendations that FONOM has got. I believe some of the other presentations this afternoon will go into greater detail and depth on those, but one of the common issues and voices that seems to be number one is the energy costs. Energy costs are extremely high. We produce inexpensive energy here, and that needs to be an economic tool to drive business and industry forward in northern Ontario.

Mr. Wayne Arthurs: Having come out of the municipal sector, I know that we've worked hard, over the past four or five years particularly, to rebuild the relationship between the province and municipalities, so I'm particularly pleased to hear of the support you're getting, the efforts by the various ministries in support of your particular needs. Thank you for being here.

Mr. Kevin Somer: Thank you, and we'll be coming back to you.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

SYLVIN LACROIX

The Chair (Mr. Pat Hoy): Committee members, I'm advised that the next presentation will be in French. If you want to get your translation device ready, the channel will be channel 1. Our presentation will be by Sylvin Lacroix, if you would just allow people to get ready here. I would advise you that you have 10 minutes for your presentation, and there could be five minutes of questioning. If you would please identify yourself, and we can have a test here of whether this is actually working for us.

Mr. Sylvin Lacroix: Mon nom est Sylvin Lacroix. Je suis père de famille. Je suis extrêmement heureux d'avoir la chance de parler à ce groupe de députés qui sont venus dans notre communauté. Je pense que c'est le fun de voir que la démocratie donne aussi la parole aux gens ordinaires, aux simples pères de famille. Donc, merci de me donner la chance.

Je pense qu'il est important, quand les parlementaires, et surtout les ministres, préparent leur budget cette année, qu'ils regardent la situation des familles dans le nord-est de l'Ontario. Moi, j'ai la chance d'avoir quatre mag-

nifiques enfants âgés de 13 ans à sept mois. Je suis marié à mon épouse depuis 14 ans. Elle est présentement en congé de maternité.

Ce qui nous a surpris, à la naissance de notre petite fille, c'est comment on trouvait qu'il y avait peu d'aide qui venait de la province pour nous aider. On se demandait comment ça se fait, dans une société comme la nôtre, que les familles ne sont plus récompensées, car on sait que la survie de notre société, ce sont les enfants qui s'en viennent en arrière de nous. Ça m'a toujours un peu tracassé de voir ce phénomène-là.

Nous avons un salaire familial de 55 000 \$. Donc, je me considère la classe moyenne très basse pour faire vivre quatre enfants. Moi, je dois travailler deux emplois. Je suis un intervenant d'adaptation scolaire dans un conseil scolaire francophone. Je travaille comme directeur général dans une association communautaire francophone de la ville de Timmins. Mon épouse, quand elle travaille, est cuisinière dans un restaurant de friture rapide. Présentement, comme vous le savez, avec son congé de maternité elle va avoir 42 semaines. À 42 semaines elle va devoir quitter notre petite fille pour retourner au travail, parce que le choix, c'est soit qu'on mange moins ou qu'elle aille travailler.

Je vais devoir tout changer mon horaire de travail pour pouvoir l'accommoder pendant qu'elle va travailler. Moi, je devrais être à la maison parce qu'on sait qu'il n'y a pas encore de service universel de garde en Ontario. C'est la situation familiale, je pense, de plusieurs familles dans le nord-est de l'Ontario.

On se demande quand la priorité sera mise pour desservir nos familles. Je vois qu'il y a des milliards et des milliards de dollars qui sont dépensés pour aider l'entreprise privée. Je ne ferai pas de jugement si c'est bon ou pas bon. Ce n'est pas à moi de décider. Mais j'ai hâte de voir qu'on va dépenser ces milliards et ces milliards de dollars-là à la classe moyenne faible, qui doit souvent travailler six et sept jours par semaine pour assurer la survie de sa famille.

Et ce qui rajoute encore à la bonheur de ma famille, c'est que mon garçon dans cinq ans va rentrer à l'université parce qu'il veut devenir professeur. Il veut aller travailler avec les jeunes, comme il y a des gens qui travaillent présentement avec lui, et c'est qui qui va devoir payer ça? Ça va être papa et maman en partie parce qu'il n'y a pas de service de bourses; c'est seulement des prêts. Donc, le choix qu'on va avoir à faire c'est, est-ce qu'on va rehypothéquer notre maison pour assurer que notre plus vieux va à l'école, parce qu'il y en a trois autres qui poussent en arrière, ou bien, est-ce qu'on va le laisser s'endetter par-dessus de sa tête et avoir un début de vie difficile?

Ce sont les défis que la classe moyenne du nord-est de l'Ontario vit présentement. Je me compte chanceux car j'ai encore un emploi. Je me compte chanceux parce que j'ai deux emplois. Je me compte chanceux que mes enfants sont tous en santé, que je n'ai pas besoin d'aller attendre cinq et six heures à l'urgence pour avoir des services de santé. Je suis en outre chanceux parce que j'ai

un docteur de famille, même si notre docteur de famille a 71 ans. Je peux appeler à quelque part pour avoir des services, pour avoir un rendez-vous.

Mais il ne semble pas que la situation va s'améliorer, malgré qu'on vit un « boom » économique exceptionnel présentement en cause des mines. On sait que c'est un « boom » économique qui va être temporaire : cinq, 10, 12, 15 ans, on ne le sait pas. Mais l'avenir n'est pas très rose, je pense, pour les familles de classe moyenne du nord-est de l'Ontario, et je pensais qu'il était important de venir aujourd'hui comme père de famille.

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En passant, j'ai trouvé un peu drôle de voir que je n'avais pas de titre. Je pense que le titre de père de famille fait bien dans la présentation. Je représente une famille de six, mais je pense que je représente beaucoup plus que ça. Je pense que je représente des centaines de milliers de familles en Ontario, et je vous remercie encore une fois de me donner la chance. Je pense que c'est seulement une démocratie qui donne la chance à Sylvain Lacroix, un simple père de famille, de venir parler à une dizaine de députés.

Je suis prêt à prendre des questions, monsieur le Président.

The Chair (Mr. Pat Hoy): Thank you. Do you mind whether the question is in English or French?

Mr. Sylvain Lacroix: Not at all, sir.

The Chair (Mr. Pat Hoy): The questioning will go to the official opposition. Mr. Arnott.

M. Ted Arnott: Merci beaucoup, Monsieur Lacroix, pour cette présentation. Je n'ai pas de questions pour vous aujourd'hui, mais peut-être que M. Bisson a une question.

The Chair (Mr. Pat Hoy): Mr. Bisson, I'm just going to ask the committee if they are agreeable to passing the question to you. Are we agreed? Agreed.

M. Gilles Bisson: La question, et je pense que c'est assez simple, est que le brut de ce que vous nous dites est qu'il devient de plus en plus difficile, comme famille, de survivre avec les emplois qui nous donnent les salaires de ces jours-ci. Est-ce qu'il y a quelque chose que ce comité peut recommander au ministre des Finances, quelque chose dans ce budget pour assister les familles? Y a-t-il une couple d'affaires auxquelles vous pouvez pointer pour dire, « Si vous faites ça ou l'autre affaire, ça peut faire une différence pour ma famille ou à d'autres »?

M. Sylvain Lacroix: Je pense qu'il y aurait deux priorités dans le cas de ma famille et je pense, encore une fois, dans le cas de plusieurs familles. Ce sera vraiment un service de garde, puis on va prendre l'exemple de celui du Québec. C'est toujours celui du Québec qu'on donne en exemple, les garderies à sept dollars. Je pense que, dans un cas familial comme le mien, ce serait une aide exceptionnelle.

L'autre chose qui serait peut-être intéressante, c'est qu'il y aurait un crédit d'impôt qui fonctionne un peu comme le fédéral, un crédit d'impôt pour enfants. On sait qu'on reçoit un crédit d'impôt à tous les mois du fédéral.

Je pense que ce seraient deux points qui pourraient aider les familles à s'avancer—pas juste à survivre mais à s'avancer et avoir un peu plus de bonnes choses dans l'avenir.

M. Gilles Bisson: Nous autres, ça fait longtemps qu'on n'a plus de bébé à la maison, mais on va être grands-parents cet automne. Ça coûte combien par semaine, un enfant en garderie aujourd'hui?

M. Sylvain Lacroix: Je ne sais pas parce que nous, pour les trois enfants les plus vieux, la décision qu'on avait prise c'est que Darla, mon épouse, resterait à la maison jusqu'à ce qu'ils soient tous à l'école.

On a décidé huit ans plus tard d'avoir un autre enfant, et cette décision-là—on ne pourrait plus le faire. On va devoir prendre la décision. Mais j'imagine que ça devrait être au moins entre 30 \$ et 40 \$ par jour pour un service de garde.

M. Gilles Bisson: Ce qui veut dire qu'un gros pourcentage du revenu qu'elle avait fait comme salaire va être—

M. Sylvain Lacroix: Ça serait plus qu'un gros pourcentage. On regarderait 60 % sans son salaire.

M. Gilles Bisson: C'est difficile.

Vous avez fait le point sur votre enfant le plus vieux qui s'en va au collège ou à l'université, j'imagine. C'est quoi qu'on a besoin de faire? Est-ce qu'on a besoin d'avoir un programme qui donne des bourses? Qu'est-ce que vous suggérez?

M. Sylvain Lacroix: Je pense que le programme devrait être flexible. Je pense que ce serait une combinaison, encore une fois, si le gouvernement n'a pas de fonds limités, et je pense que les gens devront rembourser une partie. Mais je pense que ce serait au moins quelque chose qui ferait 50-50 présentement. Nous, on regarde présentement, pour mon garçon, quatre ans d'université : 30 000 \$ d'investissement. Donc, je me dis qu'au moins il y aurait 15 000 \$ d'aide directe du gouvernement et un prêt de 15 000 \$ qu'on pourrait donner à mon garçon à rembourser. Je pense que ce serait plus acceptable et plus plausible, et cela aiderait les familles.

M. Gilles Bisson: Merci.

The Chair (Mr. Pat Hoy): Merci, and thank you.

Interruption.

The Chair (Mr. Pat Hoy): These devices will go off—they'll shut it off at the desk over here.

Mr. Gilles Bisson: I thought that was a remote.

NORTHERN COLLEGE

The Chair (Mr. Pat Hoy): Now I call on Northern College to come forward, please. Good morning. You have 10 minutes for your presentation. There may be up to five minutes for questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard, and you may begin.

Ms. Loran Charbonneau: Good morning, everybody. We are here representing Northern College this morning, the smallest of Ontario's 24 colleges of applied arts and technology.

My name is Loran Charbonneau. I'm the executive director of college operations and services at Northern College. My colleague is Fred Gibbons, who is the executive director of the north region. We have a north region and a south region, which we will explain to you momentarily.

This morning, we'd like to provide you with some insights into the context of our operations, a sense of our uniqueness, our challenges and our opportunities, as well as our suggestions to you, the standing committee on finance and economic affairs, regarding how the province should allocate some of its budget.

Northern College serves approximately 1,400 full-time students and 9,000 part-time students in an area that covers 160,000 square kilometres. It serves 66 communities and 17 First Nations. If you refer to the fact sheet that we distributed, you'll see a map on there and it illustrates in yellow the area that Northern College serves. That area represents almost 20% of the province's total land mass.

We have four campuses: one here just outside of Timmins, which is our Porcupine campus, one in Kirkland Lake, another in Haileybury, and one in Moosonee. The campus in Moosonee has air access only; there are no roads to that campus, and a return flight from Timmins to Moosonee is \$800.

We have 220 full-time employees who serve a population of 123,000 distributed across 20% of Ontario's land mass. Needless to say, our travel budgets are significant. We offer a total of 75 different programs in a variety of delivery formats. We, like our sister colleges, struggle operationally to balance our budgets every year, but we applaud this government for recognizing the distinct challenges of being small, northern and rural and providing us with some specific funding to meet those challenges by way of the small, northern and rural grant.

With the majority of our post-secondary students being first-generation learners who are the first in their family to access post-secondary education, 20% of our students being identified with disabilities, and 20% of our students being aboriginal, the access-to-opportunities grant for under-represented groups is another provincial grant that Northern is very appreciative of.

The beauty of being small and northern is being able to use such funds in unique ways, in partnership with our communities, to make a positive difference in people's lives. One such example is the first-generation initiative that Northern College recently engaged in, which was designed to raise awareness, build a foundation and create access for our James Bay coastal youth. Ninety-seven grade 8 students, chaperones and teachers travelled via air to our campuses in Porcupine and Kirkland Lake, where they took part in innovative program and career-related interactive activities with our faculty. The participants were exposed to a forum of presentations that included topics such as educational authority band financial sponsorships, bursaries, post-secondary programs and services—which included apprenticeship opportunities—information about our student support

services, and a presentation from our native student advisers. The communities that participated in this initiative from the James Bay coast were Attawapiskat, Fort Albany, Kashechewan and Peawanuck.

When you consider that in Attawapiskat only 30% of the adults aged 33 to 44 have high school diplomas, it is very apparent that exposure to the possibilities of post-secondary education is a key motivator for these grade 8 students to carry on their education. It's essential in today's economy that a greater number of people have access to higher education and training. With our aboriginal population in Ontario growing by 68% over the last five years, compared to 12% for the non-aboriginal population, aboriginal youth will be a critical component in meeting our shortfall in skilled workers over the next few years as the baby boomers continue to leave the workforce. For Ontario to achieve its goal of economic strength and prosperity for all, we must work together to produce a greater number of college graduates.

1010

While Northern College recognizes the province's significant investment in deferred maintenance and minor capital, it has not received any funding for major capital since 1989. Northern College is in desperate need of additional shops for trades and of labs for both its human and animal science programs. We need new square footage at two of our campuses. The Porcupine campus in Timmins requires \$16 million to realize its capital project, which is threefold. It addresses the demand for skilled trades workers, health care providers and emergency service personnel.

The economic climate of the region served by this campus has dramatically changed over the past few years. Base metal and gold prices are at their highest levels in more than a decade. This has resulted in increased exploration, new mines being developed, and existing mines expanding their operations, and the economy in general is growing exponentially in response. In the face of an already existing skilled trades shortage, the demand for trades, apprenticeship, technician and technologist program graduates is at an all-time high, and is expected to remain high throughout the next 10 to 20 years. Northern College needs more trades shops and classrooms to meet this demand.

The second component of this particular capital project is the provision of health care services. The provision of health care services is under stress throughout the province, perhaps even more acutely in northern Ontario, and particularly in aboriginal communities. The demographics in the health care sector point very clearly to a shortage of trained, qualified workers. Northern College has had a profound and positive impact in supplying health care graduates to the region, such that approximately 50% of the workers currently employed are graduates of Northern College. The need to continue to supply the human resource requirements for the health care sector in this region is paramount. Northern College needs the infrastructure to meet this need.

A third component is emergency services. There is a dynamic community partnership evolving for the training and provision of emergency services workers. Northern College, the city of Timmins, and the Cochrane District Social Services Administration Board emergency services are proposing to partner together in a unique community project that will enhance fire and ambulance services in Timmins. It will result in gains for the community's emergency services providers and greater access by our students to professional training and specialized equipment as provided through these two community agencies.

For our second capital project we are looking for \$1.5 million, and this is for our Haileybury campus. The Haileybury campus is looking to expand its operations to carve out a niche in the region for excellence in life sciences. This centre will establish the Haileybury campus as a centre of science and expertise and will increase opportunities for retaining residents of all demographics. Through this expansion, knowledge and training will diversify the region and will allow for new scopes of experiential learning, including:

- research in agriculture, such as alternative energy, seed types, and growth strategies;
- mining partnerships which may utilize the new laboratory space for training much-needed workers, upgrading the workforce in the area and introducing new programs to expand on current strengths—for example, environmental reclamation;
- the opportunity to pair existing and new program opportunities to conduct applied research to solve issues facing northern Ontario, such as land remediation in permafrost environments;
- the capacity for the enhancement of the veterinary sciences and animal care field to link animal health and well-being to that of humans through new courses, applied research opportunities, and industry partnerships; and
- the protection and enhancement of the environment in northern Ontario through a further specialization in wildlife rehabilitation and natural resources management.

So that's the Haileybury campus capital project.

To quote from the government's recent speech from the throne, "When we improve the quality of public education, when we provide our young people in particular with the skills they need to succeed, we get the best workers, who land the best jobs, who in turn build the strongest economy, which funds everything we want to do together."

We look forward to continuing to work with you and your colleagues at Queen's Park to promote a strong Ontario where all people have the opportunity to fulfill their potential. Thank you.

The Chair (Mr. Pat Hoy): And thank you. Continuing the rotation, the question will go to the NDP.

Mr. Gilles Bisson: First of all, I want to welcome you to the committee and thank Northern College, Collège Boréal and Université de Hearst, which do an amazing job in their area, and with very little, to meet the needs of

the community and individuals when it comes to education but also those of industry.

I know in meeting with people like Liberty Mines, Xstrata and other mining companies that I've been meeting with since the fall, training is one of the issues that they're having to struggle with. There's a shortage of skilled tradespeople, a shortage of qualified miners, and they're struggling trying to fill these positions. I guess the question I have for you is, if you had to say one, two or three things that are preventing us from training the amount of people that we need to locally, what would they be? What are the things that are holding you back? You talked about the capital project and I take it there are a few others.

Mr. Fred Gibbons: Yes, capital would be one of them for sure. Not necessarily in this particular order, but three things would include a different type of public education program, such that children at a younger age are informed of the variety, the menu of possible occupations, that not everybody has to go to university. You can earn a very good income these days and a higher standard and quality of life. That's one of the efforts that Loran cited in her notes to you. We've brought grade 8 children from the coast down. That's particularly important, because coastal students don't have the same privilege and access to the kinds of things that students who grow up in an urban area like Timmins and Toronto would see.

We're also finding that children are making decisions about post-secondary education at younger and younger ages. At one time, we thought we had to get to them in grade 11, and then we realized they're making decisions in grade 9. Now we're finding that when they come out of the elementary school system, they're virtually streamed at that point. So that would be the second piece: a different form of public education program to attract students to non-professional kinds of occupations.

The third would be greater co-operation amongst the institutions throughout the north. We don't all have to be competing for the same students, offering the same kinds of programs. It would make much more sense, I think, to rationalize where people's expertise lies and really develop centres of excellence around that expertise, as opposed to mediocre programs that could be the consequence.

Mr. Gilles Bisson: The other thing you touched on is the nursing program. I'm aware, as committee members should be aware, that we've graduated a lot of nurses through Northern College and other institutions. One of the things that I was told recently is that there's a program that reimburses some of the tuition cost if they decide to practise in under-serviced areas. What's particularly bad for us here in the city of Timmins is that they don't qualify for that because Timmins is not seen as under-serviced. As a result, it's where we need most of our health care workers because we are the referral centre, and we're having difficulty attracting your graduates into Timmins institutions because—no offence to my good friend the mayor of Smooth Rock Falls, but if you

can get your tuition paid by going to Smooth Rock Falls, Kap or Hearst, that's where a lot of people are going. Any recommendations?

Mr. Fred Gibbons: Yes, I think the emphasis needs to be redirected. It shouldn't penalize students for taking their education in a centre that doesn't qualify. I think that should be transparent. Students should be able to take their education anywhere they choose, and the incentive should be to encourage the graduate to stay in an area that's been under-serviced, not to induce them to go there in the first place.

Mr. Gilles Bisson: Very good.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

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TIMMINS CHAMBER OF COMMERCE

The Chair (Mr. Pat Hoy): Now I call on the Timmins Chamber of Commerce 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. You can begin.

Ms. Marilyn Wood: Good morning. My name is Marilyn Wood and I'm the president of the Timmins Chamber of Commerce. I thank you for the opportunity to present this morning.

The Timmins Chamber of Commerce represents more than 685 business members in the Timmins business community. Since its incorporation in 1949, the chamber has been the recognized voice of business for the community.

The chamber is proactive in voicing its members' concerns with respect to local, provincial and federal government policy while actively addressing educational, civic, social and economic issues. It is in that role that we wish to address you today.

This submission provides an overview of a number of areas of interest for the Timmins Chamber of Commerce and its membership, including investment in public infrastructure, the diamond royalty, energy prices, the doctor shortage, education and training, wood flow, revenue sharing, the retail sales tax and the Mining Act review.

Starting with investment in public infrastructure: The Ontario Chamber of Commerce conducted a survey of 358 leaders in business, labour, academia and government, in which 91% of respondents cited infrastructure as the most critical issue to be addressed in the province of Ontario, with roads and transportation considered the most important elements.

Here in northern Ontario, we know all too well what it is like to travel roads that are riddled with potholes and with shoulders that are far too narrow. Our municipal level of government does what it can to keep our roads in good shape, but a funding shortfall from the provincial government prevents us from having the roads that we require and deserve.

Economic growth has created challenges with our infrastructure, and the city of Timmins is struggling to find the funds necessary to expand its sewer capacity so that it can accommodate development on the outskirts of the city.

Increased exploration activity means that there are more trucks on our roads contributing to the erosion of our streets, and this highlights the need for the construction of an alternate route which would allow heavy trucks to bypass the downtown core. This project has been talked about for decades. The city of Timmins needs the province to come to the table in a partnership for these basic infrastructure needs.

The construction of the Victor diamond mine near Attawapiskat has highlighted the need for a permanent year-round road up the James Bay coast. It is the opinion of the Timmins Chamber of Commerce that coastal residents should have a say in whether this permanent road is built to link them with the rest of the province, and then the provincial and federal governments must come together in partnership to build that road. If not now, when?

The currently strong economy in Timmins has created additional revenue streams not just for the municipality but for the province as well. This revenue, which benefits all of Ontario, must also provide the funds needed to maintain the infrastructure on which economic activity depends.

With regard to the diamond royalty, the Timmins Chamber of Commerce and the Ontario Chamber of Commerce have voiced their concerns about the diamond royalty introduced in the 2007 provincial budget. Our concerns were borne out by the shock that was felt not only in the mining industry but throughout the entire business community. It is virtually unheard of for a First World government to change its tax structure after a large company such as De Beers receives shareholder approval on a \$1-billion investment, an investment that was approved with the understanding that the provincial mining tax was fixed at 5%. The diamond royalty calls for diamond mines to be taxed between 5% and 13%, depending on production values.

On July 12, 2007, then-Finance Minister Greg Sorbara requested a meeting with the Timmins Chamber of Commerce to discuss the diamond tax. At that meeting, he committed to keeping the diamond tax in the range of 3% to 7%. The Timmins Chamber of Commerce asks that Finance Minister Dwight Duncan honour the word of Mr. Sorbara and work to ensure that De Beers remains whole.

With regard to revenue sharing, northern Ontario is a \$24.5-billion economy—larger than Prince Edward Island, Nova Scotia, New Brunswick and the Territories combined. Yet, northern Ontario residents cannot make decisions on how provincial or federal money is spent in the north. The chamber is urging the province to address this through revenue sharing.

As an example, the chamber would like to see a structure created to ensure that a fair portion of the tax

revenues generated from the De Beers project is re-invested in the infrastructure of northern Ontario. De Beers has made a strong commitment to the region, as evidenced by an aboriginal employment rate of 50%. The Nunavut diamond mining project, on which the new tax structure was reportedly based, included a generous revenue sharing model which is conspicuously absent from the new model that is proposed for De Beers. We would like to see both the provincial and the federal governments develop revenue sharing models throughout northern Ontario.

With regard to energy prices, Ontario, as you know, has lost more than 175,000 manufacturing jobs over the past three years. High energy prices, the rising value of the Canadian dollar, and the slowing US economy are three of the biggest reasons for this. While the province has no control over the exchange rate or the American economy, it does have the power to set energy prices for large users and make energy an economic driver. Here in Timmins we have the second-largest consumer of power in Ontario: the Kidd Creek metallurgical site, owned by Xstrata Copper. The Kidd zinc operation spends about one third of their operating costs on electricity, and by continuing to operate here in Timmins, it costs them between \$15 million and \$20 million per year more than if they were operating in Manitoba or Quebec. Using industry standard multipliers, this potentially impacts about 1,200 jobs if they decide to move their operations to a more industry-friendly province.

According to TD Canada Trust, the Ontario economy is forecasted to expand by 1.5% this year and merely 2% next year, barely escaping a recession, and slipping to last place on the provincial growth outlook. Energy must be used as an economic development and retention tool. An energy strategy must be developed and implemented to ensure that northern Ontario's competitiveness is created, and that it creates a more stable environment for industry and overall community development. Short-term subsidies should fix hydro rates for manufacturers at \$45 per megawatt hour as the first component of a five-year plan to restructure the cost of energy production, supply and transmission.

With regard to the doctor shortage, Ontario is currently short more than 2,000 physicians, and the Ontario Medical Association estimates that more than 1.4 million people living in Ontario are without a family doctor. People living in rural and northern communities in Ontario are severely affected by this shortage, and Timmins is certainly no exception. The Timmins Chamber of Commerce is concerned about the shortage of doctors, nurses and nurse practitioners in northern Ontario. This shortage compromises the health and well-being of our families, contributes to long waiting times in emergency rooms and impedes business from attracting and retaining a workforce.

The Ontario Chamber of Commerce has urged the government of Ontario to enhance and make public their strategy for recruiting Ontario-trained doctors back to Ontario and to develop a repatriation program aimed at

recruiting Canadian-trained physicians in other countries. We support this policy and sincerely hope that the province will make a strong commitment to attract doctors to northern Ontario. To that end, the Timmins Chamber of Commerce asks that the provincial government increase funding for the Northern Ontario School of Medicine to enable the training of more physicians. It is our hope that more NOSM graduates will mean more doctors for northern Ontario in the years to come.

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With regard to education and training, one of the biggest concerns of our members is their difficulty in finding skilled workers. The skilled worker shortage is an issue that needs to be addressed by industry and government if northern Ontario businesses are to remain competitive.

To that end, the Timmins Chamber of Commerce requests that the provincial government increase funding to post-secondary institutions in northern Ontario in order for them to accommodate more students in skilled trade courses. In addition, it is imperative that the Ministry of Training, Colleges and Universities be given the funding necessary to implement effective apprenticeship programs to help students and employers alike.

Youth out-migration contributes to the labour shortage in northern Ontario, specifically the Timmins region, and without a university in Timmins we see our best and brightest students leave the community to seek an education, never to return. Research has directly linked post-secondary education with community prosperity. Communities with higher numbers of university graduates tend to earn more and have a more stable economic future. For these reasons, we ask that the province support the establishment of ONE U, the Ontario Northeast University. This project addresses the post-secondary education needs of Timmins and area residents, recognizing the possibilities that are offered by new telecommunication technologies.

At the same time, the provincial government should recognize the valuable role played by Northern College in Timmins and surrounding area. For many young people, the college is a springboard to a lucrative career. Timmins Chamber of Commerce members speak very highly of Northern College partnerships, and the chamber asks that funding to Northern College be increased in order to meet the training needs for our young people.

The Chair (Mr. Pat Hoy): You have about a minute left for your presentation.

Ms. Marilyn Wood: Thank you.

Many sawmills have closed in northern Ontario, including those in Opasatika, Kirkland Lake, Smooth Rock Falls, Dryden and Cochrane, devastating these communities. Sadly, there was absolutely no consultation about long-term wood allocation out of these communities before these mills were closed.

While the Timmins Chamber of Commerce supports the temporary disposition of wood to other jurisdictions for economic reasons such as temporary shutdown, the

long-term re-allocation of wood out of Ontario will have a serious negative impact on the economy. To that end, the chamber is urging the Ministry of Natural Resources to hold public hearings before allocating more than 50,000 cubic metres of wood out of any particular region.

With regard to retail sales tax, businesses are mandated by the provincial government to act as tax collectors, collecting the retail sales tax which goes directly to government coffers. Here in Timmins, businesses are faced with an awkward and potentially sensitive situation. According to the tax rules, status Indians, Indian bands or band councils may purchase most goods and services without paying retail sales tax, as long as services are provided to an address on a reserve and goods are purchased for use on a reserve. Consequently, we have a situation where tax is collected from some, but not all, and there seems to be a disconnect in the communication between provincial auditors and retailers to implement the actual ministry policy, since retailers are being held liable for taxes that were deemed collectible.

The Timmins Chamber of Commerce supports the Mining Act and the regulations that dictate the relationship between the surface rights owners and the mineral rights owners. A petition by cottagers in Tay township threatens to reunify surface and mineral rights. That reunification of surface and mineral rights would be to the detriment of the mining industry and in turn would damage the economy of northern Ontario, where 99% of the province's mining takes place. In 2006, 66,000 new claims were staked in Ontario and 99% were in northern Ontario; in 2006, the production of \$7 billion worth of minerals, the majority from metals. The mining industry employs 14,000 people in the north, with an additional 1,800 employed in exploration.

You have the information before you. I will skip to the conclusion and say that northern Ontario has a unique economy prone to boom-and-bust cycles. Our economy largely depends on non-renewable natural resources, and we must balance the need for sustainability of our economy with sustainability of our communities. While northerners often feel alienated and left out of the decision-making process, the future is the one thing we all have in common.

In closing, we would like to remind the province that what's good for the north is also good for the south. The Timmins Chamber of Commerce would like to thank the standing committee on finance and economic affairs for the opportunity to present our vision.

The Chair (Mr. Pat Hoy): Thank you. This round of questioning will go to the government, and Ms. Aggelonitis.

Ms. Sophia Aggelonitis: Marilyn, thank you very much for that presentation. It was very passionate, and I'm really glad to see you. There are a couple of comments I'd like to make. First, I'd like to congratulate the Timmins Chamber of Commerce for getting the accreditation through the chamber. I know that's a very difficult process. Congratulations to you and all of the members.

I also wanted to make one remark. I see someone in the audience who is very well recognized with the chambers across not only Ontario but across Canada, and that's Ms. Keitha Robson, who is your manager. So welcome, Keitha, as well.

Ms. Wood, could you tell me a little bit about your 685 members and whom they represent?

Ms. Marilyn Wood: We have a spread from very, very small to very large. Our largest operators are the forestry companies and mining companies. The great majority of our members are five employees and under, so we do have a very wide spread, but SMEs are the focus.

Ms. Sophia Aggelonitis: In your presentation you spoke about the doctor shortage, something that we, all across Ontario, are very familiar with and which is a challenge amongst many cities. What exactly is the Timmins Chamber of Commerce doing about that?

Ms. Marilyn Wood: We are working both with the educational perspective and with the hospital. We have the Timmins and District Hospital here and we're making every effort to recruit new doctors. We have a very active committee that is working to recruit particularly northern-trained doctors. We feel that working with the Northern Ontario School of Medicine is going to be our best bet to recruit and retain the northern talent that often goes south and never comes back.

Ms. Sophia Aggelonitis: Thank you very much.

Ms. Marilyn Wood: My pleasure.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

CITY OF TIMMINS

The Chair (Mr. Pat Hoy): I call on the city of Timmins 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'd ask you to identify yourself for the purposes of our recording Hansard.

Mr. Tom Laughren: My name is Tom Laughren. I'm the mayor of the city of Timmins. First of all, I would like to take this opportunity to welcome you to Timmins. I think this is a great initiative and it's a real opportunity for our community. I'm sure that during the day you're going to hear many passionate pleas, and you're also going to see, I believe, that many of the presentations are going to be very similar. The one thing I've seen in my short term as mayor in this community is that from a regional perspective and a northern Ontario perspective, we are now starting to speak a lot more with one voice rather than being broken up the way we used to be.

We've given you a copy of our presentation. It's a long presentation, and I'm not going to read it word for word. I'm going to touch on what I believe are some of the highlights. I'm going to try to bring some of the northern Ontario passion to some areas, but we will be talking about the need for predictable and stable revenue for municipalities, infrastructure, the need for long-term-

care beds in our community and region, the need for affordable housing, the Ontario municipal partnership fund, district social service administration board funding, energy, the provincial diamond tax, policing issues, and I know you've just heard from the chamber as well on some of these issues.

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To start with the need for predictable and stable revenue for municipalities, one of the biggest challenges that we have in Timmins is revenue. Our tax base continues to shrink, specifically related to large industry. Over the past six, seven, eight years, large industry has had their assessments reduced drastically through MPAC. It's had a huge effect on our community, on our residential tax base. One point that I use quite often in any of my presentations is the fact—I was on council for 10 years and was off for three. In the first eight or nine years of that, our average tax increase in Timmins was probably somewhere between 1% and 2%; now we're averaging 4% and 5%. When you look at what's happening with water and sewer rates in Ontario, people are actually becoming fed up.

So we need to put some plans in place that will give municipalities revenues, and they've got to be sustainable revenues. Municipal revenues are not keeping up with the cost of living, let alone the service responsibilities. When you look at the service responsibilities that municipalities deal with today, we're into health services, social services, public transportation, waste management, water purification, public safety and roads—huge responsibilities, all requiring huge dollars.

What we are advocating in our presentation—I don't know how many of you have seen this, but last year I was one of the five large urban mayors from northern Ontario who presented to the party leaders back in April a document called Northern Lights. It's a document that we feel has many opportunities and solutions for government going forward. We believe that the government has to look at what we put out as far as natural resources, the dollars. Those dollars are quoted in here. But we have an abundance of natural resources—forests, metals and minerals, water—all of which contribute significantly to the economic wealth of this province.

The costs of maintaining vital local infrastructure such as roads, fire protection, water etc. have increased and are demonstrated to be higher for communities in northern Ontario than in other regions of the province due to our geographic and climate conditions as well as the increased costs associated with servicing the natural resources industries that are predominant in northern Ontario. One example, and I'm sure you'll hear this from the mayor of Sudbury as well, is that we definitely want to see mining in our communities, but right now you're not seeing mining any longer building metallurgical plants or gold mills. They're utilizing the ones existing in the community. What that has meant for our community and others is that we have large trucks going through our community, using our roads on a regular basis. In many instances, these mines are out of our jurisdiction. We do not get any funding for that.

In talking to the mining companies, they all recognize the need for infrastructure and the dollars, but they really look at that as being either a municipal or a provincial responsibility. We cannot continue. On our main thoroughfare here, we're going to have to spend millions of dollars. We're looking at a bypass in our community to avoid some of this, but when you're talking of a bypass around a community that's the size of ours, you're talking millions and millions of dollars. So we need to work together—the federal government, the provincial government—to work out some kind of plan that we can all live with.

In any meetings I've had with ministers, we talk a lot about provincial programs such as COMRIF. In Timmins, we applied each year for COMRIF and were not successful in any. I have to say that when we put our proposals together, we based them on the strategy of the program at the time. When I looked at the last COMRIF, I saw many communities that had recycling, as an example, that were given money as part of this COMRIF infrastructure program. When I was down a week or so ago to meet the MNDM minister, he talked to me about COMRIF 4. That scares me, because we haven't made anything in COMRIF 1, 2 or 3. Whatever is structured here has got to be fair for all municipalities, so that everybody can get it. In Timmins, we are just preparing now—there's a provincial program that's out for infrastructure that's program-ready—shelf-ready programs. We appreciate that, but there is a lot of work that goes into those shelf-ready programs. We've got two that we can submit and will be submitted, but again, if we're not chosen, for us that's \$6 million. These are water-related, and when I project out our water and sewer costs for the next 10 years, we're looking at \$52 million. For a community of 45,000 people, with water users that's probably about 15,000 residents; that's a huge cost. We support the provincial government with the Walkerton recommendations, but we need help to be able to implement those or, very shortly in northern Ontario—and many communities are there now—water and sewer rates are going to be much higher than taxes.

The other area that I'll talk a little bit about is provincial land tax reform. I'm not going to go in depth as to what we have on page 4 of our presentation, but I think the main point I want to emphasize on this is the fact that we as municipalities want to be part of where those dollars are going to go. I've had people in my office who are now waking up to the fact that they access some municipal roads to be able to get to their cottages which are outside of our jurisdiction. When they start paying these taxes to the provincial government, their expectations are that we, the municipality, are going to upgrade our share of that municipal road, or the 20 kilometres that take them outside of our boundaries, to a much better standard. From what we've seen so far, we don't see any money coming back from this provincial initiative—land tax reform—into our communities. So we want to be part of some of the solution.

We've talked a little bit about infrastructure. Again, we're very, very appreciative of the federal gas tax and

the provincial gas tax. They're ones that we have utilized to better our transit service in this community. They're ones that we have utilized to better some of the roadways. If any of you, as an example, flew into Timmins airport to attend this meeting, we did the half between the Timmins airport and this facility last year with federal gas tax money. That's a highway that was downloaded to us back in 1997—and we're going to talk about that in a couple of minutes—but the provincial gas tax funding is very restrictive as to what we can use it for. It has to be something related to transit. When you look at the infrastructure needs that we have within our community, we would like in some instances to be able to match that with what we can utilize our federal gas tax money for, as an example.

The cost of infrastructure—I don't think we need to go into that. I'm pretty sure that at any of these meetings you people have had, infrastructure is probably one of the number one items. But again, we don't have a country or a community if we don't have good infrastructure. When you look at the size of Ontario and the distances that people have to travel, infrastructure is something that is very, very important. I have to be very honest. When I turn off the highway at North Bay to come north on Highway 11, it's almost like day and night, the condition of those highways, passing lanes—never mind in our own community. So there's something that definitely needs to happen.

We estimate in our community alone that our deficit in infrastructure right now is approximately \$220 million. When you look at the size of the community, that's a huge challenge. We have \$100 million in expenditures over the next 15 years that will strictly revolve around water and sewer, as an example. It won't make a big impact on the roads and the conditions that people travel in. I have to tell you that for anybody who comes into your community, infrastructure—roads—are probably the first thing that they see, and it really makes a lasting impression on them.

Another part I want to very briefly touch on, and we have done this with ministers in the past—I think if you were to go to page 7 in our report and just take a look at the kilometres of highway that were transferred to the city of Timmins versus the other four large municipalities in northern Ontario, it's like night and day. We received 87 kilometres of provincial highway between 1997 and 1998. At the time, we had done a study. We had Stantec come in when we got the first 78 kilometres-plus, and they told us at that time that we should be putting \$1.2 million a year away just for capital improvements to these roadways. For us at that time, that was almost a 4% tax increase. With the other challenges that we have had with water, sewer and infrastructure, we have never been able to put that money aside for capital. We have managed now to build in the cost to our taxpayers of maintenance on those 87 kilometres of highway.

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Again, we have gone many times with other municipalities that have been affected as well and asked the

province to upload all of those 87 kilometres of highway. We've kind of given up on that and what we're suggesting in the document is that the province would upload three of the highways. One of them is what we consider a link between Highway 101 and Highway 11. It has a provincial park on it. It is a link between our community and Iroquois Falls. Iroquois Falls and Timmins were very fortunate to get half of that. As an example, we have a bridge on that roadway. We got approximately \$1.2 million at the time of transfer to repair a bridge. To be able to meet all the requirements to repair that bridge in today's dollars, which is a project—we've now got that down to one lane on a major thoroughfare. We're going to go ahead with that project this year, but the cost is \$3 million, so we've got to come up with \$1.5 million of our own money to put into that bridge. Those are dollars that we do not have. It's a one-lane bridge right now.

The Chair (Mr. Pat Hoy): You have about a minute left for your presentation.

Mr. Tom Laughren: Yes.

The airport road, again, the one you came in on, we see as a regional centre.

The one thing that I do want to touch upon in my last minute here is long-term-care beds. You're going to have a presentation, I know, after myself this morning. We have made presentations to Minister Smitherman and to the North East LHIN. Everybody realizes the crisis we're in, but we've continued since 2004 to be in that crisis. We need long-term-care beds in this community; we have recommended 64. I haven't heard anybody disagree with that number, but when you look at what it's costing this government when you have 25% of your total hospital beds with ALC patients in them, the money that you're spending there versus the money that could be spent on long-term-care beds is about triple. So we're looking for long-term-care beds.

You see we have affordable housing. We have some inequities that we feel are going to happen in our Ontario municipal partnership fund related around the frozen assessment. Again, we feel that with what's happening in the forest industry, many of our outlying communities that are part of our social service board—their assessments are going to drop, and ours in Timmins, because of what's happening in mining, are going to rise, but at the end of the day we're going to be paying substantially more money to our DSSAB, which we feel is very unfair.

Land ambulance is the same thing. The province for years has talked about getting to 50-50 funding. I believe we're going to get there this year, but when you look at the geographic region outside of the Timmins boundaries that is being covered by ambulance and the high costs, we feel that we're subsidizing ambulance for the rest of the district and they subsidize many other areas such as child care and housing in areas that they don't have—well over \$800,000.

The last one I'm going to talk about very quickly is energy. You heard from the chamber, but we have a real fear here that, if we do not look at using energy for an

economic development tool, places such as the Kidd Creek zinc plant, which employs approximately 400 people in our community—because of that being 40% of their costs and they have plants in Quebec, they're definitely going to look at Quebec. So we're going to see our raw resources going from the Timmins area to Quebec. It makes no sense to me. We have to look at hydro rates as an economic development tool.

We've talked about the diamond tax. Again, we're strong proponents of that.

We also talk about policing costs.

The one I want to mention and I want to thank the government for is Collège Boréal. We're very, very appreciative of the provincial dollars that went into Collège Boréal, but we have other needs in this community. Northern College has had a funding application in for a couple of years. When I look at the skills shortage and the needs that we have in northern Ontario for unemployment going forward, the funding of colleges and of one new university is something that's very important to our community. The northern Ontario growth plan we want to be part of, and we're looking forward to it. But again, we want to make sure that people realize that northern Ontario, which is 80% of your land mass, has huge differences and those have to be identified in the northern growth plan. It's not going to be a one-size-fits-all program, but again, it's something we're looking forward to.

I know I'm over, so I thank you again for the time and the opportunity. I'm more than willing to answer any questions.

The Chair (Mr. Pat Hoy): Thank you. This round of questioning goes to the official opposition.

Mr. Tim Hudak: Your Worship, thank you very much for the very comprehensive presentation. Thank you too for your long-time service as a city councillor, now mayor, in the city of Timmins.

There are three topics that I wanted to pursue, and you have a lot here for us to digest. Your page 15 comment about the danger of Xstrata Copper relocating to Quebec is alarming. That's 400 well-paying jobs. That would probably be a bit of a canary in the coal mine, so to speak, about other processors heading across the border. I know that concern has been raised with members of the committee. Is this a real concern in the community to date, that the energy price is that much different that they would relocate a facility of that nature across the border?

Mr. Tom Laughren: Well, I've seen numbers, and again, these are just numbers off the top of my head, from Xstrata, that if they were to move their metallurgical facility to Quebec, right off the bat they would cut \$20 million off of their operating costs. So, yes, it's a huge concern, and when you look at anybody who buys mines and milling facilities, they base on the size of the mine, the ore that they can bring up and mill, and the minute that one of those changes—and that could change for Xstrata very shortly. Right now, we're living in a high because of the price of base metals, but the minute that that equation changes and it's going to cost them money, they'll look at some of their other operations.

Mr. Tim Hudak: I understand it could be up to one third of the operating costs in the price of electricity for a facility like that.

Mr. Tom Laughren: I believe in the zinc plant alone, their energy costs are 40% of their costs. That's huge.

Mr. Tim Hudak: Just after that, you referenced the diamond tax, and I think you know that the PC caucus has strongly objected to the backroom hike in the diamond tax that would jeopardize future investment. It's something that you would expect from Hugo Chavez, as opposed to the province of Ontario, to change the tax rate after the fact. It was mentioned, I think, by the chamber, and I'm sure you'd be of the same view. Do you feel like the province is listening? Will they reconsider this tax hike?

Mr. Tom Laughren: Well, there are two things. Timmins and northern communities continuously talk about economic diversification, and when you look at a diamond mine—this is the first diamond mine in Ontario; I look at what they have done for the First Nations community and our communities as being huge. This should be a model for the government, looking forward to what they want to do with our aboriginal First Nations partners. I do believe that the government was listening. I think the chamber mentioned in their presentation that Minister Sorbara was here in August, and he committed to us at the time—I was at that meeting—that this would not cost De Beers any more than 6% or 7% of the 13% that was estimated. It wouldn't go to that, so we're hoping that that word is lived up to.

Mr. Tim Hudak: Okay. We'll follow up.

My last question deals with the PLT reform, no doubt a long time coming. You raised some concerns about how the province is going to distribute those funds. This committee had called upon the province to make sure that those dollars are allocated back into northern Ontario, but is it your understanding that the province will decide where each of those tax dollars is reinvested without the say of local municipalities?

Mr. Tom Laughren: I have not seen anything that has come across my desk or any of my administrators' desks that tell us where those dollars are going to go, but I have had people who—and we all know it happens. Baby boomers are retiring, they had cottages where they pay cheap taxes back to the government, and they come into the municipalities and utilize their services. We're not against the land tax reform, there's no doubt about it, but the expectations on the municipalities that provide those services are going to be much higher, and we want to ensure that some of those dollars will come back to our municipalities.

Mr. Tim Hudak: Do you have advice on how a model would ideally operate and how those funds are reinvested in—

Mr. Tom Laughren: Off the top of my head, my advice would be that I think it's very important for municipal stakeholders and the province to sit together and work out that formula. Again, they may have some ideas already.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Mr. Tom Laughren: You're welcome. Thank you. Enjoy your stay in Timmins.

Mr. Tim Hudak: Absolutely.

The Chair (Mr. Pat Hoy): We have.

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UNITED STEELWORKERS OF AMERICA,
LOCAL 1-2995

The Chair (Mr. Pat Hoy): I call on the United Steelworkers of America, Local 1-2995, to come forward. Good morning. You have 10 minutes for your presentation. There may be five minute of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Mr. Guy Bourgouin: My name is Guy Bourgouin. I am the president of the United Steelworkers Local 1-2995 in Kapuskasing. I represent a geographical local of approximately 2,000 members. Don't let the name "Steelworkers" fool you; the biggest sector in the Steelworkers is the forest or wood sector.

Mr. Chair, members of the committee and fellow colleagues, bonjour et bienvenue. I would like to take this opportunity to welcome you to northern Ontario and thank you for allowing me to present before you today.

My local represents members in the forest industries from Hornepayne, Calstock, Hearst, Timmins, Chapleau, Cochrane, Kirkland Lake, Larder Lake and just about all points in between. In fact, my local is just as big as Gilles Bisson's riding

Mr. Gilles Bisson: It's bigger.

Mr. Guy Bourgouin: It's bigger.

Seriously though, it's sad to see the job losses and devastation in these communities. Just in my local we faced eight mill closures. Some examples are as follows: Domtar Chapleau, job loss 122; Tembec Timmins, job loss 101; Tembec Opasatika, job loss 70, for a total job loss in eight mills of 777. Just two days ago it was announced that there's an indefinite layoff in Kirkland Lake at a brand new finger-joint plant, with 45 jobs. This is not mentioning sawmills that have reduced from three-shift operations to one or two. Please take a look at appendix A in our document for further elaboration on forest sector job losses in northern Ontario.

Some of the plants that shut down were in single-industry towns where workers not only lost their jobs but lost their pensions, and their homes were worth close to nothing. What is sad about some of these sawmills that are idling right now is that with a little help from the government they would still be running. Tembec Timmins and Tembec Cochrane are two examples of sawmills which, with a little bit of help in reductions in electricity costs from the government, would have been back above the cost of operation and would still be running. Over 260 jobs would have been saved. It is imperative that the government reduce electricity costs as an incentive for companies that invest and provide work

for communities in northern Ontario. We produce electricity at a low cost in northern Ontario. It would only make sense that we pay less.

This is why our union feels that the next eight points need to be introduced which could revitalize the northern forest industry to move toward a healthier forest and a brighter future.

(1) Hydro pricing and jobs: The future of northern Ontario jobs and communities is threatened by the high cost of power. The provincial government must implement changes to deal with these costs, which have been identified as central to the job loss across the industry. The implementation of a regional authority to utilize the capacity to produce power at a competitive price and ensure supply is affordable is critical to any job-building or retention strategy.

(2) A regionally based timber allocation system: Regional timber boards run by representatives of workers, communities, First Nations and government would put people back into forest planning. Crown timber in each region should be set aside to meet locally set objectives, industrial diversification, value-added production and workforce training. Companies should not be permitted to harvest vast amounts of crown timber without processing it and providing jobs and economic activity in the region.

(3) Local manufacturing tied to timber harvesting: Set targets for job creation, diversification, value-added, research and training, and write into them a timber allocation system and timber-harvesting agreements. Companies should enter into long-term agreements with the regional timber boards, communities and their employees. Honouring these agreements should be a condition for holding on to or expanding timber-harvesting rights.

(4) Restocking and enhanced silviculture: To get crown timber, companies should agree to replant the timber they harvest and tend the stands they grow. In return, they should be guaranteed any additional volume they produce.

(5) Industrial diversification: Government needs to systematically target job creation through collaborative measures with companies, workers and communities. Taxation and regulation policy should be designed to encourage firms to develop new processes, find new markets and create new products. Training facilities should be located in forest-based communities.

(6) Provincial chief forester: Ontario should immediately appoint a provincial chief forester whose primary job would be to audit forest resources and ensure that logged areas are adequately reforested. Regions where mills have closed, putting communities at risk, should be the highest priority. Audit results and any subsequent recommendations to lower or raise rates—allowance harvest—should be subject to public review and comment before the chief forester renders a final decision.

(7) Effective mill closure review process: Companies should discuss alternatives to shutdowns with community

leaders, workers and local governments, including a realistic offer for sale. The appointment of a jobs commissioner with a mandate to explore all possible alternatives and ensure that all possible options are investigated is critical. Even when no alternatives to closure can be found, companies must provide reasonable and fair transition measures.

(8) Industry support fund: A jointly sponsored provincial and federal government fund to support forestry workers and communities should include both upside and downside training, pension bridging and early retirement support.

These eight points will offer future stability to the forest industry, workers and the communities in northern Ontario.

Another point that is even more frustrating for the workers who lost their jobs in the forest industry is that before the closure of these sawmills there were thousands of cubic metres of Ontario wood going to Quebec to be processed in Quebec sawmills. Now with the closures, the number of raw logs crossing the border has increased drastically, and Ontario sawmills remain closed. We are presently subsidizing Quebec sawmills at the expense of northern Ontario forest industry workers. There are enough raw logs going to Quebec to keep a sawmill running in northern Ontario. This has to stop so that when the industry turns around, our resources are there to sustain our northern Ontario industry and not Quebec's.

In conclusion, we believe that northern Ontario is one of the best places to live in Canada but we need strong, vibrant communities with a bright economic future. We believe that with the changes proposed we can keep what our forefathers have built and fought for so that future generations can prosper. Thank you for your time.

The Chair (Mr. Pat Hoy): And thank you. This round of questioning will go to the NDP, Mr. Bisson.

Mr. Gilles Bisson: Thank you very much, Guy, for coming before the committee. Certainly, your local has probably been one of the harder hit because of what's happened in the industry. Just to put a face to this thing, you've had to deal with a lot of members who have lost their jobs. Explain a little bit what happens to a family living in a community like Opatatika or Smooth Rock Falls when the mill closes down and there's no work available. What do they have to face as far as real estate prices? What kind of stories are you getting?

Mr. Guy Bourgoin: The stories we're getting are pretty sad. What do they do with their house? Their house is worth nothing, and some of them have had to return them back to the banks. Their kids can't play hockey, they can't do anything, because most of them are stuck with lost jobs and they're trying to survive. It's pretty sad to see some workers come into your office and say, "What can the union do?" We've tried to do a lot of stuff. We've made some concessions to workers. At some point, we went all the way to—concessions in some companies. But again, there was one player missing, and the government should have given us some cost-reduction prices, which could have saved some of these

jobs—at least keep it running so that we have a chance to look at other ways and different things we can do to keep these plants running. But once they're closed, they're closed, and then we cannot do it. These workers are in our office, crying and asking what we can do, but our hands are tied.

Mr. Gilles Bisson: Which brings me to the next question, which is the issue of what you do with the wood after the mill is closed. In the closures in Opatatika or in Smooth Rock Falls—the list you have here is long—what's happened is that the companies have held onto the wood and in some cases are cutting that wood and sending the raw logs into Quebec for cash. What are you saying to this government? What do we need to do in order to make sure that if the economy turns, which it will, these communities have a chance to survive? What would you do on wood allocation policy?

Mr. Guy Bourgouin: I say they should be tied to the communities and these sawmills. We had two mills—Excel was one of them and Kirkland Lake was one—and we had two potential buyers that could have kept these mills running, but Tembec did not want to sell their sawmills. They said, “The plant is for sale but the wood is not tied. We're keeping the wood.” It's like buying a car without a motor. It's as simple as that. These jobs were lost. We had potential buyers; that we could not at least work together and keep these jobs—and they're good-paying jobs. We're talking up to \$24-an-hour jobs, and we couldn't have that opportunity because Tembec said, “No, we're selling the mills, but we're keeping the wood. And by the way, we're transferring it to a different sawmill.” That's what's going on, and it's wrong.

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Mr. Gilles Bisson: My colleague has questions.

Mr. Michael Prue: Now, in terms of the transfer to Quebec, this was going on before some of the mills actually shut down?

Mr. Guy Bourgouin: Absolutely.

Mr. Michael Prue: Why were they transferring it to Quebec? Was it cheaper? Was it the electricity cost? Do they pay the workers less? Is it some kind of a company thing, to keep it—I need to understand that. Why was it going to Quebec before they shut down, and why is it going there now?

Mr. Guy Bourgouin: We're asking the same questions. Don't quote me on the numbers, but I think before these sawmills were closed, there were close to 200,000-something cubic metres being processed through these Quebec sawmills; now it's over 500,000. Why these companies can do it, we're trying to find that answer. Are they being subsidized by the Quebec government? We don't know. But it makes no sense to workers. In Kapuskasing, close to 30,000 or 50,000 cubic metres from one of my members who is laid off is going to be processed in Quebec. This is all blowdown that's been done. That's wood that the company didn't want, so they left it open. Now some people can come and bid and get that wood. It's right in our backyard. Why is it more cost-efficient for them to do it when it's in our backyard to do

it? That wood's going straight to Quebec, and our members are not working. It makes no sense. How are they doing it? I wish I had that answer, but we believe they are being subsidized some way, and we are trying to find that answer.

Mr. Michael Prue: We know that electricity costs less in Quebec. Could that be—

Mr. Guy Bourgouin: That's definitely one advantage, the difference between us.

Mr. Michael Prue: But it has to cost the diesel to take those trucks hundreds and hundreds of kilometres into Quebec, and it has to cost workers to transport it all. I fail to understand.

Mr. Guy Bourgouin: The rumour we heard is that apparently they are being subsidized for that, for the transportation. Is it true? We don't know. We're trying to find that out. But definitely it's the same cost for fuel as ours, and they can travel all this way. We are trying to find that answer, because we feel this is wrong.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

FEDERATION OF NORTHERN ONTARIO MUNICIPALITIES

The Chair (Mr. Pat Hoy): I call on the town of Kapuskasing to come forward, please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning. I would ask you to identify yourself for the purposes of our recording Hansard.

Mr. Alan Spacek: Thank you, and good morning. My name is Alan Spacek and I'm the mayor of Kapuskasing, which is the model town of the north, but today I'm here on behalf of FONOM, the Federation of Northern Ontario Municipalities. My theme today will be a little bit more pan-northern as opposed to some of the individual communities that you may have heard from, but it will tend to encompass what has already been said here this morning.

I'd like to start off with an initiative that FONOM, the Federation of Northern Ontario Municipalities, had on October 17, this past fall, which was an economic leaders' summit. It was held, actually, here in the city of Timmins.

I should tell you that FONOM is an organization that is about half a century old and represents over 200 municipalities in northeastern Ontario. We have a sister organization in the northwestern part of the province called NOMA, the Northwestern Ontario Municipal Association. We tend to be the first point of contact when larger governments are looking for input and feedback.

As I previously mentioned to you, there was an economic summit that took place in Timmins in October. There, you had over 200 people who paid over \$200 of their own money, many of them from the private sector, to have a voice and have a say in what they felt was critical to sustaining and further developing northeastern Ontario. For that two-day summit, we had previously

determined that we would keep it quite focused so we didn't end up with some sort of large, thick, if you will, report that was not in layman's terms and wasn't really recognized as a tool that could be used. We kept it to six areas over those two days. We focused on natural resources; government services and the public sector; transportation; energy; health and education; and the final one, business and entrepreneurship. We had facilitators at those sessions, and from there we asked that they only come out with two main strategies. There were many good ideas and concepts brought forward, but again, trying to keep the document manageable, they were asked to keep it to two strategies, which are contained in the documentation you have in front of you today.

My main message today is that there were two underlying themes that came out from all of these summits. One was that we need to speak with a unified voice from northern Ontario so that you don't have special interest groups in varying areas of northern Ontario that are really diverting from the main issue or distracting the government in terms of addressing what we feel are the main issues. So we need to have a unified message and to speak with one voice, and the Federation of Northern Ontario Municipalities feels it's best positioned to take that role. We already have a relationship with our sister organization in northwestern Ontario, which, I might add, is a little bit further along than us, with the services of Dr. Robert Rosehart, in developing a strategy for themselves. We would like to work with them, develop synergies and commonalities, and be able to bring that to the government so that the policies can be formed to help us move forward.

All of this fits in with the northern Ontario growth plan. I believe the process has just started under the chair, Minister Gravelle, a very capable individual. We feel that consultation and participation by both the Northwestern Ontario Municipal Association and FONOM would be key to developing a document that will in fact move northern Ontario forward, and northerners can have a stake and take ownership in the fact that they were party to developing that process. In the last provincial budget, we were very much aware of where there were specific references made to the 905 growth plan. We feel that if that same model were used for the northern growth plan, in fact there would be a much higher likelihood of success.

The other comment I'd like to make is that some of my colleagues previously, Mayor Somer and Mayor Laughren from Timmins, have talked about what they feel is a good working relationship. I would suggest to you that I think it's unprecedented in northern Ontario. You have a mentality existing today where hundreds of kilometres apart, you have small and large urban centres that meet and talk on a regular basis. It's surprising, or maybe not surprising, how common our issues are. I think the environment is prime right now for the government to facilitate a process where northerners are ready to embrace possibly some wholesale change. But we fundamentally want to move northern Ontario forward and want to level the playing field, if you will.

That will be all I will talk about on the northern growth plan for the moment.

I'd also like to mention two other items to you. I'd like to compliment the government on its increase in funding for the Northern Ontario Heritage Fund Corp. That's an organization that's pan-northern and delivers good value for taxpayers in investments. I think it's touched every part of northern Ontario in assisting with both economic development and infrastructure maintenance. So my compliments for that.

Also, a comment on what you've heard previously with regard to the impact that energy has on economic development in northern Ontario: Our neighbours on both sides of us, the province of Manitoba and the province of Quebec, actively use energy pricing as an economic development tool. The reality is, unfortunately, that we don't have that luxury in northern Ontario today, but we do potentially have a tool that can help us level that playing field in transportation infrastructure, called the Ontario Northland Transportation Commission. Currently, the people of Ontario invest about \$15 million a year in maintaining that infrastructure. I would suggest that is low. I would suggest that the government could consider a higher level of investment and use transportation, which is the other high-cost component for industry in northern Ontario, to help level the playing field on a quicker basis than will ever happen, unfortunately, with energy pricing.

With that comment, I conclude my presentation to you. I'm sure I'm short of the 10 minutes. Maybe you can pick up your schedule a bit. I'd like to thank the committee again for the opportunity to speak with you this morning, and I'd be happy to answer any questions.

The Chair (Mr. Pat Hoy): Thank you for the presentation. This round of questioning will go to the government.

Mr. Wayne Arthurs: Your Worship, thank you for being here on behalf of FONOM. We appreciate the inputs we've had this morning, particularly the municipal inputs representing the broader community interests in many ways—the challenges that Smooth Rock Falls is facing, and the mayor of Timmins and yourself on a broader perspective. I'm particularly pleased, as a former municipal guy here, about the efforts that are being made to speak with one voice to the extent that is possible, recognizing that there are obviously individual interests that need windows of opportunity as well.

It appears that the two-day economic summit that was held here in October was a very successful initiative from the standpoint of collaboratively bringing as many distinct voices to the table as possible and trying to focus things down on the achievable, as opposed to the laundry list that one often sees.

Within that context, when I was looking at the submission briefly, one of the items you referenced was opportunities in port development. Can you speak just a little bit more to the issues of port development, which is not one we would traditionally be hearing—at least, we haven't to this point traditionally heard as much in our

tour. We may hear it in Thunder Bay, but we wouldn't have necessarily heard it here.

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Mr. Alan Spacek: It's a little unique, but it leads right to the last point I talked to you about, which was the Ontario Northland Transportation Commission. In that particular concept, it was around the context of Moosonee, being in James Bay. You may be aware that the province of Manitoba has developed a deep-sea port in Churchill, which is now being commercially used by traffic from Russia, and we feel that we're well positioned to take advantage of that same concept. We have a rail line that runs right to what potentially could be the port area of Moosonee, coming from the Trans-Canada Highway. That was what they were talking about there.

Mr. Wayne Arthurs: One of the initiatives that, over the past four years, has been undertaken and has been of assistance to many municipalities but not all, was the gas tax implementation. I know there are differences of opinion as to whether or not that should be extended into transportation as opposed to just transit. Any comments on how best those dollars can be used?

Mr. Alan Spacek: Certainly. The gas tax portion for Kapuskasing amounts to about \$43,000. For a community our size, that's certainly very much appreciated. We don't have a public transportation system in our community. Flexibility to use that for infrastructure and increasing the amount of it with possibly a formula recognizing smaller demographics that the smaller communities have would be very much appreciated.

Mr. Wayne Arthurs: Do you think you'll take advantage of the \$300-million in-year funding for municipalities that's just been announced? Are you in a position, with shelf-ready projects, to be able to apply? Do you think your peers in the north will also be looking at that as an opportunity? I know the mayor of Timmins certainly mentioned that they had some things that they wanted to present on.

Mr. Alan Spacek: The short answer is yes, we have a shelf-ready project that we'll be submitting. Unfortunately, it wouldn't have been our first choice, if there was some prior knowledge to it. Although we have decided that what it has done for us as a community is that we need to get more shelf-ready projects available. There is a substantial cost to that; that's hundreds of thousands of dollars for our community. I can say that on behalf of our smaller neighbours around us, they don't have the luxury of some of the shelf-ready projects that they were hoping they'd be able to use to take advantage of this program.

Mr. Wayne Arthurs: And that's one of the challenges when you find yourself in a situation where you have some additional in-year dollars that you want to use with your municipal partners effectively. The need is to have things ready to go. It was always a challenge as mayor when I was in the municipal sector to have things sitting there in the event the opportunity presented itself.

Mr. Alan Spacek: Yes.

Mr. Wayne Arthurs: Thank you for being here and thank you for the presentation this morning. We look

forward to continuing the opportunity to work with municipalities in FONOM during the coming four years.

Mr. Alan Spacek: Thank you very much.

The Chair (Mr. Pat Hoy): And thank you.

TOWNSHIP OF OPASATIKA

The Chair (Mr. Pat Hoy): Now I call on the township of Opasatika. Good morning. You have 10 minutes for your presentation. There could be five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

Mr. Denis Dorval: I'm Denis Dorval, the clerk-treasurer for the township of Opasatika. Before I start, I just want to let you know that I've got a little pamphlet of my little town. Just look at it, and if you like fishing and hunting as I do, you're probably going to come and visit me.

Interjection.

Mr. Denis Dorval: Yes, sir.

Today, I would like to speak about four main subjects: the DSSAB contribution of the municipality; the OMPF, the Ontario municipal partnership fund; I would also like to speak about economies of scale, just to explain to you how economies of scale can affect some municipalities; and I will speak a little bit about fairness. Fairness is similar to the formula, and you will see that some formulas are not really fair.

In 1998, the DSSAB was formed to deliver social services for municipalities. This was guided by the LSR, local services realignment. The weighted assessment formula was proposed and adopted on the foundation that the weighted assessment represented the ability to pay in the Cochrane district. But the ability to pay depends on many factors. For example, the economy of scale should be considered. Different social service boards in the province use different formulas. For example, some use per capita or per household, some use per case load and some use weighted assessment. What seems fair to me is the per capita basis because the more people you are, the more services you need. I was going to say that that is common sense. Do you know what I mean by "common sense"?

In 1998, many grants were cut in Ontario. The CRF, community reinvestment fund, stayed as an unconditional grant to help municipalities with all the downloading created by the local service realignment.

In 2004, the CRF was replaced by the OMPF, the Ontario municipal partnership fund. The calculation of the OMPF is based mostly on the per capita basis or per household, therefore creating a problem for 11% of the municipalities in Ontario. A municipality like Opasatika has seen its social service costs steadily increase and revenues decrease. Also, most of the other revenues for the municipality are calculated on a per capita or per household basis. For example, the province often taxes federal gas funds, library grants etc. It seems to me we are always punished because we're small, but we pay big for services.

Now I'll just talk a little bit about fairness and the formula, page 2 of my presentation, and I've got some supporting documents in there. We've made a few calculations. Just to give you some examples, the municipality of Opatatika pays \$474 per capita for the CDSSAB—that's social services—but the average for CDSSAB is \$272. Opatatika pays over \$1,000 per household for the CDSSAB, compared to the average, which is \$613. Opatatika pays \$41,000 for social housing and has none.

Now I'll talk a little bit about the economy of scale. As you'll see in my pamphlet, we're only 300 people living in Opatatika. We're proud, and everybody thinks we're a bunch of fighters because, it seems to me, that when you're small, you have to fight to live. I want to make just a few points about the economy of scale. A small municipality like mine is very affected by that. Just to give you a few examples, I'm going to talk about the water, because water is another thing that has been downloaded from the province.

I took two municipalities, one representing 300 persons, like mine, and the other one representing 1,000. For water—OCWA—it's the same cost. For insurance, we've got the same infrastructure—we have a grader, garbage truck, backhoe—so we pay the same for insurance. Fire department: We offer the same service so we pay the same costs, but we don't have the same revenue.

Under the OMPF, the household counts have been added into the formula. Municipalities under the average costs: Households for CDSSAB receive more grants because they seem to have lower assessments. Just to give you an example, and if you look at the OMPF sheet, they seem to say that households in Opatatika are worth \$272,000, something like that, and believe me, that's not the case. The market price is maybe around \$30,000. I don't know how they calculated that.

Also, when we pay the CDSSAB, there are a lot of factors that are not included in the formula. They just take the weighted assessment—that's the CVA, current value assessment—multiplied by the ratio. They don't take the rate into consideration. Also, they don't take all the rebates that we have to give. For example, in 2005 in Opatatika we had a mill closure. About 7% of our tax base was based on that mill. Since then, it's a vacant industry, so I have to give a 35% rebate on their taxes, but I pay full price to the CDSSAB. All of those rebates are not considered in the calculation.

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Just to conclude, you'll see I attached some papers. Northern Lights is a study that was done by the Northern Ontario Large Urban Mayors. They seem to see things the way I do. It seems that the provincial downloading, or the local service realignment, was based on revenue-neutrality, but the OMPF program abandoned the principle of revenue neutrality. Because I sit with my neighbours in other municipalities—all the municipalities from CDSSAB sit together—I realize that all municipalities have different issues. My goal is not to reduce the grants of the 89% that receive more grant money because

most of them need that money; it's to help the 11% who received stable revenues since 2004 and had to face the same cost increase. This problem was created in 1998 when local service realignment became effective. The grant structure has to be reviewed to achieve the main objective: fairness.

My recommendation is that the province should establish a threshold similar to what we used to have for policing services. For example, when a municipality pays more per capita than the average cost, it should be reimbursed by the province with an equalization grant for social services or a special circumstances fund.

I'll explain a little bit about my supporting document. I have a letter here from CDSSAB speaking in the name of NEOMA. I'm just going to read to you from the last paragraph there:

"The members of the Northeastern Ontario Municipal Association hereby request that the province consider these specific circumstances and create a funding mechanism so that the impact of changes in local economies is not borne directly by other municipal economies, but rather would be addressed by the provincial government." So, in a way they support me.

I also included a letter that I sent to the CEO of CDSSAB in 2002, just to let you know that I've been trying to fight that problem. It's going to be the 10th anniversary next year, because it started in 1998 and we're in 2008.

I also attached a brochure from other municipalities that complain about the formula. You've got all the calculations of the formula on the other pages. On page 9, there's the calculation for municipal cost apportionment, and I've got another column. There are five municipalities out of 12 that have had no revenue increase since 2004, but the CDSSAB increased. It all explains how CDSSAB works. Twenty-eight per cent of the pie, of the municipal levy distribution of CDSSAB, is social housing; we don't have any in Opatatika. I also have a few sheets explaining about the request for reconsideration, that rebate that I gave back to the industry. I also put a sheet explaining how the Ontario municipal partnership fund is calculated.

It just caught my eye last night; I was just looking at that before I came here. Like you see, I'm a Frenchman, and I was a little bit nervous to do the presentation in English, but I said I would review it and maybe do better. I wrote for some time on my computer, laughing out loud when I saw that. Holy smoke. If you go to Northern Lights, from the Northern Ontario Large Urban Mayors, they are complaining. They say here, "In Ontario more than 25% of municipal property taxes pay for health and social services," and they continue, saying, "while in the remaining provinces in Canada, the average is 1.2%." Can you imagine? They're complaining about 25%. We pay 42% in Opatatika—42% of my municipal tax levy goes towards social services. Is it common sense? I don't think so.

To finish, just to let you know that we're small, but I think the big ones are behind us because the Northern

Ontario Large Urban Mayors' paper here, Northern Lights, the first solution they put here is to "develop a program to close the provincial-municipal fiscal gap and reduce the negative impact of downloaded social service and health care costs on municipalities." So I think we all agree at the different levels. Thank you very much.

The Chair (Mr. Pat Hoy): Thank you for the presentation. The questioning will go to the official opposition.

Mr. Ted Arnott: Merci beaucoup, M. Dorval. Your presentation was excellent, and the advice that you've given us. I think you've spoken on behalf, I'm sure, of a lot of small northern Ontario municipalities. Most of the members of this committee, as I'm sure you know, are from southern Ontario, with the exception of M. Bisson. It is very interesting to hear the views of your community, and you've expressed them extremely well. Please accept our best wishes to your council as well for the work that they do on behalf of the community of—

Mr. Denis Dorval: It's hard to pronounce. Opatatika.

Mr. Ted Arnott: I'm looking at the map. You're just to the west of Kapuskasing.

Mr. Denis Dorval: I'm 22 miles west of Kapuskasing and 38 miles east of Hearst.

Mr. Ted Arnott: Right before the election, the government, in an attempt to address some of the concerns that were being expressed by municipalities about the existing provincial-municipal relationship, announced a study of that relationship. Most recently, the Minister of Municipal Affairs, Jim Watson, announced in the Legislature that that report would come back in the spring.

Mr. Denis Dorval: Are you talking about the municipal-provincial review?

Mr. Ted Arnott: Right—on the roles and relationships and the various functions of municipalities with respect to the provincial government. Was your municipality consulted on that issue?

Mr. Denis Dorval: I met with the Minister of Finance, Greg Sorbara's, office, and they told me that that's going to be in the municipal-provincial review. At Municipal Affairs, I met with Lynn Buckham, and she told me that was going to be in the municipal review. I also talked with my neighbour, and Joe from Timmins told me that he's going to make sure that will be brought to the municipal-provincial review board.

Mr. Ted Arnott: So do you feel you were adequately consulted in terms of having a chance to express these issues to the minister in the context of the review?

Mr. Denis Dorval: You can go on the Internet and make a recommendation to that municipal review board. That's what I did. But it seemed to me that it takes time.

Mr. Ted Arnott: You mentioned the issue of the cost of fire services. I assume you have a volunteer fire department in your municipality.

Mr. Denis Dorval: Yes.

Mr. Ted Arnott: It's my understanding that there's a huge issue with respect to fire service in Kapuskasing, that the council would like to have the opportunity to have a volunteer fire department to make it more cost-

effective, yet they're stuck with some sort of a contractual stipulation that they can't resolve.

Mr. Denis Dorval: That's a different problem. There used to be more than 10,000 in population, and now they are lower, so their position changed. I don't have a problem.

Mr. Ted Arnott: Yet I'm told that the residents of Kapuskasing pay 10 times the amount for fire service as the residents of Hearst—comparable municipalities; almost the same size.

Mr. Denis Dorval: Maybe. I didn't compare with Hearst and Kapuskasing. I compared with all the other small municipalities, and we almost pay all the same. One thing that I can say is that I can congratulate that they gave a grant for the fire department, and that was fair. I think they gave \$50,000 to everybody; all the same. They didn't count how many you are.

Mr. Ted Arnott: So your municipality received some money for fire services through a fire service grant a couple of years ago?

Mr. Denis Dorval: Yes, in 2003, 2004, whatever.

Mr. Ted Arnott: Do you think that should be a permanent, ongoing program to assist small municipalities in the north with their fire service needs? Of course, it was just a one-time grant. It was \$30 million across the province, and Toronto got a lot of the money too.

Mr. Denis Dorval: Yes. That was great because we had to renew all the equipment. It's so hard for a small municipality like mine to follow all the legislation. You've got a small budget, you try to do your best, but you have meet all that legislation. I'm a good guy; everybody loves me in my small municipality, but if I don't stop increasing the taxes, they're going to crucify me. I don't have a choice. It's too bad.

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Mr. Ted Arnott: I appreciate your comments and your answers. Thank you.

Mr. Tim Hudak: Is there any time?

The Chair (Mr. Pat Hoy): You have a minute.

Mr. Tim Hudak: Denis, it's good to see you again. An excellent presentation, as always. I want to go back to your comments on the DSSAB apportionment of weighted assessment. Opatatika is about how many people?

Mr. Denis Dorval: Three hundred people. The thing is, Tim, we got a big assessment because 80% of my revenue from taxes comes from the pipeline.

Mr. Tim Hudak: Yes, okay, exactly, which simply runs through the community, but puts you in a difficult situation.

Mr. Denis Dorval: But when I'm talking about economies of scale—we are 300 people. In Opatatika there are 113 residents on the water system. It costs us the same thing as, for example, my neighbour, Val Rita, and there are maybe 400 on the system. So we have to divide the cost by 100 instead of 400.

Mr. Tim Hudak: So basically, you'd suggest that as we're coming up to the 10-year anniversary of the crea-

tion of the DSSABs, it would be a good time to review the apportionment mechanism that's used and you'd support—

Mr. Denis Dorval: That's not exactly what I suggest. What I suggest is that you should have a threshold. But see, it's common sense. It's per capita. The more people you have, the more services you're going to need. So we should be billed per capita. Establish a formula of some kind; make a threshold. I'll pay more. Give it back to me on my OMPF, like they used to do with the policing. It's simple.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

ELEMENTARY TEACHERS'
FEDERATION OF ONTARIO—ONTARIO
NORTH EAST LOCAL

The Chair (Mr. Pat Hoy): I call on the Elementary Teachers' Federation of Ontario—Ontario North East Local 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.

Ms. Lorri Spaans: Good morning. My name is Lorri Spaans. I'm the president of the Elementary Teachers' Federation—Ontario North East Local.

Ms. Barbara Burkett: I'm Barbara Burkett. I'm actually now a vice-president provincially with the Elementary Teachers' Federation of Ontario, but I'm a past president of this local and a long-time teacher in Ontario in the northeast. I travelled to be with Lorri for this presentation.

Ms. Lorri Spaans: The Elementary Teachers' Federation of Ontario, ETFO, Ontario North East Local, stretching from Temagami to Hearst, represents approximately 370 elementary teachers. My name is Lorri Spaans and I am president of the local. I welcome the opportunity to participate in this pre-budget consultation. The focus will be to explain the concerns that ETFO has regarding the gap in funding provided for elementary students and its impact on the education system.

We are confident that this government shares the goal of trying to ensure education is funded to provide a high-quality education for all Ontario students. The funding cuts imposed by the previous Conservative government resulted in serious program losses and represented a major setback for public education. Since the Liberals first took office in 2003, education funding has seen a significant increase of over 17%, taking enrolment and inflation into account. We applaud this government for making the rebuilding of public education a key priority. While progress has been made, ETFO remains concerned that the funding provided for elementary students is significantly less than what is provided for secondary students. This gap in funding is not defensible and creates a two-tiered education system.

The Elementary Teachers' Federation of Ontario supports high-quality, properly funded services for our secondary students. They are our future and they deserve the very best, but we also understand that younger students, those from junior kindergarten through grade 8, deserve the very best as well.

ETFO's primary concern is with the gap in funding between elementary and secondary students. From the beginning, the student-focused funding formula has placed a higher value on secondary students than elementary students. We believe this funding inequity is a barrier to ensuring all elementary students receive the high-quality, well-rounded education they need to be successful, lifelong learners.

Based on calculations provided by the Ministry of Education, we know that the gap in funding in 2007-08 is \$711. We acknowledge the 46% reduction of this gap from \$1,318 in 2003-04; however, a gap of \$711 is still significant and unacceptable. Given the elementary enrolment in our school board of approximately 4,354 students, the \$711 per pupil gap in funding translates into almost \$3.1 million that elementary education is being short-changed in our area. To put this into perspective, each classroom of 24.5 elementary students is being short-changed by over \$17,000; each elementary school of 200 students is being short-changed by almost \$150,000.

This means fewer resources in elementary classrooms, fewer specialist teachers for elementary students and less preparation for elementary teachers. We believe the government will not achieve its goals of improving students' levels of academic achievement and reducing the high school dropout rate if it fails to address the under-funding of elementary education.

Most of the line item differences in the foundation grant are inexplicable. Why is staff development per elementary student \$1 less than per secondary student? That small difference deprives elementary education of \$1.25 million. Why are textbooks and learning materials funded at \$27 more per secondary student than elementary student? This gap totals almost \$34 million not available for elementary resources. Why are classroom supplies funded at \$105 more for a secondary student than for an elementary student? This is a loss of \$131 million for elementary classroom supplies. Why are classroom consultants funded at \$6 less per elementary student than per secondary student—a loss of \$7.5 million? In our area, support from consultants is not even available. Why are classroom computers funded at \$14 less per elementary student than per secondary student—a loss of \$17.5 million?

In its election platform, the Liberal Party made a commitment to continue to work to close this gap in funding. Specifically, the platform promised to create a \$150-million fund to assist students in grades 4 to 8. This acknowledges that the gap in funding is problematic and is an important first step in reducing the gap. ETFO looks forward to this new funding and to working with this government to ensure it is put in place quickly and

effectively. ETFO looks forward to a longer-term plan that will address the overall discrepancy in elementary funding.

Funding on a per pupil basis poses some challenges, especially in times of declining enrolment. Over all public district school boards, elementary enrolments have declined by 2.5% in the past two years. This decline is much higher in our school board. At this time, the line items included in the school date foundation grant are limited to the principal, vice-principal, secretary and school office supplies. Other costs directly related to the operation of a school should be included within this grant and allocated on the basis of the number of schools in a district school board rather than the number of students.

Specifically, each school should have a full-time librarian. In spite of the government's current focus on literacy, few elementary schools are staffed with a full-time teacher-librarian. Currently, an elementary school must have over 750 students to qualify for funding for a teacher-librarian. Such a school doesn't exist in our board. How is this equitable to our students?

One guidance teacher is only provided for 5,000 elementary students. For our board, that means no guidance teachers for even the grade 7 and 8 students, who are in much need of support to make choices for secondary school.

The government has made a commitment to phasing in full-day junior and senior kindergarten programs beginning in 2009-10. This is a very positive move and one that recognizes the extensive research that supports learning for the early years. ETFO believes that these programs, provided by qualified teachers, will ensure all students receive the foundation they need for successful, lifelong learning.

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In our board, full-time junior and senior kindergarten has been a reality since 2001. These classes have been successfully taught by qualified teachers. The commitment for the government to fund these programs will greatly assist our board in providing the resources needed to continue the success with these programs.

Some school boards are closing elementary schools and transferring the grades 7 and 8 students to secondary schools. This has happened in our board and it has not been an easy transition for our teachers or the students. As elementary teachers, we believe this is an ill-conceived idea. Educational research indicates that young adolescents do better in elementary schools. They are able to be leaders and develop these skills with their younger elementary schoolmates. Elementary schools provide a heightened level of adult supervision before and after school, at lunchtime and recesses. Elementary schools provide more opportunities for involvement in school sports and activities. Elementary schools are smaller and more connected to students' families and the community.

Before this funding formula was introduced, school boards were able to increase the property taxes to support education. While we recognize that some boards were in

a better position to do this, it did enable local communities to determine priorities based on their needs.

Beginning in 2001-02, a local priorities amount was added to the foundation grant. It was eliminated last year. Funding of local priorities needs to be re-established to ensure that schools can respond to local needs.

We make the following recommendations:

- that the gap in funding between elementary and secondary students be eliminated;

- that the primary class size funding be folded into the foundation grant;

- that the lines in the foundation grant for staff development, textbooks and learning materials, classroom supplies, classroom computers and classroom consultants be no less for elementary than for secondary students;

- that the school foundation grant be modified to fund one full-time librarian for each elementary school;

- that the school foundation grant be modified to fund a minimum of one full-time guidance teacher for each elementary school;

- that design and technology courses for grades 7 and 8 be re-established;

- that a local priorities amount be re-established in the foundation grant.

In addition, we strongly recommend that the funding formula be modified to ensure that no board receives less money in real terms, adjusted for inflation and enrolment, in any year than they received in the previous year. Sufficient funding is needed for all school boards, for all students.

The goal of achieving higher student achievement in literacy and numeracy requires that the funding provided to school boards be predictable and stable and adequate to support the learning needs of all students. Given the recognition that success in the later years of a student's schooling is based on a solid foundation in the beginning years, the current gap in funding between an elementary student and a secondary student does a tremendous disservice to Ontario's elementary students. In short, the funding gap makes it harder for teachers to help children achieve the kind of success they deserve. It's time to close the gap.

The Chair (Mr. Pat Hoy): Thank you. This round of questioning goes to the NDP, Mr. Prue.

Mr. Michael Prue: I don't think anyone can disagree with any of your recommendations. I think it's all solidly based. What I'm worried about, and perhaps you can answer this, is that the government is committed to starting the new funding for junior and senior kindergarten in 2009-10, which is going to cost hundreds and hundreds of millions of dollars. I don't know where they can get the money for that and for what you're requesting. I guess the really tough question to you is, if they can only afford to go one route or the other—and I'm afraid that's going to happen—is it better to do what you are advocating and scrap for the time being the kindergarten program, or is it better to go with the kindergarten

program and leave you without these funds? It's a toughie.

Ms. Lorri Spaans: It is a tough one. Help me with that, Barb.

Ms. Barbara Burkett: Certainly our role here is just to bring to you our best recommendations and to hope that the government that has been formed to represent communities across Ontario can take from our recommendations and guidance that we offer and formulate best decisions on behalf of all citizens in Ontario. Clearly we are totally behind enhancing early learning, and ETFO has had long-time support with the Ontario Coalition for Better Child Care. We do insist very strongly that instruction and evaluation be carried out by certified teachers. We are not in any way opposed to including early childhood education workers as part of a team, but where instruction and evaluation takes place, qualified teachers need to be there.

We've also had long term support for the Best Start model, and hopefully that can be rolled out as part of the government's commitment to early child care.

Mr. Gilles Bisson: The other thing that you touched on was the issue of declining enrolment. In a lot of our communities, because of what's happening in the forestry sector, there has been an out-migration of people, with families moving out of the communities, leaving schools having to try to operate with less. You make the point, and I think it's well made, that as you lose your students, you lose the funding. So your recommendations are, what, that we need some sort of a floor? A funding mechanism in order to allow the schools to stay open? So what's your recommendation is the first question. The second question: Are you fearful of any of these schools being in a position of having to close in the next little while?

Ms. Lorri Spaans: Definitely that is a fear and a reality. Currently, in our school board, there were two schools that were under accommodation review. One of the accommodation reviews was recently cancelled, but there is still one school that's under review, and declining enrolment is a big, big concern in our area.

Would you like to add anything?

Ms. Barbara Burkett: Other recommendations that come with this presentation to you ask the government to focus on sustainable funding per school, rather than linked to the student body, and extending that beyond the principal and the secretary to some key individuals like guidance counsellors and librarians that would, yes, form some core funding per school.

Mr. Gilles Bisson: It's a huge issue in small communities, because what will end up happening is that when the school closes, parents then will choose not to live in that community. For example, if you're living in community X and 20 miles down the road there's a larger community that has schools available, families, given the opportunity, are going to move. So what it does is precipitate the fall of the community, so the community school is actually one of the things that you need to keep in place in order to keep young families in those com-

munities. I know across the riding, we've managed to keep a couple of our schools open, Opasatika and a few others. But where they've closed, we're starting to see that out-migration.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

TIMMINS AND DISTRICT HOSPITAL

The Chair (Mr. Pat Hoy): Now I call on the Timmins and District Hospital to come forward. You have 10 minutes for your presentation. There may be 5 minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

Mr. Allan Kean: My name is Allan Kean. I'm the chair of the board of the Timmins and District Hospital.

Mr. Esko Vainio: My name is Esko Vainio. I'm the president and CEO of the hospital.

Mr. Jean-Paul Aubé: My name is Jean-Paul Aubé, chairman of network 13.

Mr. Tom Laughren: Tom Laughren, mayor of the city of Timmins.

Mr. Allan Kean: Good morning, Mr. Chair and committee members. We are pleased to be here today to make our presentation to you on a critical matter that is daily impacting many citizens in our referral hospital's service area. We ask that your committee convey our only request back to Queen's Park for consideration.

The Timmins and District Hospital is a teaching and referral hospital serving the primary care needs of Timmins residents and the specialized health care needs of people living in Cochrane district and adjoining areas of the Timiskaming, Sudbury and Algoma districts. We belong to the network 13 health care alliance, which originated with the Health Services Restructuring Commission's work 10 years ago. The network is the most active in the province and has resulted in many successful institutional partnerships and collaborative joint ventures in our catchment area. We also work very well with the new North East LHIN based in North Bay as well as with the city of Timmins. We are affiliated with the Northern Ontario School of Medicine, and host teaching of medical students and medical residents.

Our hospital has a health care team composed of approximately 1,200 people, which includes our staff, physicians and volunteers. Our annual budget is \$84 million, and we serve a referral population in excess of 100,000 people. We go north to the James and Hudson Bay coast, south to Temiskaming Shores, west to Hornepayne and Wawa, and east to the Quebec border.

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Mr. Esko Vainio: In 2004, the health care community in the city of Timmins identified the need for 64 additional long-term-care beds to meet the community's current and future demand. This need was determined after our hospital was forced to mobilize all of our internal and external resources to deal with a bed shortage crisis, resulting in the hospital having no available

acute, medical, surgical or ICU in-patient beds for further patient admissions for our catchment area. In addition, ER treatment stretchers were filled with admitted patients, and patient care in our ER was very challenging.

This all resulted in many situations of angst for patients, their families, our staff and our referring hospitals in dealing with a crisis situation that lasted for many weeks. Some of that involved trying to move some of our alternate-level-care patients—patients that should be in nursing homes—out into nursing homes in the district. That was replete with a lot of problems because of the difficulties of those patients and their families to travel, in some cases many hours, to those facilities, and they did not have connections to those communities. So that really put a lot of stress on the hospital and it was very much a public concern.

Three and a half years later, the Timmins and District Hospital continues to struggle to deal with the high number of alternate-level-care cases. The hospital has at times had more than 40% of the total bed complement occupied by patients requiring an alternate-level-care service. Most of these require placement in a long-term-care home, and a long-term-care home used to be called a nursing home. Our emergency stretchers again are filled with admitted patients waiting for hospital beds, and patient care in the ER is affected.

Attached at the back of the report that we've submitted today is a November 2007 Ontario Hospital Association alternate-level-care survey of hospitals, and it indicates that the provincial average of alternate-level-care patients occupying acute care beds was 18%, while in northeastern Ontario it was 30%, and obviously extremely high in our facility. We believe from the information that we're the outlier in all of Ontario as far as percentage of beds occupied by alternate-level-care patients, who would most likely be best suited in a nursing home or long-term-care setting.

A lot of work has been done by our community since June 2004 to address the ongoing needs of our seniors. In that year, at the request of network 13, the district health council undertook a study to assess the pressures along the long-term-care continuum. Based on this study, the community then developed a five-point action plan. It stressed the need for district homemaking service; supportive housing; coordination centres for geriatric and palliative care populations—palliative care, again, being care for those people who are terminally ill; designating 20 in-patient rehab beds at our hospital; and allocating interim and permanent long-term-care-home beds.

In 2005, the Ministry of Health and Long-Term Care planning and renewal branch initiated another study, the 2005 long-term-care local area planning process, to guide the realignment of the long-term-care continuum. The goal of this exercise was to ensure that the supply matched local demand for services and identified areas where demand for a long-term-care bed was high because of gaps in other long-term-care community-based services. Our hospital contributed to data collection and subsequent analysis. We were waiting for the results, but

unfortunately, that report and its findings were never released. We hoped at that time that it would help us resolve our situation in our community. Again, what happens in Timmins affects all those communities in our catchment area because they can't bring their sick patients into our hospital, and they have difficulty moving those sick patients to other hospitals elsewhere in the province.

In 2006, there was an update of the district health council's 2004 study to ensure that the five-point action plan remained relevant. The importance of enhancing the long-term-care complement remained at the core of the five-point action plan, and, consequently, efforts to advocate for ministry approval of 64 new long-term-care beds was reignited.

In January 2007, we met with Health Minister Smitherman, with Gilles Bisson's assistance. The mayor was there and our hospital was represented, trying to see what could be done to address this issue. When the minister was here in August, we raised the issue again. He has recognized that our community's strategy was in line with the province's overall vision for the long-term-care system. The minister has encouraged us in the community to work with the North East LHIN on these issues.

That same year, local health care providers came together on yet another planning exercise, the Timmins Alternate Level of Care Task Force, under the leadership of the North East LHIN, to develop a profile of alternate level-of-care patients locally and to look at a whole bunch of issues involving causes and trends and to provide recommendations. This task force identified a series of strategies that would reduce systemic pressures; among these strategies was the need to increase the long-term-care bed complement in the city of Timmins. Other strategies were supportive housing, a risk-screening tool for seniors, supporting independent activities of daily living for seniors at risk, and integration and coordination of non-emergency patient transportation services. In the fall of last year, the Cochrane District CEO Roundtable, under the North East LHIN, reviewed the recommendations of this ALC task force, agreed that the long-term-care beds were a priority for Cochrane district and recommended the inclusion of this priority within the North East LHIN's annual service plan.

While respectful of the need to plan, we would like to draw everyone's attention to the fact that our hospital and community have been leading or engaged in numerous planning processes over the years and feel that progress is being hindered by the ongoing analysis of the problem, an analysis which has consistently revealed that our community is in need of long-term-care beds, along with other key supportive community-based services.

It has been almost four years since the initial crisis. It is time to move away from crisis management and implement a comprehensive and proactive plan that ensures that our community can meet the current and future needs of seniors.

The province and the North East LHIN have provided considerable financial support for a number of important

initiatives for which the hospital and community are grateful. Funding received under the aging-at-home strategy will allow the development of wraparound community-based services for seniors and the establishment of a supportive housing model, projects which will enable our elderly to age in place and avoid or delay entry into a long-term-care home. Funding has also been received to do a hospice feasibility study. Funding, however, is insufficient to address the operating and capital needs associated with the construction of long-term-care beds.

Our hospital volunteered to be the representative northeastern Ontario referral hospital—the other referral hospitals in the northeast are Sudbury, Sault Ste. Marie and North Bay—to implement the Flo Collaborative, designed to be a quality improvement project targeting processes-of-care issues for seniors in hospital. While the aim of the collaborative is to improve patient transitions from acute-care hospitals to subsequent home care destinations for all patients, particularly ALC patients, it is recognized that process improvement cannot generate anticipated results if complementary strategies needed to address capacity issues in the system are lacking.

Collectively, these initiatives will begin to shift the provision of care from institutions to the community. They do not, however, replace the need for long-term-care beds.

Since the crisis of 2004, demand for long-term-care beds has continued to increase despite the addition of 21 interim long-term-care beds in the system. Some of those, of course, are at our hospital.

Long-term-care beds across Cochrane district continue to be fully occupied. Community care access centre statistical data reveal that the Cochrane district experienced a 45% increase in its caseload and a 78% increase in its monthly wait-list over the past five years. The case mix data indicates that the level of care for these residents has increased year by year. The residents in these homes are at or above the provincial average, which indicates that they would not be appropriately cared for outside of an institutional setting. Again, that's reinforcing our concern.

The Chair (Mr. Pat Hoy): You have about a minute left.

Mr. Esko Vainio: Okay.

One of the issues here, of course, is that there are no nursing home beds in our district for transferring these patients.

I'll turn it over to Allan.

Mr. Allan Kean: We have included some supportive socio-demographic information in our written report and will not speak to it now in the interest of time.

There are a number of significant local opportunities which make it imperative for us to move ahead with the addition of long-term-care beds. I'll talk about two of them.

First, the city is willing to provide its fair share of the capital and operating expenses of expanding the number of long-term-care beds at the Golden Manor. This is at a

time when most municipalities are no longer interested in subsidizing long-term-care homes. This speaks to the collaborative nature; we recognize it as a community problem and we want to come together as a community to solve it.

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The second is that Extencicare Timmins, which is a privately owned nursing home, may need to relocate due to mining activity, which would result in the construction of a new home. If the relocation is deemed feasible, then adding to their existing bed complement may be a financially feasible means of expanding the long-term-care beds in Timmins.

A recommendation: The supply of permanent long-term-care beds within the city of Timmins must be increased by approximately 64. The addition of long-term-care beds is one of the overall strategies to realign the local long-term-care continuum. Esko has spoken to the other things that we're also doing.

The proposed realignment strategy recognizes the importance of investing in community-based supportive services as a means of delaying institutionalization. It also stresses that the supply of long-term-care beds must reflect actual demand, both present and future demand, which is anticipated to increase with an aging population.

The community requires a proactive plan. It is time to move away from crisis management. We respectfully ask that you take our recommendation back to Queen's Park and thank you for listening to our presentation.

The Chair (Mr. Pat Hoy): Thank you. This round of questioning will go to the government. Mr. Dickson.

Mr. Joe Dickson: Gentlemen, excellent presentation. We have reason—certainly, I have reason to share some of your concerns. We've been through much of what you are going through now. I reference my colleague two seats down from me. Wayne Arthurs and myself have both come off of about 20 years of municipal experience each, and the last major hurdle that we have been working on has been the expansion of the Ajax and Pickering General Hospital. There have been a couple of small ones in between, but we've been waiting close to 20 years.

Certainly, there's been a new philosophy with the Premier and with Minister Smitherman as to funding health care in Ontario. We went about 10 years with little or nothing happening. In Ajax, three weeks after the election, they've turned the sod for a 150,000-square-foot expansion which will run in the neighbourhood of some \$100 million. But then again, we waited 20 years for that. I think that the Premier and the Minister of Health have set the direction that health care is indeed one of our focuses.

I share that sympathy with you, working in the community as a volunteer, because I know what you're going through. I think that there's a lot of that, and I think it's in the process of being taken care of over the long term. After the long deficit, it's very difficult to right the wrongs that have been done in the past. There's a million things we can talk about—the new doctors, the new

nurses. I know that there's the first medical school here in a couple of decades in the north; I believe it was Thunder Bay and Sudbury. So those things are evolving now.

My question to you would be, all the processes that you've gone through—do you know where you stand pretty much in the loop? Are you in a position now to perhaps contact the Minister of Health again through his office and see if he would entertain your visitation to him?

Mr. Tom Laughren: If I could answer that, we met with Minister Smitherman last August. The two times that we have met with him, he's been very supportive, but he has directed us through the North East LHIN. We have made a presentation to their board, and they too were very receptive. I believe that they have a plan that's coming out over the next couple of months.

I think Esko said it well. We understand the need for planning, but this is an issue that's been very paramount in our community for a long period of time. At the Golden Manor, if I can give you an example, we have a waiting list of 200 people for a 180-bed facility. We just had an independent living facility close in this community; we ended up sending 30 people to Sudbury because we have no places here. This is an important issue and that's why I'm sitting here today.

Mr. Esko Vainio: And if I can add to that, we're trying to organize a meeting toward the end of February with the health minister in Toronto, if we can.

Mr. Joe Dickson: I certainly think that's the direction to go in. What I hear is—again, I sympathize with you. We've been through it and I think your resolve may be meeting with the minister one more time. So thank you very much for a great presentation. It's well done and I'm pleased to see you here this morning.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

ONTARIO SCHOOL BUS ASSOCIATION

The Chair (Mr. Pat Hoy): Would the Ontario School Bus Association come forward, please. Good morning, gentlemen. You have 10 minutes for your presentation and there could be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording.

Mr. Patrick Dwyer: Good morning. My name is Patrick Dwyer.

Mr. Ron Malette: And my name is Ron Malette. I'm past president of the Ontario School Bus Association.

Mr. Patrick Dwyer: I'm the district—I'm a little nervous here, but I'm the northeast district director of the Ontario School Bus Association. Joining me is my compatriot Ron Malette, past president of the OSBA. Both Ron and I own and operate school bus companies in this area.

The Ontario School Bus Association represents 170 school bus companies operating 14,000 vehicles across Ontario. We transport 800,000 students to school and

back safely every day. Our members are primarily family-owned businesses, with more than 60% operating 20 or fewer vehicles. We are proud of our members having long-standing ties to the communities we serve.

We are advocates for safe, reliable student transportation. Safe, reliable student transportation means the same driver on the route all year long. Experienced drivers on the same route all year are significantly less likely to have an accident. Safe, reliable student transportation means safer, cleaner school buses. Thanks to ongoing federal regulations passed in the past 10 years, newer buses are much safer. Thanks to environmental regulations that took effect last year, new school bus engines are much better for our air.

These two goals are best established by stable, predictable funding that takes into account the real cost of operating a school bus, and that's what parents, students and operators are looking for: a stable, predictable funding model for student transportation.

For the past decade, the government has taken tentative steps to move in that direction, striking committees, reviewing the issues and releasing recommendations. We appreciate the commitment of the government to ensure safe and reliable student transportation, but often real reforms fail to materialize.

Some of you on this committee have heard from the OSBA before. That's because the future of student transportation funding has been undergoing one review or another for more than 10 years. In 1996, the government cut 10% from the provincial share of funding for student transportation. In 1998, a further 3% cut to student transportation took effect. Those were difficult reductions for our operators to absorb. The funding model that was put in place was based on a per-student formula, with no recognition for variations in geography. But it's obvious that an operator in Timmins has challenges that an operator in Toronto isn't going to face, and vice versa. There was no built-in response to increases in fuel costs or drivers' wages, and funding for student transportation was not locked in. Boards could spend funds budgeted for student transportation on other priorities.

As a result of concerns from parents and operators, then-Education Minister David Johnson established a transportation review committee. From 1998 to 2002, our members put a lot of effort into the committee, but the model fundamentally remained the same. In 2002, the government struck the Rozanski committee to again review funding of key elements of the education system, like transportation. Dr. Rozanski found that school transportation was underfunded by \$80 million, but the reforms related to busing were not put in place. And on it goes, with a review in 2004 and again in 2006—review after review after review.

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Meanwhile, we have seen fuel prices dramatically increase. Between January 2007 and January 2008, crude oil rose from \$55 to \$100 a barrel. Everyone agrees this increases the cost of busing students by millions of

dollars. The government took action to provide relief on an annual basis. While this is much needed and operators are grateful, it is impossible to budget when you don't know how your fuel costs will be handled until after the fact.

Let me give you another example of the challenges we face. I mentioned earlier the new federal environmental regulations that came into effect last year. While we strongly support cleaner air for the students we transport, we also need to recognize that the new regulations increase the cost of a school bus from \$85,000 to \$95,000. As a result, it becomes more and more difficult to replace aging buses with newer, safer and less polluting vehicles.

The good news is that everyone has the information needed to undertake comprehensive reform. Over the last year, the government has undertaken a study of the true cost of operating a school bus. It is a good study that gives the government a road map for taking action. So what should the government do? Simply, student transportation cannot wait until 2010 for a model that makes sense. We have the tools to fix it now, and we should.

Here is our suggested course of action. The time has come for a new funding model for student transportation. It should include annual updating of cost benchmarks, including wages and fuel; enveloping student transportation funding; multi-year budgeting and contracting to promote stability and long-term investments; and incentives for investing in new buses. Let me speak briefly about each of these.

First, annual updating of cost benchmarks will keep school bus operators competitive with other industries. Unfortunately, we are losing experienced school bus drivers to municipal transportation, long-distance hauling, even to hall monitors in schools. That's because under the current formula, the drivers are badly underpaid. School bus driving is a position with significant responsibility. Keeping the same driver on the route all year is a significant factor in lowering rates of accidents. Annual updating of cost benchmarks like wages will help us keep the same driver on the job all year long. It will also help operators plan for cost increases like fuel.

Second, enveloping student transportation funding is important because some boards—not many, but a few—raid student transportation funding for other priorities. If the Ministry of Education, the Ministry of Finance and, frankly, the Ontario Legislature agree that a board should be spending a certain amount on student transportation, that's what they should spend. Robbing Peter to pay Paul doesn't make sense in education funding. A student's overall education experience suffers when that happens.

Third, multi-year budgeting and contracting will make it easier for operators to make long-term investments in new buses. As I said earlier, new buses are safer and cleaner, so it's a no-brainer to promote those investments.

Fourth, incentives for investing in new buses: Predictable funding is a great start to promote capital investments. However, costs for new buses are significantly higher due to new regulations on emissions. If the gov-

ernment were to waive the PST on bus purchases or provide capital funding for new bus purchases, the result would be a safer and cleaner fleet of vehicles on the road every morning.

These four actions would have an immediate impact. Operators would be able to budget more effectively, we would be able to invest in new, safer, cleaner buses, and we would be able to retain our experienced drivers longer. All in all, that means a safer trip to school for students.

Thank you for your time today. I would be happy to take any questions.

The Chair (Mr. Pat Hoy): And thank you. The questioning will go to the official opposition.

Mr. Toby Barrett: Thank you, Patrick and Ron. It's good to see you at the committee again. Your presentation hits home when you talk about moving 800,000 students back and forth to school every day. I've certainly talked with school bus drivers and I've found over the years the worry and the concern that drivers have for safety. They're very, very conscientious people that I have spoken with, and I can understand that when you've got I'm not sure how many kids in a school bus every day on the highways and the back roads and are dealing with some of the weather that we've been seeing up here as well.

You mentioned bus driver wages. Could you give me a driver's perspective on that? They drive part-time; maybe they're running a farm or running a small business or their husband is or their wife is. What are the wages for part-time?

Mr. Patrick Dwyer: It usually works out to about \$42 a day, or \$21 a trip—about an hour and a half to two hours. It's full-time/part-time. You don't have a life on that.

Mr. Toby Barrett: No, not at full-time.

Mr. Ron Malette: May I expand on that, please? One of the issues we're facing is that in society today, all families need two incomes. To actually expect some individual with that responsibility to be out there day after day transporting up to 72 children on three or four different routes—at \$200 a week, it just doesn't make a lifestyle feasible for a family in today's society. I think we have to look at enhancing that figure so that we can actually retain good, competent people. We are, as an industry, struggling to maintain staff on a daily basis. I would think that any operator in Ontario is probably looking at a driver shortage of 5% to 8% a day. We're always scrambling, looking for additional staff to cover routes for the following day.

Mr. Toby Barrett: I live in a rural area, and I see the school bus driver somewhat akin to the rural mail delivery person. Within the school board system—and I should know this—are the drivers employees of the board? Are they members of unions? Are their wages comparable to teachers or other people in the system? How does that work?

Mr. Ron Malette: Hypothetically, school bus drivers work for private contractors. As we mentioned in our

submission, probably 65% of the operators in Ontario have less than 20 buses. Earning \$8,000 a year for the responsibility they have would not even come close to what an educator will see as compensation for the efforts they put forward. I think it's important to recognize that a driver probably has more responsibility in that short time frame, dealing with 72 children and travelling in traffic. I think there really needs to be some recognition of the efforts they put forward in thinking of the safety of the children at all times.

Mr. Toby Barrett: The way it's structured within these organizations, I can see the challenge in your request for a stable, predictable funding model, in the sense that they are separate from the system. It's a contract.

You mention the term "enveloping." Could you give us just a bit more detail on how enveloping would operate, without making any kind of an organizational change—or maybe there should be an organizational change.

Mr. Patrick Dwyer: The ministry allots so much in the education budget to the boards for transportation, but the money disappears from the transportation portion and it goes to other portions within the boards' budgets—not all boards. That is one of the problems being faced within the industry.

Mr. Toby Barrett: So there's really no provincial government hook to ensure that that is dedicated?

Mr. Patrick Dwyer: It's not assured that the money that is allocated by the ministry stays within the transportation budget.

Mr. Ron Malette: Within the transportation budget, there's an allocation there for drivers' wages, as an example, or for administration. However, when the boards receive their GLGs, they look at this amount of money coming into the board and say, "Okay, how can we be creative and siphon some money off that for our own use?" I think it's happening. We, as operators, have no way of going to the boards and demanding to have some analysis done so we can see where the dollars are flowing. We have to take them at their word.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

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ONTARIO ASSOCIATION OF CHILDREN'S AID SOCIETIES

The Chair (Mr. Pat Hoy): Next is the Ontario Association of Children's Aid Societies. Good afternoon. You have 10 minutes for your presentation. I would ask you to identify yourselves for the purposes of our recording Hansard. You may begin.

Ms. Jeanette Lewis: Thank you, Mr. Hoy. Good afternoon, ladies and gentlemen. I'm Jeanette Lewis. I'm the executive director of the Ontario Association of Children's Aid Societies. I have two colleagues with me and I'll let them introduce themselves.

Ms. Virginia Rowden: I'm Virginia Rowden, director of policy at the association.

Mr. Richard Lambert-Bélanger: I'm Richard Lambert-Bélanger. I'm the executive director of Child and Family Services of Timmins and District.

Ms. Jeanette Lewis: The Ontario Association of Children's Aid Societies is a member association. We represent 51 of the 53 children's aid societies in this province. Annually, our members investigate approximately 82,000 allegations of child abuse and neglect. On any given day, there are about 19,000 children in care across this province.

We appreciate the opportunity to make this presentation to the standing committee on finance and economic affairs. Our submission is divided into six areas where we believe attention is needed in the 2008-09 provincial budget so that children's aid societies can provide necessary services to children and families.

The OACAS also supports the government's intention to invest in addressing poverty, post-secondary education, health care and the economy, and we hope that these investments will alleviate many of the root causes of child abuse and neglect. However, we know the need for child welfare services won't end in the near future and we know that the government has a commitment to allow children's aid societies to fulfill the mandate.

In this presentation, as I go through, I'll refer to the various pages on which our material is presented so that you can follow along. I'll begin with the child welfare transformation agenda, which is on page 4 of your document.

We're in the middle of a huge change agenda, which began in 2004, and it's known as child welfare transformation. This is supported by extensive legislative, regulatory, policy and program standards. It's about keeping children safe, but also working with families that are vulnerable, including extended families who come forward to provide kinship care.

There are costs to implement these changes and there are investments needed. We would say investments have been made, but we need more investment if this transformation agenda is going to be successful, in particular, funding to support kinship and adoption, which was not funded in the initial phase of the transformation. We also need funding for increased workload requirements and compliance and reporting on the recommendations of the Auditor General's report. We need funding for the extraordinary costs of protecting children in the remote northern areas and for societies that need to provide services in both French and English.

I'll ask you to turn now to the recommendations we've made on the child welfare funding model on page 7. In the presentations I've already listened to this morning, many of the submissions refer to funding models that need review or need updating. Our funding model was last revised in 2005, and at that time there was a commitment made that there would be continued refinement.

Last June, OACAS made recommendations to the Ministry of Children and Youth Services to combine ade-

quate funding with incentives for effective and efficient service delivery. We made recommendations in several categories, and there's more detail in your report, but we recommended changing the boarding funding for foster parents, group homes and youth so that we remove disincentives to family-based care.

We made recommendations to provide full funding for children needing extraordinary care, including a kind of 24-hour supervision, constant nursing and supported living care, because some placements of children can cost a children's aid society up to \$275,000 a year. You can appreciate, particularly in a small society, having one or two of these children with such expensive care needs can certainly create quite a budget pressure.

We also asked in our request to review the funding model that there be adequate staffing to deliver services in compliance with the standards, that the funding provisions for youth in care be revised and that there would be benchmarks for open adoption, legal custody and kinship placements.

Additionally, we made strong recommendations to address the outstanding issues of northern remoteness and French-language services which have been documented since 2003, recommendations to which I have spoken before at presentations to this committee. There are two northern and remote agencies—Tikinagan Children and Family Services in Sioux Lookout, and Payukotayno Family Services which operates along the James Bay coast—that provide services to a geographical area larger than France. These communities experience extreme poverty, child and youth suicide, isolation and despair, and they have special challenges in delivering the mandatory child welfare services. Most of these communities are accessible only by bush plane, ice road, or maybe by boat along the coast, so any time a child welfare worker needs to make a home visit, it's quite an expensive trip. The unique processes of working with the chiefs and the bands, on behalf of each child, in fulfilling the requirements of the act for consultation, also add to the costs of these northern societies. We have made recommendations that up to \$25 million would be needed to bring them to a level playing field with the societies that operate in the south. There are also extra costs for service delivery in both official languages, and the societies must meet both the obligations of the Child and Family Services Act and the French Language Services Act. These requirements must be recognized in revisions to the funding model.

The next area that our submission addresses is the response to the 2006 Auditor General recommendations; this begins on page 11. I would only say here in this part of our submission that the CASs have moved swiftly to respond to the recommendations of the report, and they have made very, very good progress on all recommendations. There are two areas where additional investments are needed to deliver appropriate service levels and to implement quality assurance. One is on the development of caseload benchmarks. The Auditor General stated that CASs should "establish reasonable caseload

benchmarks for their caseworkers." High caseloads lead to increased risks for children and families. They also lead to staff turnover and to challenges in recruitment. The Auditor General also asked CASs to implement periodic quality assurance reviews. This is another task that is supported by all of the CASs in the field, but will require additional resources.

I'd like you to look at page 12 and our recommendations for the support for crown wards. Crown wards are children in the permanent care of the state. I'd like to begin with the fact that the policies, programs and rates to support youth who grow up in care have not changed since 1994. Since 2006, these young people, who themselves are crown wards, have worked to develop their own recommendations for help. There are four areas of recommendations that I would like to speak to.

First of all, financial support: Crown wardship ends at 18. Under certain conditions, an allowance may continue until a youth is 21; it's called extended care and maintenance, or ECM. These rates for ECM were set at \$663 a month in 1994 and have not been adjusted since. This rate must be reviewed and set above the poverty line and indexed so that youth don't slip back into poverty.

The second area of youth recommendations relates to educational support. We applaud the announcement, in August, by the government of tuition support for crown wards, which allows up to 50% of tuition costs and a waiver of fees for post-secondary applications. We urge you to move quickly so that these supports are available for the 2008 fall semester.

The next area is emotional support. The youth consistently tell us that the most critical thing they need is one reliable adult who they can call on 24 hours a day, 7 days a week, 365 days of the year. This could be a foster parent; it could be a social worker. Funding is extremely limited for these youth, particularly after age 18, and in that category of age 18 to age 21, youth continue to be very vulnerable and need adult guidance for their decisions.

The final area where youth have made recommendations is for a review of the age. Statistics Canada tells us that the average age at which children leave home is over 27, and as a parent, I can tell you that's true.

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Mr. Gilles Bisson: Stop feeding them cheese.

Ms. Jeanette Lewis: Yes, we've tried that.

Children in care are expected to leave home between 16 and 18, and in many cases 21, but youth in care, because they've experienced so much abuse, neglect and other areas of loss and trauma, really need our help for longer than to age 18 or age 21. The youth have recommended that the age to which they receive service be extended to 25, and we support this. We recommend that this be a very high priority for funding, including the staffing costs and the particular supports to youth until they are ready to leave the care of a society.

There are two other areas.

On page 15, we have spoken to the need for a single information system in child welfare. This is a recom-

mendation that has been in many reports since 2004—reports from the coroner, reports from the Auditor General—where there is a strong plea for more efficient service information to be made available to improve compliance and also monitoring of adherence to legislated standards. In 2004, we began working with the Ministry of Finance and the Ministry of Children and Youth Services to develop a single information system, and I'm very proud to say that by the end of 2007, three agencies are now successfully piloting this system. This will make a huge difference to the information that the government has and the information that the societies have, and that information will have a direct effect in terms of monitoring outcomes of children in care. We will be submitting a business plan for full implementation, but in the meantime we urge you to consider how funding will be provided to continue the pilot projects until the mature system is in place.

The Chair (Mr. Pat Hoy): You have about a minute left.

Ms. Jeanette Lewis: I will finish in a minute.

On page 17, we identify the budget requirements for 2008-09. We refer the committee to the fact that children's aid societies have been managing through a year of deficits and some of them have carried deficits from last year forward. These have a cumulative effect. We really need to have the funding model addressed and the funding requirements addressed.

We have six recommendations: first of all, that funding be provided for the child welfare transformation, as I've spoken to; that the funding model include northern remoteness, French-language services, boarding rates and so on, as our recommendation states; that the ministry commission a third party review of caseload benchmarks and funding for children's aid societies to enable compliance with service standards and the Auditor General's recommendations; that CASs receive funds to support the needs of crown wards beyond the age of 21; that the single information system be funded; and that the deficit from 2007-08, projected at \$50 million based on the second quarter data, and the 2008-09 increase of 3% to 5% in net expenditures be funded.

Thanks very much for your attention.

The Chair (Mr. Pat Hoy): This round of questioning goes to the NDP.

Mr. Michael Prue: Thank you for a very comprehensive report. I'm particularly intrigued about your fourth recommendation; that is the one dealing with crown wards beyond the age of 21. I was quite surprised, although I am a former member of the board of children's aid societies, by the statement that young people are cut off—that if they have a minimum wage job, they get clawed back. Can you explain? When did this happen?

Ms. Jeanette Lewis: This relates to the OSAP rates?

Mr. Michael Prue: Yes.

Ms. Jeanette Lewis: My colleague knows the information about it.

Ms. Virginia Rowden: This relates to the ECM rates. The rates were set in 1994. If you'll recall, when the Conservatives came in in 1995, all the welfare rates were cut. This rate was originally tied to the welfare rate, and when it was, it was tied to the welfare rate in such a way that it would be clawed back if there were any earnings above minimum wage. So for the kids who are on extended care and maintenance now, the old guidelines still apply, which say that if the young person is earning more than minimum wage, then dollar for dollar, their extended care and maintenance cheque should be clawed back. There was a provision to allow them for a very, very short period—a number of weeks—transition between being in care and being independent, but our kids need a lot of time, and they need a lot of money to go to post-secondary. This is a huge disincentive for them, as well as the disincentives that are built into the OSAP calculations, which also claw back their earnings, and claw back scholarships and bursaries. So there really is a need for reviewing not only the ECM rate which exists but also the calculations for OSAP and the eligibility there as well.

Mr. Michael Prue: You can't name any cases, but anecdotally, obviously there are kids who go out and get a minimum wage job and then get clawed back. They don't have any money to go to school.

Ms. Virginia Rowden: That's right.

Mr. Michael Prue: I mean, if they're not super smart to get a bursary or a scholarship—

Mr. Gilles Bisson: Or super lucky.

Mr. Michael Prue: —or super lucky—the chances are that that's it.

Ms. Virginia Rowden: That's right. Our youth are very significantly under-represented in post-secondary. There are many reasons for that, partly because of the delay in their maturing, but also because of the disincentives. We heard earlier from the folks from the board of education about the importance of the transition year in grades 7 and 8; our kids start losing then.

A lot of our kids haven't graduated from school by the age of 18. The program as it exists expects them to move out of foster care when they're 18. A lot of kids are moving in the middle of grade 12 or grade 11, out on their own. They have the responsibilities that we would have, as adults, of maintaining a household, but also of trying to go to school and pay their bills on a very, very, very small budget.

Mr. Michael Prue: How much would it cost the government if this age were extended from 18 to 21, and how much more if it were extended to age 25?

Ms. Virginia Rowden: I don't have the exact numbers for you right now. I can tell you that there are about 500 young people this year who will age out of care, meaning that they'll turn 21 and no longer be eligible. The current rates for those kids—many of the agencies have topped up their rates, but they get no remuneration from the government. The average rate right now that agencies are paying is in the range of about \$790 to \$800.

Mr. Gilles Bisson: But not all 500 of those kids would necessarily need the services of the children's aid? Some mature and move on?

Ms. Virginia Rowden: Some mature and move on, but all the kids tell us that what they need is one reliable adult. In some cases it's not additional money; it's more the emotional support. Unfortunately, for so many of these kids, the reliable adult they know is their worker. Some of the changes in the transformation hopefully will shift that to kin and family, but right now for the majority of these kids who age out, their worker is the only stable person they know who they can count on.

Mr. Gilles Bisson: What's preventing them from having that one reliable adult? Is it programming or—

Ms. Virginia Rowden: It's programming; it's funding. The CASs are not funded to provide services for these kids. The rate piece might be picked up, but the staffing costs are not.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

SERPENT RIVER FIRST NATION

The Chair (Mr. Pat Hoy): I would call on the Serpent River First Nation to come forward, please. Good afternoon.

Chief Isadore Day: Good afternoon.

The Chair (Mr. Pat Hoy): You have 10 minutes for your presentation. There may be five minutes of questioning following that. I would ask you to identify yourself for our recording.

Chief Isadore Day: Chief Isadore Day, Serpent River First Nation, and the Lake Huron rep for the Anishinabek Nation, Union of Ontario Indians; also the vice-chair for the North Shore Tribal Council.

First and foremost, it's customary to recognize the territory in which we visit, so I want to acknowledge the Mushkegowuk territory and its people. To the leadership, I say wachey and meegwetch for this opportunity to be in your territory today. I'm not sure if there's anybody from the Mushkegowuk territory here. However, I would like to acknowledge that.

Good morning, ladies and gentlemen of the standing committee on finance and economic affairs. On behalf of Serpent River First Nation members, staff and leadership, I want to thank you for your time here today. The submission that I am providing has been mandated by the Serpent River First Nation council under which I have been elected as chief.

Our community is located on the shores of Lake Huron, approximately midway between Sudbury and Sault Ste. Marie on the Trans-Canada Highway. A signatory to the Robinson-Huron treaty of 1850 also formally recognizes that we have traditional territories that extend well beyond the outlined reserve lands that are situated on the peninsula at the mouth of the Serpent River-Lake Huron basin. Traditional territories extend well above where the city of Elliot Lake is located today,

and as far east and west as the traditional territories of the Sagamok Anishinabek and Mississauga people.

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It has always been said by our elders that we must ensure we are preparing the path for the next generation and beyond. We have always been told that as Anishinabek people, we were never without sustenance and that the land, air and water provided everything we needed to sustain and flourish as a people here in our native lands. Along with these very simple but essential teachings, we are also reminded to acknowledge and to insist to crown governments and citizens of Canada and Ontario that the basis for our relationship is founded on our inherent rights and responsibilities to share our resources. Entering into treaties and other agreements was based on inherent rights.

Along the way throughout the last several decades, First Nations have had to deal with struggling through jurisdictional matters between the province of Ontario and the federal government. It was never intended or expected that First Nations would have to deal with split jurisdictions and various levels of autonomous government. Constitutional recognition that defined the federation was never inclusive or had not taken into account the jurisdictional implications of First Nation governments because that same recognition was not afforded to First Nations at that time.

In having initially only to deal with the federal crown, our earlier relationships with the Department of Indian Affairs were clearly based on single dealings with the Indian agent on most matters. Today, we deal with policy that is based on provincial legislation. This added level of government, which was not the choice of First Nations, has added a dichotomy of disastrous impacts on our relations with crown governments and the fiduciary dealings and doling of resources that we initially intended to share.

Only in recent decades, after section 35 of the Canadian Constitution, has the discourse of First Nations rights accelerated the observance of the fiscal relationship and realities that the federal and provincial governments have with First Nations. Most relevant to this concept is the recent Haida, Taku and Mikisew decisions of 2004 and 2005, outlining a provincial crown's duty to uphold the principles of consultation and accommodation where various levels of impacts on First Nation rights and where fiduciary responsibilities exist with the crown.

Note: This precursor discussion up to this point in my submission is not intended to be merely a historical overview. An adamant point must be made that this submission is being made based on the fiduciary premise of the crown's responsibility to First Nations, and that the Ontario government and Canada must resolve the jurisdictional debate as to where federal and provincial spending on First Nations occurs and who is responsible for ensuring that fiscal requirements meet the needs and demands of servicing on-reserve populations.

The following are some general statistics that demonstrate some of the visible realities that First Nations deal

with today. In the submission that I'm making today, I outlined some statistics that I got from the Assembly of First Nations, and I'll just note that they're in the submission.

What I want to do with the little time I have left in my submission is I want to talk to the standing committee on finance and economic affairs in consideration of the following principles—and I've got five of them listed here. I'm just going to note those and describe them, and then have some closing remarks.

The five principles I want to talk about are access to programs and services. The members and citizens of Serpent River First Nation have rights to access and benefit from programs and services that all Ontarians have access to. Ontario's submissions to the federal treasury must recognize where First Nation disparities and poverty levels exist. I say that to this committee because it's often seen that the federal government has exclusive jurisdiction over First Nations issues, and it's quite clear that there are many different pieces of legislation and agreements where the provincial crown has a direct relationship with our First Nations. We're seeing in our own communities where the funding levels that we receive through various programs aren't adequate to meet our current needs.

The second principle is lack of First Nations capacity, which impacts other costs. The cost of living, inflation, low economic development in First Nations due to land tenure and access to capital, and high unemployment rates are common themes in Serpent River First Nation. Human and financial impediments and hurdles to building capacity are a drain on other areas: Health indices provide evidence of increased social spending and costs on the health care system specifically in First Nations with high unemployment. Again, the impacts of unemployment, lack of economic development—certainly we have many statistics to demonstrate that we have high levels of those impacts and manifestations of lack of economic development.

Next is First Nation spending versus the pan-aboriginal conglomerate. It is clear that First Nation spending envelopes are in a fiscal category that is unique and is set outside of the one-off provincial or federal funding envelopes. Ontario is obligated to recognize the First Nation-based programming commitments and to analyze specific needs and resource levels required to provide those services.

What I mean by that is that as a leadership, we often see that in recent years, and we're seeing it now with the federal Conservative Party, that the pan-aboriginal approach is more of an economies-of-scale thread of thinking, and it certainly has impacts in terms of how we view the issues and needs of specific First Nations status people on reserves. I think that in moving forward to the federal Treasury Board, that needs to be noted along the way somewhere.

The next principle is youth demographic realities of First Nations. Demographics play an important role in determining the programs and services provided to

Ontarians. With the demographics of First Nations so different from those of mainstream Ontario, programs and services do not fit the needs of First Nation communities. In particular, in Serpent River we have a population on reserve of 363 people, with 173 people between the ages of 0 and 29. Therefore, we have 47% of our population that is under 30. Surely, the rest of the committee would understand the issue of demographics and youth populations such as that, which require very specific consideration and programming. So I also want to note that principle.

The last principle is the issue of natural resource development, and it must recognize First Nations territories. Again, I had mentioned the earlier case law and the Haida, Taku, and Mikisew court rulings that indicated that resource development that occurs within a traditional territory of First Nations must ensure that consultation and accommodation requirements are reconciled. This duty to consult, as of 2008, has yet to be established through formally established policy standards, where consistency is established across provincial ministries. That would create greater efficiencies and effective process. The cost of ensuring consultation is often overlooked. However, we are again adamant that this resource matter is an issue that the crown must resolve in order to ensure that this requirement is upheld.

With that being one of my final notes, I want to suggest that we're finding in our First Nation and across the territory on the North Shore that this whole issue of consultation and accommodation is a very huge matter that the provincial crown is, in our opinion, really lacking in having anything substantive in nature to build on and to utilize in the consultation process with First Nations. It's not just on resources issues; it's with all provincial ministries and the programs they deliver. We're finding that the stronger and faster that government becomes, it lends itself to this whole notion that there's a greater requirement for the crown to consult with our people on the development and delivery of programs that affect First Nations people.

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In closing, I think that there's a whole lot of development that has happened in terms of recognition of First Nations' rights, and certainly the cost to the province of Ontario for recognizing that needs to be considered. I feel that the province is a little bit behind on that particular issue.

With that, I want to let you know that there is a lot of other information and presentation within the hard copy that I provided the committee today, one of them being the issue on policing and the fact that the Ontario First Nations policing agreement is being sunsetted into extension after extension. It clearly indicates to me that there is no legal agreement and the liabilities that are a potential fallout from the lack of a recently determined agreement are certainly on the shoulders of the province of Ontario; our communities are screaming that this issue get resolved. Again, it is an issue of resources and the funding levels that the federal government and the

province toss over our heads. First Nations are often being seen as playing monkey in the middle with that particular issue. So that's one that I want to give special note to.

With that, I want to thank the committee for their time. I apologize for the late delay.

The Chair (Mr. Pat Hoy): And thank you for the presentation. This rotation goes to the government. Mr. Arthurs.

Mr. Wayne Arthurs: Chief Day, thank you for being here today. I very much appreciate it. I don't have some of the experience that maybe some others do around the room, but each time I have the opportunity to hear from a First Nations council member or chief, it certainly builds on my limited capacities and knowledge base in the area. It's been very, very helpful. Yesterday, I think half of our presentations, or thereabouts, in Sault Ste. Marie were related to a variety of First Nations activities, so it was very helpful. I think to this point, today anyway, you're the only one who has presented to us, so I'm appreciative of having that opportunity yet again today, and for the hard copy presentation. It's very well presented, in my view.

I think we heard yesterday in particular a couple of things that are probably reflected in your comments as well—the need for the province to be an active advocate on behalf of First Nations with the federal government, to use our political capacities to ensure that those responsibilities are being met. The establishment of our first Minister of Aboriginal Affairs with the Honourable Michael Bryant is a significant step in identifying the very direct concern and effort in that regard, with his background and experience.

I'd be interested in hearing in the couple of minutes that we have left any thoughts you have, any comments you have on a structure or format whereby how a tripartite consultation process—federal, provincial and First Nations—might look, who the stakeholders, if there are other stakeholders, should be. Are one of those groups the primary lead on that? Is there a better way to do it, in a more collaborative fashion than having one group or another being the principal lead agent?

Chief Isadore Day: Yes, I appreciate the comments and thank you for those. The question around the tripartite approach to consultation is something that's well-appreciated as well. I think that you're probably going to find that tribal councils and PTOs, which are political territorial organizations, are going to be the main stakeholder forums for our First Nation communities, because it certainly does require an economies-of-scale approach to ensure that we're actually collecting and disseminating the information and making sure that it gets out appropriately to the relevant First Nation bodies.

Your tribal councils have a very technical mandate, where they can actually provide the structures and the flow-through secretariat functions to make sure that our communities are getting that information. The political territorial organizations—which are NAN, the Union of Ontario Indians—are more technical/political bodies that

have more capacity to look at what the political implications are. We have access to legal resources that could assist us in what the legal implications of the consultation look like. The Union of Ontario Indians represents 42 First Nations and we have a staff that are quite equipped to take on that.

For example, I recently passed a resolution at the AFN on a cabinet directive at the national level to streamline the regulatory process with the federal programs on the environment, NRCan and those types of agencies. Our concerns at the AFN level are that appropriate consultation hasn't occurred and that the federal government needs to recognize that in order to effectively and economically respond there has to be that sort of a streamlined approach with First Nations at the table.

So to answer your question, I think we're going to find that the most bang for the buck on that is to work closely with the PTOs and the tribal councils.

Mr. Wayne Arthurs: Thank you very much for that.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

TOWNSHIP OF MOONBEAM

The Chair (Mr. Pat Hoy): And now, by subcommittee agreement, we will hear from the township of Moonbeam. I think you gentlemen know this well—I've noted that you were in the audience—but you have 10 minutes for your presentation and there could be five minutes of questioning. I'd ask you to identify yourselves for the committee recording Hansard.

Mr. Gilbert Peters: Yes. We'd like to begin by thanking the committee for making time for us. This is Mayor Gilles Audet from Moonbeam. I am Councillor Gilbert Peters. We just wanted to be present so we could make some kind of statement toward what we think has to be done in northern Ontario.

Number one is that we believe that financial incentives have to be provided to smaller northern communities for economic development. It should be made mandatory, for the hiring of economic development officers in each community. There should be a population of 1,000 per municipality so that economic development can be an ongoing opportunity.

Number two, it is time to start thinking about four-laning Highway 11. This is supposed to be the people's highway; it is not just for transport trucks. The province has created a very dangerous situation by allowing trucks with loads so wide they cover three quarters of the paved surface. It is supposed to be a public highway, not just for specialized groups. Serious consideration must be given to the four-laning of the highway so that the general public can feel safe on our roads.

Being a board member on DSSAB, representing four communities, I recommend that elevators in two-storey buildings be installed. In our district, we have 14 two-storey properties. People living on the second floor using canes, walkers, wheelchairs or simply with difficulty getting about, cannot descend to the first level because of

their condition. Costs for this would be a one-time injection of \$5,000, plus \$75,000 per year given to the local DSSAB board so they would be able to do the maintenance on these 14 elevators. It is getting to be a critical situation. I am getting calls four or five times a week on this issue.

As a councillor for the municipality of Moonbeam, I know the need for infrastructure support. There is a dire need for road repair, changing of culverts, ditching, installation of lighting at critical intersections where people miss exits from the main roads. A provincial injection of \$5 million in Moonbeam is needed immediately. We're the only municipality in northern Ontario that had an increase in population of 8% in the last census.

In summer, because we are a tourist-based economy, our population rises from 1,300 to 3,000. Million-dollar homes are being built and people are putting demands on us as a municipality that we cannot provide due to costs. We need help. We have not had a major injection into our infrastructure for about 15 years.

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At FONOM last spring, Mr. Bartolucci told us a story about a hockey player who had spent quite some time in the penalty box, comparing himself to northern Ontario. Ladies and gentlemen, northern Ontario needs your help and needs special consideration for letting us out of the penalty box. We are due for a full pardon so we can develop our economies to help enrich our government, our communities and our citizens in northern Ontario.

Mr. Gilles Audet: I just want to add another thing. Our small community needs a fire truck, a snowmobile, a snowplow and a grader. We need to pay for all of those things. If we could have a government incentive to give us money for that, it would be really appreciated, because our fire truck was brand new in 1974, I think; we need a new truck pretty soon. The fire department has 24 volunteers, and they're after us all the time about when we're going to buy one. We need to have some help to buy a truck. It's at least \$300,000. I just want to mention that.

We'll take your questions.

The Chair (Mr. Pat Hoy): Thank you both. This round goes to the official opposition. Mr. Arnott.

Mr. Ted Arnott: Thank you very much, gentlemen, for your presentation. I think it's very helpful and important that municipalities in northern Ontario come forward to participate in these hearings so that members of the committee have a better understanding of the unique challenges you face and your vision of improving your communities through economic development, and you should be commended for that.

You mentioned the infrastructure needs and you indicated that you feel you haven't had a major effort to improve your infrastructure in about 15 years. Can you tell us a little bit more about what specific infrastructure needs you're encountering right now?

Mr. Gilbert Peters: Our biggest problem right now is that within our municipality we have a lake that is nine kilometres long by three kilometres wide, and in the last

few years, where these used to be just summer camps, people from outside the area are coming in and buying two and three of these old summer camps. They're building multimillion-dollar homes on them, and the roads that we had for summer use are no longer good for year-round use, unless they're frozen in the wintertime. But come springtime, we have the mud coming up, and all the trucks and everything that are doing this new construction just can't get through. We have culverts that are caving in, we have water that's building up in the roads, and we just can't keep up. We put an extra \$40,000 into our roads last year, and it was a drop in the bucket compared to what we need. We just can't keep up.

We're the only community that has been able to turn our municipality into a tourist-based economy. Right now, I'll give you an example of what we've got—and this has only been in the last eight to 10 years. The value of our properties are going up because of the cottages that people are building on there—

Mr. Ted Arnott: And your population's increasing, you said.

Mr. Gilbert Peters: Our population increased by 8%. We've built a golf course. We have three major campgrounds, with a provincial park. We have a system of nature trails second to none—34 kilometres, 12 of which are paved—going through the wild country. We have 100 kilometres of snowmobile trails. It's developing faster than what we can pay for the infrastructure, and we really need help.

We had two contractors come into our municipality, and they told us that our roads, in general, are not bad. If we get on it within the next one or two years, they stated that we would be able to save the base of our roads; some areas would need more work than others. In the municipality, we have five kilometres of paved roads, and nothing has been done for 15 years. They recommend that because we did not lose our base—we do not have to change any sewer or water lines—if we put a two-inch covering on top of all of our streets, we should be good for another 10 to 12 years. So if we do it now, it's a matter of maybe \$5 million. If we wait longer than that, we may be in need of an injection of \$10 million. The mayor and I are trying to get this fixed before it becomes a bigger problem.

Mr. Gilles Audet: Because we have about 55 miles—

Mr. Gilbert Peters: We've got 55 kilometres of gravel roads—

Mr. Gilles Audet: Miles. That's 90 kilometres of roads in the municipality. That's why when we spend \$60,000 a year for gravel, it doesn't go far.

Mr. Gilbert Peters: All the contractors are telling us now that we need six to eight inches of good gravel; we can't continue putting two inches of gravel on some of our roads and hoping that it will stay up. We are in a very, very difficult situation.

Mr. Ted Arnott: You also mentioned the buildings that need elevators, and I think we need a little more information about that. Are those seniors' apartment buildings?

Mr. Gilbert Peters: Yes. About 10 or 12 years ago, from my understanding, they tried to rent the upper floors to younger groups of people, but those people who were 60 years old at that time are now 70 and up. The DSSAB itself and the municipalities can't afford to put these elevators in. It would be a one-shot injection, and after that we'd be okay. When you see the people in these buildings and how angry they get because they can't get to the second floor—

Mr. Ted Arnott: They can't get into their homes, right?

Mr. Gilbert Peters: Well, they are home. They live in these buildings, but they can't go out to visit anybody,

they can't go shopping, they can't do anything. It's that kind of stuff that should have not happened. I would like to see that no more buildings be put up where there are no elevators. If any government building goes up that has two floors, my God, there should be an elevator in there or some device so that people can get up and down. There has to be.

Mr. Ted Arnott: I would agree completely.

The Chair (Mr. Pat Hoy): Thank you both for your presentation.

That concludes our hearings for today. We are adjourned.

The committee adjourned at 1317.

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