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**Official Report  
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(Hansard)**

**Friday 29 January 2010**

**Journal  
des débats  
(Hansard)**

**Vendredi 29 janvier 2010**

**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  
Greffier : William Short

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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

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

Friday 29 January 2010

Vendredi 29 janvier 2010

*The committee met at 0902 in the Four Points by Sheraton, Kingston.*

**The Vice-Chair (Mrs. Laura Albanese):** Good morning. The Standing Committee on Finance and Economic Affairs will now come to order. We are pleased to be in Kingston for today's hearings.

## PRE-BUDGET CONSULTATIONS

## TOWNSHIP OF LANARK HIGHLANDS

**The Vice-Chair (Mrs. Laura Albanese):** We'll begin with our first presentation of the pre-budget consultations, 2010. I would ask our first presenters to come forward. Good morning.

**Mr. Bob Fletcher:** Good morning.

**The Vice-Chair (Mrs. Laura Albanese):** I would like to remind, for the benefit of everyone present, that each presentation is a total of 15 minutes in length. You will have 10 minutes for your presentation and that will be followed by up to five minutes of questioning from committee members. The questioning goes in five-minute segments, with each party in rotation, so the first one will go to the official opposition. Please state your name for the purposes of our recording Hansard and after that you may start.

**Mr. Bob Fletcher:** Good morning. My name is Mayor Bob Fletcher, township of Lanark Highlands, and accompanying me today is Tom Derreck, our CAO. Unfortunately our deputy mayor lives about two hours north and the cold weather, I think, has got him.

We're here today; we have four issues that we'd like to glance over and leave you with a lot of documentation that we've brought. We'll start on page 1, which is about three pages in.

We are really concerned with the assumption that we're making and a lot of our colleagues are making that the OMPF may disappear. We look at the effect of that on our entire residential tax base, because we're mostly residential, and as everything trickles down, no matter how small the percentage of decrease of funding coming to the municipalities or to the upper levels, it trickles down to a residential tax base that is getting extremely overburdened with taxes.

We also would like to look at the inequitable competitive approach to municipal funding programs and the disparate approach to compensating those few rural municipalities that have a tremendous amount of their

land tied up in hydro corridors and crown land with no compensation.

Number four is, we did an awful lot of work in our small township at an OMB hearing. We actually won the OMB hearing, and then Bill 114 came in backdated, which cost us about \$200,000 just in expenses that we weren't able to get back.

We really, really appreciate being here and you taking the time to hear us.

We are a very small community population-wise—5,000 full-time residents and 5,000 visitors who come in the summertime to their bigger houses—but we are 1,033 square kilometres, so we're extremely large in space, and 20% of that is eaten up in crown land and hydro corridors that we receive very, very little for, but we still service the area.

We're the second lowest—almost wholly residential—community in Lanark county. We have a very small tax base, and 98.2% of the levy is totally residential. So we have very little industrial or commercial base, and it's very difficult to build it in an area with lots of trees and back roads.

We do have one big company that does an awful lot of work in our area in a big quarry. The unfortunate thing is that all the product goes to our neighbour. We receive about \$68,000 a year from the quarry, and they get about \$700,000 in taxes. So we bear the brunt and get very little.

We're looking at different issues. I'd like to go to page 4 and the OMPF. As our assessment goes up, we see the formula where the OMPF grant is going down. If we reach the \$213,000 mark for average residential assessment across the board—we're at \$158,000 now—that would drop about \$1 million on to the residential tax base in our township. But I don't believe that we're going to get \$1 million in taxation off the assessment, especially given that every time you build a nice, big house—and that's what the city people want; they want big tracts of land—you also need a road to get to it, so the infrastructure costs go up for very little taxation. The people don't realize—just because assessment is going up, they believe their taxes should go down—on the other side, we're also lowering the grants, so the grants have to be offset by taxes.

In the last two years we've lost about \$129,000 from the OMPF, and it's an extremely large increase for us, 3.7% each year, to make that up. When we go looking for

grants—and we really appreciate the grant programs that you put out; we've been successful on some. But for small towns and townships without engineers, when we see the Building Canada Fund come out and say, "You must be ready to go. You have to have a shovel in the ground"—we don't have those projects sitting on the shelf. Ottawa does, but, again, Ottawa doesn't seem to do anything with all that money. We've got our projects ready now. It has taken an awful lot of expense, but we think maybe it took too long to get there and we might miss out. So we're still looking for a more competitive approach to grants and how the grants work. We work very hard. We know that if we don't compete, we're not heard. We have to stay in the game, and we plan to do that.

Going to the crown lands and hydro corridors, if you see that 20% of your township is non-taxable—the way I look at it, if 20% of Toronto's land was non-taxable, they'd be yelling and screaming. It's that hard for the rural areas, also. We receive about \$1.86 an acre on those lands, and it's very hard to service roads that run for miles through that country. There are a lot of people from all over Ontario who want to come and see trees, especially those from the southwest where there aren't any—we have them, and I'm sure you want us to keep them, and we would like to keep them, but to me, it's like any other infrastructure: If they are there, we should be compensated for them.

Many years ago, we started to look at the unfairness of having the big quarry. It was marketing and paying other people a lot of money and we weren't getting much, so we actually went to the OMB, and it cost us about \$200,000 to do that. We actually won. We were very ecstatic until the government passed Bill 114 and backdated it to before our OMB decision started. I understand that; that's the way it works. But we were still out \$200,000, which is a large whack of money when you talk about a small township.

**0910**

We think we made a good point when we went through the OMB process. We spent a lot of time and we thought we should at least get compensated for our expenses that we put forward to win the case. That's kind of a sore point. It's hard to understand how that could happen. I think if we were in civil court we'd at least get our expenses back, and it would make a big difference in budgets. We've had to put a lot of money into that.

One of the things I remember, and I've been at this game since 1993, is that when they started to change the way we assessed taxes, we were told that to keep farmlands and to keep managed forests going, we would only tax at 25%, but the 75% was going to come to us in a grant to offset that loss of revenue so that we could feed the cities and have the trees. That's one of our concerns with the OMPF. It used to be block funding—you can keep going back to the different names—and I'm just wondering where that 75% is coming back to us. If you take a look at page 10, you'll see the figures there. We have approximately 500-odd properties that are taxed at

about 25 cents on the dollar. Those people are hard-working, but the other people in their residence and their residential properties don't understand that that's a burden we carry to be rural. We're proud to carry that burden, but I think somehow or other we should have compensation.

That's our presentation. We've left you some documentation. We've also left you a calendar so you can see how beautiful we are where we are. Again, we appreciate your time.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you for your presentation, and thank you for the beautiful calendar.

**Mr. Bob Fletcher:** We gave you 20, and I'm sure they have them. Don't let the staff take them all.

**The Vice-Chair (Mrs. Laura Albanese):** And now we'll turn it to Mr. Barrett.

**Mr. Toby Barrett:** Thank you for the presentation this morning. I hear what you're saying on the amalgamation of four small, underdeveloped, financially challenged rural municipalities into a very large, underdeveloped—on and on and on. We've gone through that as well in the rural south. Was that a cause of part of the financial difficulties as well? And I guess my other question is, did that amalgamation not go far enough? Do some feel you're better off just with, say, a single-tier Lanark county rather than the separate, widely dispersed, low-population areas?

**Mr. Bob Fletcher:** I really think that the Harris government started something and didn't finish it. Some people amalgamated; some people didn't. We know that when we amalgamated, there were 21 councillors, mayors, reeves. We're down to seven. We had the four offices. As a matter of fact, one of our northern communities actually worked out of the trunk of a car. So we centralized ourselves in the village of Lanark, which was destroyed by fire in 1959 and has never recovered. You've probably read all the paperwork on our water and sewer problem. That's our commercial base if we could ever get going, but without water or sewer we'll never get there.

So I think we've done an awful lot. We got rid of 10 graders. We could actually do the roadside with five. So we saved money by amalgamation, but we still end up to be one big poor one. With some of the ones that are very close to Ottawa, there are lots of subdivisions going in right now and stuff like that. I think it will finally get to us—maybe not in my time, but it will get to us. We also, in order to do that, are going to have to continually deforest or take away farmland to have development.

**Mr. Toby Barrett:** Okay, and one of my colleagues has a question.

**Mr. Peter Shurman:** Good morning, Mayor Fletcher, and thanks for being here.

Yesterday we were in the north, and again, you listen to people who are in the same position you are: small towns talking about the disparities of the north and the penalization of being particularly remote or small. It's a recurring theme.

If I take a look at the four points that you opened up with, they are all interrelated, because what you're saying, in effect—and I'd like you to clarify for me—is that it's probably time to revamp how we deal with municipalities on a sustainable, long-term basis, taking into account that there are many different tiers of size. Would that be a correct characterization?

**Mr. Bob Fletcher:** Absolutely correct, and we're here to help. That's what we're here to do. We're pointing out the disparities only because we don't seem to be able to corral them and keep them where they should be.

When we downloaded ambulance services, what we really downloaded was a whole bunch of unions, and now they hit us one at a time as they go around the province, whereas when they were dealing only with the province, they only dealt once. Now they are dealing with each one of us, so eventually we're going to get to the highest mark. The residential tax base in the rural areas can't take that, but we still have to have the service.

**Mr. Peter Shurman:** Norm?

**Mr. Norm Miller:** Thank you for your presentation. You mentioned the OMPF funding and how you are being penalized: As your assessment increases, you're losing OMPF funding. You also mentioned that you'd like to see a more competitive approach to funding from upper levels of government. Have you got suggestions for that? I gather that what you're looking for is predictable, sustainable funding for infrastructure and operating costs.

**Mr. Bob Fletcher:** Yes, something that we could look forward to—it would always be nice if you weren't waiting for that last day to find out what the grant was going to be. We get the gas tax, but there's a little hook to that, too. It says that we also have to put our money into it, so in order to keep the gas tax going—

**Mr. Norm Miller:** Is that the federal or provincial—

**Mr. Bob Fletcher:** That's the federal one. But that's a bad way of doing it. I think it's a great tax to come to us—it's terrific—but if you don't have the money to continue to use the gas tax, then you can't really use it.

**Mr. Norm Miller:** Provincially, do you get any of the gas tax, because it also goes to transit. Do you get any of that?

**Mr. Bob Fletcher:** Now you got me on a question I can't answer, so I'll just admit that. I don't know the answer.

**Mr. Norm Miller:** Do you have any public transit?

**Mr. Bob Fletcher:** We have no public transit.

**Mr. Norm Miller:** Then the answer is no.

**Mr. Bob Fletcher:** Then the answer is no. That's pretty good, eh?

**Mr. Tom Derreck:** Excuse me. If I can just add to the mayor's point, we noted in our presentation the pre-Bob Rae days, when the provincial government was giving a very reliable series of conditional and non-conditional grants. The non-conditional were based on population; you got a certain amount of money per population. The conditional grants were really a partnering of the Ontario government and municipal purposes, and they worked

very well. Then Mr. Rae came in and it was all wiped away.

The point on competitiveness is that for small municipalities like ours that are very resource-strapped and low-staffed, with the competitive approach to funding programs these days, we simply cannot compete. We have to spend money, which is a risk, to—

**Mr. Norm Miller:** Hiring the engineer, and then you might not—

**Mr. Bob Fletcher:** That's exactly the point.

**The Vice-Chair (Mrs. Laura Albanese):** Sorry; the time has expired.

**Mr. Norm Miller:** Thank you for your presentation.

**Mr. Bob Fletcher:** Thank you very much, and I hope you have a good day in eastern Ontario.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you for appearing before our committee.

#### ALMA MATER SOCIETY OF QUEEN'S UNIVERSITY

**The Vice-Chair (Mrs. Laura Albanese):** Now I'll call the Queen's University Alma Mater Society to come forward. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning after that. Please identify yourselves for the purposes of our recording Hansard, and you may begin.

**Mr. Adam Zabrodski:** I'm Adam Zabrodski.

**Ms. Susannah Gouinlock:** And I'm Susannah Gouinlock.

**Mr. Adam Zabrodski:** We're here from the Queen's University Alma Mater Society. That's the equivalent of the student union there. There are a few items of note that we'd like to speak to you about today.

First off, we recognize the contribution of the past Liberal government with the Reaching Higher plan: \$6.2 billion that was invested towards the expansion and the quality of post-secondary education. Unfortunately, what has happened is that because enrolment grew so much, we didn't quite see the increase in quality that we would have liked to see. This is especially important at Queen's, where we don't quite have the ability to expand. We're in Kingston, and as much as we love being on the lake, it doesn't really lend itself to more land development, newer buildings and infrastructure. Part of that is where we see the inability to attract students from traditionally underrepresented groups. It's just more expensive to live here. Many students don't want to leave home. So stemming from Reaching Higher, we see more students coming into the program of post-secondary education, but at Queen's we haven't quite seen enough.

Building on this, what we're looking for now is an increase in quality, specifically through teaching quality, because what the research shows is that the majority of first-year students of all academic priorities list teaching quality as number one. This ensures that students are able to come through the system and that they are going to succeed. We recognize that, as students, we benefit a lot from post-secondary education, but as well, the

government and society as a whole see benefits such as a higher taxation base in the future once we graduate and start making an income.

**0920**

So what we'd like to emphasize today is the importance of helping students get through. We've seen the expansion in the program, more students coming through, but how can we help them succeed and actually graduate?

**Ms. Susannah Gouinlock:** One of the areas that we do like to see, and I'll draw your attention to recommendation number three to start, is to enhance persistence through early warning programs. Like Adam mentioned before, oftentimes students come in in first year and they'll either do extremely well—and those are usually students who have done well in the past—or what will happen is they'll think that they won't be able to succeed and then will not look for those services that would normally help them. Unfortunately, this is usually more in traditionally underrepresented groups.

So we believe that programs should be piloted by different universities—and these are programs we're looking at that are more proactive than reactive. The services that are available, like I mentioned before and like you can all imagine, are already utilized by those students who are already being successful and who wish to succeed—not that all students do not. Through these early warning programs, things such as tracking attendance in a proactive way, we hope that these students will be able to be reached out towards and understand that they too can succeed in an environment that's conducive to their learning.

**Mr. Adam Zabrodski:** Recommendation number one is to fund five pilot projects for teaching Ph.D. students how to teach. We understand that through collective bargaining agreements it would be impossible to mandate professors who are on tenure track to take any course in teaching—they have their freedom—whereas some Ph.D. students will likely become professors and end up teaching lectures in the classroom. So we're trying to be proactive and mandate this as part of their education. This will benefit them in the long term.

**Ms. Susannah Gouinlock:** And we do understand that not all Ph.D. students become professors. What we do recognize, as I'm sure all of you know, is that teaching, the ability to teach, is a very transferable skill.

Also, the impact that it does have on students is extreme. At Queen's, for example, our TAs are only required to take one session of about three hours, and it's not renewable. As a student government, we offer a TA day at the beginning of each year, and approximately 40 to 60 TAs show up. In some departments it is required that they do attend TA training, but this isn't monitored.

**Mr. Adam Zabrodski:** More importantly, this is probably the cheapest way to improve education. The research proves that students who go into classes with teachers of proven quality do better. They require less support outside of the classroom and they succeed at a much greater rate.

**Ms. Susannah Gouinlock:** Our number two recommendation is for “teaching chairs.” What we would like to see is for research to be taken just as seriously as teaching. Obviously, we've said this time and time again: how important teaching is to students at university. We find it interesting, just going back to the other point, that teachers in high school are required to have formal training, but at the university level they are not. So we would like to provide incentives for professors to really improve their teaching and to be recognized for the good work that they do.

**Mr. Adam Zabrodski:** What we've seen in the past is that there's just been no emphasis from the government or the university on teaching quality, and because of this, we as students are really beginning to suffer. We can recount many stories where professors just don't care; they are more interested in their research. The same thing with teaching assistants. The effect of this in the long term is that graduates aren't going to be as qualified to enter the workforce; they're going to need a little bit more training once they do start working. We think that this approach of being a little more proactive within the system will do a lot to ease stress on the labour force, industry, and the government as well.

**Ms. Susannah Gouinlock:** I just also would add that in the case of how student supports are funded at universities, oftentimes—at least this is the case at Queen's—the funding has stopped for our student affairs budgets while our contribution has increased year after year. Especially in the financial situation at Queen's, where our principal has told us we are to do less with less, it's very important that these student services aren't the ones to take the hit. That's something that we really want to reinforce, because it's obviously difficult to take away from the operations money and the money that goes towards our faculty.

**Mr. Adam Zabrodski:** So to conclude, we certainly understand the predicament that the government is in. There's not a lot of money to go around, and we've been very grateful for the past Reaching Higher plan. This is just our way of ensuring that all of the hard work and the generous transfer from Reaching Higher succeeds in the future, and we have students going through who are successful.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you for your presentation. I will turn it over to Mr. Prue for questions.

**Mr. Michael Prue:** This is the first time I've ever had a student presentation that hasn't talked about high tuition fees, so I'm quite shocked. My understanding—and I had dinner with some people who went to Queen's and who live in the city—is that Queen's is actually an expanding university. They've just built a whole bunch of new buildings and they're having difficulty paying for them. But you started off by saying you're landlocked, that there are no buildings and no one wants to come here. I was here last year in a brand new building.

**Mr. Adam Zabrodski:** In order to compete with any other university, we obviously need to construct some

capital projects. You're probably referring to the Queen's Centre. It's the new student life building. We hadn't updated our facilities in the last 50 years. As a result, no students wanted to come because the facilities were incredibly lacking. As the Queen's Centre was built, we had to rip out student housing. There's a bit of a buffer on how big you can expand because of the lake. Eventually, you're going to run out of housing for students, and then you get into the city proper. So without going to a satellite campus, we don't have the ability to expand as greatly as many other universities. If you look at Waterloo, they have a much greater potential. It's the same thing with most of the other schools in Ontario.

**Mr. Michael Prue:** You also said Queen's was expensive. I have a brother who lives here in Kingston. I'll be having lunch with him today. This is a much cheaper town than most in southern Ontario in order to live or to commute around, compared with Toronto, if you go to York University, or Guelph. I've been told that this is a much cheaper place for students.

**Mr. Adam Zabrodski:** It's cheaper provided that you leave home. Tuition at Queen's is on the higher end of schools in Ontario. But, more importantly, you'll see that students who go to York or U of T typically live with their parents, whereas because about 94% to 96% of Queen's students have moved away greater than 50 kilometres, they have to pay rent. So \$450 a month plus paying for your own food instead of getting to live under your parents' roof and eat their food adds up to probably about \$8,000 extra.

**Mr. Michael Prue:** So it's not the fact that the university is expensive, it's the fact that they're not living at home.

**Mr. Adam Zabrodski:** Yes.

**Mr. Michael Prue:** Okay. In Maclean's magazine, constantly every year I read all the lists of Ontario universities and Canadian universities and where the best places to go are. Queen's is always near the top. I think that alone would cause people to come here or want to come here; would it not?

**Mr. Adam Zabrodski:** It does, but if you head back to our opening as far as underrepresented groups, we tend to lack socio-economic diversity. It's at the top, but it's more expensive, so you see the same types of students. What we're really looking to do is expand so we can include students from other groups, whether they be rural or international students, and make it a little more accessible for them to come here and enrich the education.

**Ms. Susannah Gouinlock:** Also, if those students do come here, to make sure that they are able to succeed and persist through their education.

**Mr. Michael Prue:** I heard those. I've just got some other questions while I've got you here. You also said something which was kind of shocking to me—that the AMS money has gone down because the money is not flowing through from the administration. Did I understand that right? I used to be the graduate student union

president at Carleton. The money came, although it was never enough, but they never tried to slow it down or stop it.

**Mr. Adam Zabrodski:** That's not us specifically; that's the university. Because they have been able to meet expansion targets and enrolment growth, they're seeing less money come through the provincial government to the school than if they were able to expand at a greater rate. Most of the funding recently has been targeted towards growth and not quality, just because of the incredible expansion in the system, so Queen's has been left behind, because they haven't been able to meet those targets.

**0930**

**Ms. Susannah Gouinlock:** I think you're also referring to the student affairs project?

**Mr. Michael Prue:** Yes.

**Ms. Susannah Gouinlock:** Okay. What's happened now at Queen's is that the student affairs contribution to our student services, at the beginning, was matched by students; the contribution from the student affairs office has been frozen, but our contribution as students has increased.

**Mr. Michael Prue:** And you're not getting the—

**Ms. Susannah Gouinlock:** We are still, but their contribution has stayed the same while ours has increased.

**Mr. Michael Prue:** So they're no longer matching it?

**Ms. Susannah Gouinlock:** No.

**Mr. Michael Prue:** That's causing some financial difficulty for the AMS?

**The Vice-Chair (Mrs. Laura Albanese):** Fifteen seconds.

**Mr. Adam Zabrodski:** No. The AMS is separate. We run on student fees, but what we do with our money is we sometimes donate it back to the university, which may match our donation, and then it's a discrepancy.

**Mr. Michael Prue:** Okay. Thank you very much.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you very much for appearing before the committee this morning.

#### KINGSTON COMMUNITY ROUNDTABLE ON POVERTY REDUCTION

**The Vice-Chair (Mrs. Laura Albanese):** Now we call the next presenter, the Kingston Community Roundtable on Poverty Reduction. Good morning. You will have 10 minutes, and that will be followed by up to five minutes of questioning. This round will go to the government side. Please state your name before you begin.

**Ms. Marijana Matovic:** My name is Marijana Matovic; I'm co-chair of the round table in Kingston.

**Ms. Julia Bryan:** I'm Julia Bryan; I'm the coordinator of the round table.

**The Vice-Chair (Mrs. Laura Albanese):** You may begin.

**Ms. Marijana Matovic:** The Kingston Community Roundtable on Poverty Reduction was launched in January 2008 as the result of the work of the mayor's task force on poverty reduction. The task force was established following the 2007 municipal election. The 24-member round table is a resource and community think tank. We collaborate with other agencies, organizations, groups and individuals in order to set Kingston poverty reduction targets and hold the community to account for their achievement, develop a poverty-related knowledge base to raise public awareness around the issues related to poverty reduction, and to advocate for a more effective community response to poverty and for poverty reduction strategies.

We commend this government for the stimulus policies that have moderated a prolonged economic depression. The government's poverty reduction strategy and the passage of the Poverty Reduction Act are important steps forward in recognizing the gravity of endemic poverty in Ontario. The creation of full-day kindergarten programs, five of which are within the city of Kingston, and the commitment to establish a long-term affordable housing plan by June 2010 are also welcome initiatives.

The area of primary focus for this budget should not be deficit reduction but continued government support for a still-fragile economic recovery. Poverty reduction will help with ongoing economic stimulus. We believe the government should also address the long-neglected issue of local government finance reform.

An unemployment rate that rose from 6.5% to 9% in the past year, coupled with an alarming and ongoing trend toward part-time and temporary work, dictates that the 2010 budget should focus on job creation. This would mean support for existing and new sustainable industries. The government should ensure prompt and sensible spending of the \$32.5 billion allocated last year for infrastructure projects. Addressing the deficit should not be based on cutting public services that are essential in times of hardship.

Ontario already has a highly competitive corporate tax system. We do not need to reduce corporate income tax from 14% to 12% in 2010. We will already collect less from corporate profits due to the recession. Government investment and spending on physical infrastructure, an educated workforce and quality programs such as health care have a stronger economic impact than tax cuts.

The Ministry of Labour has amended the Employment Standards Act and extended protection for vulnerable workers. This budget must ensure that the remaining \$5.5 billion out of \$10 billion allocated last year be spent on enforcement and protection of the growing number of contract, temporary and self-employed workers.

Also, Ontario should lobby the federal government to overhaul the employment insurance program. EI is currently based on past regional performance and leaves many people without financial support. The province should promote a return to pre-1988 eligibility rules and levels. We also need a modernized EI system that

responds to the changing labour market evident in the increasing numbers of workers doing part-time and contractual jobs.

The income gap between the top and bottom 10% of the Ontario population has been steadily widening over the past three decades. The top 10% now enjoy incomes 75 times higher than the bottom 10%. The current provincial income tax system, with a maximum rate at less than \$75,000 in annual income, aggravates rather than alleviates the growing inequity. Introducing graduated levels of taxation for annual incomes of \$100,000, \$150,000 and \$250,000 respectively would generate new tax revenue in the order of \$1 billion a year. This would mean an honest shift towards reducing the ever-widening income gap.

I'm turning now to the issue of local government. The government needs to address the unsustainable provincial-municipal financial relationship introduced and maintained by previous governments. Many municipalities in Ontario have been forced to raise taxes and/or raise money through increased user fees in order to meet obligations such as social assistance and affordable housing. It is clearly not enough that the provincial government supports local demands for federal funding. With 38% of Canada's population, in 2008 Ontario accounted for 88% of local government spending on housing within the nation and 95% of Canada's municipal spending on social services.

About a poverty reduction strategy: According to the Statistics Canada report *Income Trends in Canada, 2005*, 14.5%, or over 1.7 million, of Ontario's people live in poverty. Low-income families are living in a deeper state of poverty now than during the early 1990s. During 2009, food bank usage across Ontario jumped by a stunning 19%.

The recent report *In From the Margins: A Call for Action on Poverty, Housing and Homelessness*, produced by the Senate, quotes two studies on the cost of poverty in Ontario. The Ontario Association of Food Banks estimates the social cost of poverty at \$10 billion to \$14 billion. If we fail to address deepening poverty and a growing income gap today, this situation will continue to cost more and more tomorrow, through higher costs for health services, remedial education, unemployment, and criminal justice.

A second report, published in the *Ontario Medical Review*, stated that many health disparities of our most vulnerable neighbours can be traced to economic disparities. It estimated that health care costs have increased by 20%, or \$35 billion, due to those disparities. With approximately 40% of Ontario expenditures going to the health sector, we must address the social determinants of health, such as equity; food security; income and job security; safe, affordable housing; education opportunities; inclusion and community participation; recreation opportunities, and quality child care.

For Ontarians working at below-poverty-level wages, economic circumstances began to deteriorate rapidly

when the minimum wage was frozen in 1995. The average annual increase in the minimum wage of 29 cents during the 1986 to 1994 period plummeted to two cents during the 1995 to 2003 period.

**The Vice-Chair (Mrs. Laura Albanese):** You have about two minutes left for the presentation.

**Ms. Marijana Matovic:** Had the rate of increase in the minimum wage remained at the level of the 1986 to 1994 period, the minimum wage in Ontario in 2006 would have been \$10.18, and the rate today would be \$11.34. We recommend that the government commit to increasing the minimum wage to \$11 an hour, with the immediate implementation of annual indexation tied to inflation.

In addition, dental care and drug benefit plans should be established for low-income workers, who are unlikely to have coverage through employment. The 2008 budget promised to inject \$135 million towards oral health care for low-income Ontarians, but that money has recently been diverted towards expansion of dental programs for children.

**0940**

The situation is even bleaker for people who live on Ontario Works. While we are applauding the government for forming an advisory panel to assist in the social assistance review—and we hope that Ontario will provide financial backing that will allow this review to revamp social assistance in a truly meaningful way—we are asking, as an interim measure, the government to introduce a \$100 monthly healthy food supplement to the basic needs allowance for all adults receiving social assistance.

According to a recent study, people on social assistance are 4.5 times more likely to have diabetes and heart disease, and we all know—

**The Vice-Chair (Mrs. Laura Albanese):** Thirty seconds. Sorry.

**Ms. Marijana Matovic:** —and we all know that nutritious food is essential for health.

We are also asking that you look at the example of Quebec and of Newfoundland and Labrador, which budgeted for an interministerial committee to guide its poverty reduction strategy. Such a body would ensure that ministries are laterally supportive and that solutions to diverse issues don't collide.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you. Even though you didn't finish your presentation, I'm sure the members have had an opportunity to look through it and will read it afterwards.

Mr. Rinaldi, proceed with the questioning.

**Mr. Lou Rinaldi:** Madam Chair, I will defer my time for them to finish the presentation. It's a very good presentation, very thoughtful, and I would rather them do it.

**The Vice-Chair (Mrs. Laura Albanese):** That's very gracious of you. Please proceed.

**Ms. Marijana Matovic:** Thank you very much.

Finally, in order to protect the most vulnerable Ontarians from potential negative impacts of the

harmonized sales tax, Ontario's tax-based income security programs must take into account the needs of both the aboriginal people who do not file income tax returns and the cash flow needs of those who cannot afford to wait months for rebate cheques.

I'm now turning to affordable housing, which is crucial for any poverty reduction strategy. While boasting a waiting list for affordable housing of 137,000 households, Ontario has the lowest per capita spending on affordable housing in Canada. Affordable housing construction and maintenance are essential to any poverty reduction strategy. The 2009 Ontario Auditor General report noted that households most in need of affordable homes cannot afford to pay rent for so-called affordable housing units funded by the province.

A long-term affordable housing strategy for Ontario must be backed up by investment. The 2010 budget should account for the \$330 million in federal housing funding transferred to the province, keep the promise of \$611 million in provincial funding to match federal affordable housing investment, provide \$250 million towards a long-term affordable housing strategy, create a project development fund based on Quebec's model, and ensure allocation of the remaining 80% of funds through Ontario's affordable housing loan financing program.

A poverty reduction strategy and a program of good jobs also require access to child care, education and training. Adequate education for children, youth and people transitioning from social assistance and employment insurance is a prerequisite for a prosperous Ontario. The 2010 budget should ensure the viability of 7,600 subsidized child care spaces currently in jeopardy due to the pending loss of \$64 million in core funding in April 2010, increase access to post-secondary need-based education funding for low- and medium-income families, and fund training programs that match current labour demands for those transitioning from social assistance and employment insurance to work.

Finally, as much as we applaud a poverty reduction strategy, we believe that people who have no children should be looked after, because the situation is such that a person on OW currently receives \$685 a month and average rent in Kingston is currently \$1 more than what they receive a month.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you. Mr. Rinaldi, you have two minutes.

**Mr. Lou Rinaldi:** Okay, good. First of all, thank you for your presentation, and thank you to you folks in Kingston here for taking the initiative. I think it's very important you do that to make sure your communities don't get left behind.

Just a comment: You didn't specifically touch on these things, but we know there's more to be done when it comes to poverty reduction. I was part of a panel that travelled the province a couple of years ago to come up with a provincial poverty reduction strategy. Can you comment on two things? One, in Ontario we now have a child benefit, which we never had before, to try to help alleviate poverty, and you mentioned the potential harm

from the HST implementation. Were you aware that anyone of no income to low income also has access to or is eligible for a provincial tax rebate now, the same as the GST? Does that help at all, or can you—

**Ms. Marijana Matovic:** My understanding is that the return from the harmonized tax would be coming in quarterly or whichever way. I personally work for Kingston community health centres. We have practical assistance workers, and believe me, we see on a daily basis people whose utilities are just about to be disconnected, or who are already disconnected because they need that money today. In order for you to benefit from something that will be given to you three months later, you have to have enough cash flow to cover your basic daily needs.

**Mr. Lou Rinaldi:** Thank you.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you very much for that.

#### LANARK COUNTY

**The Vice-Chair (Mrs. Laura Albanese):** I understand that we'll be hearing now from the mayor of Perth and Lanark county.

**Mr. Lou Rinaldi:** I think he's just outside.

**The Vice-Chair (Mrs. Laura Albanese):** Yes.

*Interjection.*

**The Vice-Chair (Mrs. Laura Albanese):** Is he coming? We'll just wait for a second or two until the mayor comes.

**Mr. Michael Prue:** Is this a substitution?

**The Vice-Chair (Mrs. Laura Albanese):** Our 9:45 presenter has cancelled, and this would be our 10:45 presentation—

**Mr. Michael Prue:** Okay, that's fine. I just needed to know which one it was.

**The Vice-Chair (Mrs. Laura Albanese):**—and since the mayor is here, we will let him go ahead.

Welcome.

**Mr. John Michael Fenik:** I just sit here?

**The Vice-Chair (Mrs. Laura Albanese):** Yes. Any of those chairs will be fine. You will have 10 minutes for your presentation, which will be followed by five minutes of questioning. I would ask that you please identify yourself for the purposes of our recording Hansard. Right after that, you may begin.

**Mr. John Michael Fenik:** Thank you, Madam Chair, and merci beaucoup pour l'invitation. Thank you very much for being here today and the invitation. My name is John Michael Fenik. I'm the mayor of the town of Perth. I'm also the warden of Lanark county. As those political positions where I come from are not full-time, I'm also a full-time social worker with the Upper Canada District School Board.

With me today is Mary Lou White. She's manager of children's services. And I find myself perhaps at a wee bit of a disadvantage, or perhaps at an advantage, in that my CAO and treasurer, who were both going to come and help field questions if there are any, are not here

because we've jumped the queue. So maybe with some of the bureaucracy gone, we'll have things done a little bit quicker here.

**Mr. Michael Prue:** Don't show that transcript.

**Mr. John Michael Fenik:** Please, yes—and I say that with all due respect to my wonderful CAO, Peter Waglan, and my treasurer, Kurt Greaves, which I could not do anything about.

As I said, I'm the warden of Lanark county and the mayor of Perth, and I would like to thank the committee for the opportunity to present here today.

Just to tell you a little bit about where we come from, Lanark county is a rural municipality on the western border of the city of Ottawa. Within the county are the towns of Carleton Place, Almonte and Perth. The separated town of Smiths Falls lies on our border—

**Mr. Michael Prue:** You're too close.

**Mr. John Michael Fenik:** I'm sorry. Is this a little bit better? Okay.

On our border is the town of Smiths Falls. It's a separated town and it's not within Lanark county. Lanark county has a population of approximately 54,000 people.

#### 0950

Today we're here to speak to this esteemed committee about the Ontario municipal partnership funding and the Best Start program. We do know that your time is very valuable, so we appreciate being here.

We know that probably all politicians from all parties have heard about some concerns with the Ontario municipal partnership funding. We want to preface the presentation by acknowledging the fact that we do understand the financial challenges that both federal and provincial governments will face, this year and in the future, as a result of the global economic downturn and the growing deficit. We as small municipal politicians also face similar challenges, except on a much smaller scale. I want to let the committee know that we at Lanark county are very prudent with our financial resources. We diligently and responsibly prepare and approve annual operating budgets and five-year capital plans.

That being said, the declining funding around the Ontario municipal partnership funding is, on a very basic level, hurting us. Our municipalities rely on the mitigation funding component of the Ontario municipal partnership fund. We see mitigation funding as comparable to resource equalization for those municipalities that, due to a variety of factors such as location or ability to raise sufficient property taxes or the cost of providing services, are dependent upon this type of funding.

We acknowledge that as part of the Provincial-Municipal Fiscal and Service Delivery Review, adjustments were made to the OMPF grant in lieu of the provincial government assuming a gradual transfer of social services costs, and I'd like to say I really appreciate the provincial government for undertaking those initiatives. However, I think it's important to point out that for small, rural, less-affluent local municipalities within the county I represent, there are no social service programs to upload and thus there's no net financial gain.

As a taxing authority with a larger assessment base, the county can absorb revenue losses more readily than small local municipalities and towns. These small municipalities and towns have significantly smaller budgets. Quite frankly, eastern Ontario is significantly more dependent upon transfer payments than other parts of the province.

When my CAO and treasurer get here, we'll leave some background information with the clerk for you to take a look at. Some of the background information you will receive points out a few things that I'd like to point out now.

First, 40% of the downloaded highways that the provincial government transferred to the counties ended up in eastern Ontario. In Lanark county, farmland and managed forest tax ratios set by the province resulted in a loss of \$1 million per year of tax revenue. Some 15% of Lanark county's land mass, or 44,000 hectares, are crown lands for which the county provides a full range of services—road maintenance, fire response and ambulance—which cost us \$13.5 million. In return, we receive \$46,000 from the province.

There will also be information about a schedule which shows the impact of the Ontario municipal partnership fund changes on the local municipalities, which will result in tax increases at the local level ranging from about \$13 to \$93 per household this year. Again, 88% of our assessment is residential, therefore the residential property taxpayer will be required to pay these costs. I'd like to point out that eastern Ontario's per capita income is below the provincial average. So quite frankly, we're reaching a point where local government and property taxes are becoming a financial burden on our citizens.

As a small-town mayor, the call that bothers me the most is when Mrs. Smith calls me from down the road to say, "Mayor Fenik, I was born and bred in the town of Perth. I've been raised in my home all my life, and I'm on a fixed income. Because I can no longer afford the property taxes that are being levied, I must move out." Quite frankly, that is an injustice and it's not fair. As a small-town mayor, that's the toughest call I have to take.

So we would respectfully recommend the following:

The decision to remove the mitigation funding component of the Ontario municipal partnership fund over the period 2010-11, we would respectfully ask, needs to be reconsidered.

The provincial government needs to commit to long-term, predictable and sustainable transfer payments. Municipalities need to be able to plan their revenues and expenses in a structured and comprehensive fashion in order to control taxes, similar to the provincial government.

And if I could just speak briefly to Best Start—and just on the side, away from my speaking notes, property taxes are a regressive tax. It's a tax that is levied that for so many avenues—so many parts of a property tax now have nothing to do with property. It's not based on an ability to pay. So in my small-town-mayor way of saying things, the current property tax system is quite simply

insane. I don't know how you're going to fix it, folks. That's going to—anyways, I'm sorry. That's an aside. My treasurer and my CAO would probably be kicking me now. Mary Lou's just gritting her teeth, I'm sure.

Just briefly on Best Start, this is something that I'm very passionate about, being an old town social worker. We want to compliment the government on initiatives for children. Best Start has created a system of services that supports families and children from birth until they reach grade 1. This initiative includes affordable child care; improved access to subsidies for low-income families; wage subsidies for child care staff, as a lower-end occupation; and access to neighbourhood hubs. The program supports children with special needs, provides transportation to children in remote areas of the county and families with limited available transportation so they can participate in early learning opportunities, and it supports the children's service providers in professional development and training opportunities.

Lanark county has been very successful in implementing these programs for the benefit of our families. We're building a strong foundation to ensure success regarding the Best Start vision, and that is that "Children in Ontario will be ready and eager to achieve success in school by the time they start grade 1."

We are also aware of the province's new initiative with the introduction of the full-day of early learning that will initially focus on four- and five-year-olds, with implementation over the next five years. Lanark county has been allocated 10 of 28 classrooms in phase one of this initiative. It is expected that as a result of the introduction of the early learning initiative and the reduction of Best Start funding, the opportunity for eligible children to participate in Best Start will be limited.

Best Start is incredibly amazing and effective in giving children a head start. It's kind of like a race. Everybody's on the starting line, and those disadvantaged children who come from impoverished homes that don't have the same advantages are ahead of the starting line a little bit with Best Start. This program is critical in best outcomes for the health of the children in our county and also for giving them a leg up on the educational ladder and journey that they will undertake. I—

**The Vice-Chair (Mrs. Laura Albanese):** Thank you.

**Mr. John Michael Fenik:** Am I out of time?

**The Vice-Chair (Mrs. Laura Albanese):** Yes.

**Mr. John Michael Fenik:** Okay.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you very much.

**Mr. John Michael Fenik:** Sorry.

**The Vice-Chair (Mrs. Laura Albanese):** The questioning goes to the official opposition.

**Mr. Toby Barrett:** If you wanted to take a minute just to wrap up and then we'll subtract—

**Mr. John Michael Fenik:** Maybe if I could go to the recommendations around Best Start just very quickly, and thank you, sir, for that.

We just would respectfully request that the provincial government continue to work with federal colleagues to develop a true transition plan that includes ensuring the original goals of the Best Start program are still achievable within the context of different age groups. This really is a federal—the feds own a piece of this program. They have to come to the table with this. And we ask that the transition plan include sufficient funding and that we continue to create great opportunities for the children to learn.

I did want to just very briefly say as well that we produce maple syrup in Lanark county, and I wanted to point out that Springdale Farm Maple Products in Clayton won the John David Eaton World Champion Cup for maple syrup producing.

*Applause.*

**Mr. John Michael Fenik:** Yes, I know. It's great. And then the Wheelers—we do the best maple syrup, I think, in the entire world. We're also bringing little samples of maple syrup, which we were supposed to give you guys beforehand to soften everybody up, but this whole presentation has kind of gone by the wayside. Anyway, those are the messages we have.

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**Mr. Toby Barrett:** Thank you. It's great that both Lanark county and Lanark Highlands as well were able to testify. Just to kick off from a discussion with Lanark Highlands, they discussed somewhat tongue in cheek the amalgamation of four small underdeveloped and financially challenged municipalities into one large underdeveloped and financially challenged municipality. They indicated some savings were made. We've gone through this in the rural south. You still have two levels of government for the county. You don't want to do it right away, but is there any merit at all in considering further amalgamation or maybe getting rid of one level of government at the municipal level?

**Mr. John Michael Fenik:** Well, I can speak from my perspective as mayor of the town of Perth and perhaps put my warden's chair aside. I would gladly, in a second, step aside as mayor to amalgamate with my surrounding townships and develop a board of governance or a single-tier government. It just makes sense in a county such as Lanark county. The town of Perth is a small town of 6,000 people. We have an arena and a pool. The population of the county uses all our services, so we're at a disadvantage. I think amalgamation is absolutely the way to go in the future. I would not hesitate to lead that charge.

Unfortunately, sometimes historical perspectives—I don't want to say fiefdoms—historical territorial issues, political issues and some historical suspicions prevent amalgamation from moving forward. If there was ever an opportunity for amalgamation to be looked at and actually enacted by provincial statute, then I think this would be a great thing.

**Mr. Toby Barrett:** Barring it coming from the grassroots or a voluntary—

**Mr. John Michael Fenik:** Yes, sir.

**Mr. Toby Barrett:** My colleague has some questions as well.

**Mr. Norm Miller:** Yes. I think I'm probably not going to have enough time for all the questions I had, so I'll start with property taxes, then. In your municipality, how do your taxes compare to the rest of the province? You did state that they're becoming a burden on your citizens.

**Mr. John Michael Fenik:** Right. Speaking from the small town of Perth, our property taxes are the highest in the entire county. We have the lowest assessment. What you'll find unique—well, not so much unique: In the town of Perth, the boundaries, there's no more room to grow. We cannot grow our assessment base. Increasingly, when you have 2% to 3% cost-of-living increases or our levy continues to grow, there's nowhere else to go but to the taxpayers and the assessment there.

**Mr. Norm Miller:** Or other levels of government.

You also brought up the OMPF funding as being not working for you and looking for sustainable funding. We heard from another presentation that there used to be per capita funding, for example, from upper levels to municipalities.

**The Vice-Chair (Mrs. Laura Albanese):** Thirty seconds.

**Mr. Norm Miller:** Would that make sense for you?

**Mr. John Michael Fenik:** Yes, it would.

**Mr. Norm Miller:** Or I know federally you get a portion of the gas tax; provincially, probably not because you likely don't have transit.

**Mr. John Michael Fenik:** Right; no. And the gas tax is welcome, and certainly sustainable funding through an OMPF arrangement would be the answer. The issue is, in our transit system, our roads and bridges are transit systems. We have over 500 kilometres of roads and a million bridges. Any time you look at redoing a bridge, you're looking at \$1 million; that's the base rate. The tax money, while that's welcome, doesn't cover the needs of the particular rural issues of Lanark county.

**The Vice-Chair (Mrs. Laura Albanese):** Unfortunately, the time has expired, but we want to thank you for your appearing before the committee this morning, and I'm sure that samples of maple syrup will leave a sweet taste of your presentation.

**Mr. John Michael Fenik:** Thank you very much.

**Mr. David Zimmer:** We're all very excited.

**Mr. John Michael Fenik:** Merci beaucoup.

**The Vice-Chair (Mrs. Laura Albanese):** Au revoir.

#### CHEMISTRY INDUSTRY ASSOCIATION OF CANADA

**The Vice-Chair (Mrs. Laura Albanese):** Now we call on the Chemistry Industry Association of Canada to come forward. Good morning. You will have 10 minutes for your presentation, and that will be followed by five minutes of questioning. Please identify yourself for the purposes of our recording Hansard, and you may begin.

**Ms. Fiona Cook:** All right. Good morning. My name is Fiona Cook; I'm director of business and economics with the Chemistry Industry Association of Canada. I didn't bring any samples for you today, I'm afraid. We have circulated, I believe, a one-pager, which really is the background to the comments that I'm going to give you today.

Thank you again for the invitation to deliver some remarks today on behalf of Canada's chemical producers. What I would like to do today is give you a brief description of the industry, provide you with a sense of our current economic situation and make a plea that chemistry and manufacturing be recognized for the wealth, jobs and solutions that it creates and be given a key focus in government agendas moving forward.

Ontario's chemical sector is a keystone sector; it provides valuable inputs into virtually all components of the provincial economy and nearby regions. The chemistry industry takes a small part of energy products, like natural gas liquids such as ethane, and converts them into value-added products. Chemistry adds up to 10 times the value of that feedstock, as we call it, and provides an alternative to burning these energy components. From the production of paper and forest products or extraction of minerals on the resources side, to the plastics used in auto parts, food packaging and medical devices, to the insulation and piping in homes, chemistry is directly involved in our daily lives and the products we use.

The recession has hit us particularly hard. We went from being a \$26-billion industry in 2008 to a \$17-billion industry last year. That represents a huge drop—no less than 35%—and the climb back up is going to be long and difficult. To put those numbers into context, the last time sales were at that level was in 1999. So, in essence, we lost a decade of growth. There are several reasons for the extreme drop. We export about 75% of our production to the US and, as I mentioned, we depend on demand from industries such as auto, housing, and pulp and paper, to name but a few. As you know, these were the very sectors that headlined this last downturn.

Although conditions are starting to pick up south of the border, at this time we are still lagging the recovery in the US. Our members expect sales revenues to increase by only 2% this year on flat volumes, and operating profits are projected to drop by 36%. These projections are based on the continued strength of the Canadian dollar and continued weakness in our key customer industries, as well as heightened competition from the Middle East and the Far East.

Despite this somewhat gloomy short-term outlook, Canada and Ontario continue to maintain some competitive advantages over other jurisdictions, notably in the US. In order to leverage these advantages and grow the industry here, we need to work on a number of fronts, and I'd like to elaborate on these.

We are within close shipping distance of a massive market to the south. We have a highly skilled workforce. Chemistry has the highest level of university graduates of any manufacturing sector. These employees are hard at

work seeking sustainability solutions for society, from lightweight auto parts to insulation for homes to solar panels. Attracting new commercialization of these latest technologies must be job number one for government. We also need new investment in machinery and equipment to maintain our enviable productivity record. It's a little-known fact that the Canadian chemical industry is actually 50% more productive than its US counterparts, but this is not sustainable without renewal.

Chemical manufacturing is heavily dependent on chemical complexes which link various products in a chemistry value chain. For maximum efficiency, it is very important to link refining or gas liquid extraction facilities to petrochemical development and utilize a range of products to create other chemistry-based industries. There are four major complexes in Canada but two are under enormous strain, one of which is located in Sarnia.

In Sarnia, there has been no major investment for many years, and the once impressive chemical complex is badly in need of renewal. Sarnia has lost Dow as a major producer, and many of its facilities are decades old. The loss of the Cochin pipeline—a major source of feedstock—has limited growth, and the decision not to put a Shell refinery in that city was a blow to future development. The existing facilities of Nova, Lanxess and Imperial need access to a good supply of feedstock to maintain their operations.

There is actually currently a major opportunity to reverse the decline of Sarnia as a chemical complex, and that is access to plentiful shale gas from Pennsylvania, where significant discoveries have recently been made. These new gas finds are rich in chemical feedstock, such as ethane, and, if tapped, could represent a new generation of growth for the Sarnia valley. The upgrading of bitumen from the oil sands from Alberta also presents an impressive feedstock opportunity. We're also seeing new frontiers for chemistry in areas like biochemistry using so-called biofeedstocks from agricultural and forest products waste that could lead to significant investment and growth.

#### 1010

But development of these opportunities requires a clear commitment to manufacturing. It will require a policy framework of taxes, energy, regulatory structure and transportation which enables the industry to compete on a world scale and links these new, emerging areas to existing chemical and chemistry complexes to build on available infrastructure and expertise.

Much has already been done on the tax front, and we commend the government for moving ahead with harmonizing the retail sales tax with the GST and for introducing an accelerated corporate rate reduction for manufacturing. We also know that Ontario has urged the federal government to adopt a five-year accelerated capital cost allowance for manufacturing machinery and equipment, and we hope that the federal government will eventually deliver on that ask.

However, the unfortunate reality is that these positive changes are being offset by increased costs and duplication elsewhere. The overall policy environment for manufacturing isn't friendly and investor perception has soured. We regularly deal with a plethora of initiatives from various departments which may help to enhance an environmental, health, fiscal, trade, energy, transportation, labour or other mandate but which, as a total, create even more challenges for manufacturers and hinder new investment. Examples of these include the additional burden and cost introduced through initiatives such as the Toxics Reduction Act and the Green Energy Act. We are not opposed to the spirit or intent of these regulations, but rather their inefficiency and their requirements, which are additional to and sometimes even in conflict with other federal initiatives.

Ontario needs an effective regulatory framework and manufacturing strategy that lowers the cost of doing business in the province. We have the skilled workforce, the necessary infrastructure and access to resources. Instead of thinking of resource development, manufacturing or even services as separate sectors, we should be thinking about creating maximum synergy among them. They need and depend on each other. With political will and a strategy that recognizes value-added manufacturing as a source of wealth generation, we can build on these advantages and create a green future economy at the same time.

Thank you.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you very much for that submission. I'll now turn it to Mr. Prue for questions.

**Mr. Michael Prue:** You didn't say anything in your presentation about whether the chemical producers in Ontario were profitable last year. I know that they had less output. Were they profitable?

**Ms. Fiona Cook:** Actually they were, and that seems a bit counterintuitive, but the reason for that is, as I mentioned, feedstock is our principal—things like ethane are our principal components for producing products and the price of natural gas was very low last year. So even though we had that massive decline of volumes, we were profitable. You are absolutely correct.

**Mr. Michael Prue:** You're coming here and giving an ask for a company that's profitable. That will be a difficult thing, I think, for this government. I'm in opposition. They're struggling everywhere, trying to find money for people and programs that are necessary, and you're coming asking for things when you're already profitable.

**Ms. Fiona Cook:** We won't be this year, though.

**Mr. Michael Prue:** You won't be?

**Ms. Fiona Cook:** No.

**Mr. Michael Prue:** Okay, and why won't you be? That's my next part. Why won't you be profitable this year?

**Ms. Fiona Cook:** Because we don't have that big pricing advantage anymore with the natural gas liquids.

**Mr. Michael Prue:** I watch those most days in the Globe. They still appear to be fairly low. Are you anticipating that they're going up?

**Ms. Fiona Cook:** Well, you have to look at the difference between the price of natural gas versus oil, because the Canadian industry is based largely on natural gas. But that margin has started to decline. We're not having that gap so we're not as competitive as we were. We will not be able to rely on lower gas prices, because our volumes are going to drop again, as I mentioned.

**Mr. Michael Prue:** I understand that it was Shell that decided not to go into Sarnia. It wasn't the government that decided they didn't want Shell or the city of Sarnia and Mike Bradley, the mayor, who said, "We don't want Shell here." That obviously was a business decision.

**Ms. Fiona Cook:** That's correct.

**Mr. Michael Prue:** How could that have been turned around? What can we do about a business decision?

**Ms. Fiona Cook:** There are still certain policy initiatives, things like an accelerated capital cost allowance. I believe firmly that if the five-year accelerated capital cost allowance had been in place for new manufacturing equipment—and I know Ontario has supported that; they need the feds to move on it—I think that may have tipped that decision in favour of Sarnia.

Currently in the US, refineries are now taking advantage of a five-year accelerated capital cost allowance to convert their operations to handle Alberta bitumen. We're not doing that in Canada. We are pipelining the raw material down to the US so it can be converted there. It is a business decision, but business decisions are based on whatever the tax structure is, what tax initiatives or incentives are there.

**Mr. Michael Prue:** You have down here that the energy supply-electricity—that our competitiveness comparison is an equal, it's the same as everyone else. The forest industry, when they've been here, complain bitterly that the cost of electricity for them is 65% more than the forest industry in Manitoba and 45% more than Quebec. Why is it equivalent here in Ontario for your industry when everybody else is seeing it another way?

**Ms. Fiona Cook:** We have it as a negative, I believe.

**Mr. Michael Prue:** No, it's an equal.

**Ms. Fiona Cook:** We've got it declining. Yes, but we're going down because of new initiatives.

**Mr. Michael Prue:** Equal but declining. All right. So I need to clarify that then.

**Ms. Fiona Cook:** Yes, because it's going down. We're seeing now with some of the new—like I said, the Green Energy Act, which is going to result in a lot of focus on renewables, is going to increase transmission costs. That's definitely a concern for our sector at the moment. However, I'll add that it's not our primary feedstock. Most of the electrochemical sector that existed in Ontario has moved out of the province to Manitoba.

**Mr. Michael Prue:** And that's as a direct result of Ontario's electrical policy.

**Ms. Fiona Cook:** That's correct. Manitoba prices are lower.

**Mr. Michael Prue:** And how much of our industry has moved to Manitoba as a result of that? Five per cent? Ten per cent?

**Ms. Fiona Cook:** It depends. If you look at the electrochemical sector, the entire industry has moved. There's no longer an electrochemical sector in Ontario.

**Mr. Michael Prue:** You also have transportation as a negative and declining as well because of our roads, cross-border. Is anything happening in Windsor?

**The Vice-Chair (Mrs. Laura Albanese):** Thirty seconds.

**Mr. Michael Prue:** The infrastructure that's going into Windsor, the new bridge, is that going to be of any assistance?

**Ms. Fiona Cook:** It will be when it gets built. Yes, absolutely.

**Mr. Michael Prue:** But we're looking years down the road.

**Ms. Fiona Cook:** That's correct, yes.

**Mr. Michael Prue:** Okay. Thank you very much.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you for your presentation.

#### ONTARIO COUNCIL OF HOSPITAL UNIONS

**The Vice-Chair (Mrs. Laura Albanese):** We'll now call on the Ontario Council of Hospital Unions to come forward. Good morning. You have 10 minutes for your presentation and that will be followed with five minutes of questioning. Please state your name for the purposes of our recording Hansard before you begin, and you may begin any time.

**Ms. Helen Fetterly:** Good morning. First of all, I wanted to thank the standing committee for allowing us to present this morning. As well, I wanted to introduce my colleagues with me. We'll be co-doing the presentation. On my immediate right is Louis Rodrigues. He's the vice-president of the Ontario Council of Hospital Unions. On my left is Doug Allan. He's senior CUPE research. And my name is Helen Fetterly. I'm the secretary-treasurer of the Ontario Council of Hospital Unions. I'm going to turn it over to Brother Louis.

**Mr. Louis Rodrigues:** Good morning. The Ontario Council of Hospital Unions represents 23,000 nursing, service and office workers employed by 65 hospitals or health care facilities. While a large majority of OCHU members provide hospital services, some OCHU members work in long-term-care facilities or in emergency medical services, usually—but not always—under the auspices of a local hospital board.

We have freely bargained our last four central collective agreements with the hospitals without having to resort to interest arbitration. Our central agreements have set the pattern for other workers in similar classifications in other hospitals.

We consider Ontario hospitals a key gain for all working people. We are very proud to work in hospitals and the public health care system. We like to consider

ourselves one of the most dedicated advocates of Ontario hospitals and public health care. So it is with dismay that we come before this committee of the provincial Legislature.

The normal hospital budgeting process has broken down due to a low level of funding increases suggested by the government and the uncertainty that remains about the exact level of funding for 2010-11.

This past fall, hospitals were supposed to submit hospital annual planning submissions and then sign on to two-year hospital service accountability agreements that would set out funding and service levels. This has gone by the wayside. The much-talked-about role of LHINs as funders of health care providers has been shown up as a sham, as even they do not know where funding will end up. Now the hospital budgeting process has been reduced to hospital management submitting in December management planning and risk report slide shows. To us, "risk report" does not sound like a promising name.

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Budget shortfalls are driving restructuring and closures. In recent months, we have seen the shutdowns of emergency rooms and now hospitals in Burk's Falls and Shelburne. Our members have received hundreds of layoff notices. Unlike the hospital restructuring and closures in the 1990s, there is little planning evident. The hospitals report that their working capital situation has declined and that some are seeking cash advances from the ministry to meet payroll. The hospitals are largely coming up with their own plans to deal with the inadequate funds.

Through the MPRRs, the hospitals are supposed to set out the cuts required under three scenarios: a global funding increase of 2%, 1% or 0%. Neither the hospitals nor the LHINs have released their scenarios to the public though as a union we are pursuing our right to this information. Some hospitals have issued layoff notices, however.

In the previous two fiscal years, global funding was increased 2.4% in 2008-09 and 2.1% in 2009-10, leading already to significant cuts in jobs and services in the hospitals. Scores of hospitals, over a third of the total, were already running deficits last year. Hospitals such as the Niagara Health System and Hamilton Health Sciences have stated that their expenses will increase in the 3.5% to 4% range.

The cuts have led to rising levels of concern around the province. This has been particularly marked in smaller communities. It is evident that the main way to deal with the funding shortfalls is to centralize services and move them out of smaller communities. One LHIN CEO noted recently: "After this process, we would still have seven hospitals in the southeast, but their roles might be different."

The 0% funding option should be off the table, trusting the Premier. Dalton McGuinty said some weeks ago that the government would have to find more money for the hospitals. "We're going to have to find ways to put more money in, but we're going to have to find ways

to live with a little bit less given the impact that the recession has had, not only on the Ontario economy, but Ontario's government finances."

On Wednesday of this week, McGuinty was even clearer: "I can say one thing with absolute certainty: There will be more money for hospitals this year, but it won't grow at the same rate that it has in recent years." We believe and expect the Premier will keep his word.

Recognizing the difficult economic situation, we have recently ratified a collective agreement with modest wage increases of 8% over four years, providing predictability for hospital expenses. In exchange, we negotiated some modest improvements in employment security. These negotiations went on with the government's knowledge, and we expect the government and the hospitals to respect our collective agreements.

While we have elements of democracy in our public life, the work world is not a democracy. It is, in many respects, a dictatorship. The employer directs, and the employee follows direction. Collective agreements with employers temper this relationship and provide protection for workers, so they are hard fought by both sides. We will not let our collective agreements go without using every means at our disposal to protect them. We believe this is true of others in the labour movement as well. We believe that most reasonable voices in the provincial government understand this, but we remain on guard. If there are politicians here who are in favour of quashing or overriding collective agreements, we invite them to raise it here openly, honestly and to our faces.

It is also with concern that we note some leading forces are focusing on reducing support services in hospitals. This continues a long tradition. Approximately 50,000 support workers are employed in Ontario hospitals performing a variety of tasks. They are the lowest-paid workers in the hospitals, with most earning between \$17 and \$20 per hour—significantly less than the average hourly wage or industrial wage. The large majority are women.

Spending on hospital services has fallen. The Canadian Institute for Health Information has reported that hospitals had actually cut the dollars spent on support services over the years. Housekeeping spending has been cut by 1.8%; material management, 2.2%; patient food services, 3.1%; plant administration and operations, 1.1% per year. Indeed, a 2005 CIHI study indicated that since the mid-1970s, hospital spending on support services had been squeezed, dropping from 26% to 16% of hospital spending.

**The Vice-Chair (Mrs. Laura Albanese):** You have about two minutes left for the presentation.

**Ms. Helen Fetterly:** Maybe I'll continue. I'll talk a little faster. I want to talk about hospital-acquired infections.

**The Vice-Chair (Mrs. Laura Albanese):** Excuse me. One second.

**Mr. Wayne Arthurs:** Chair? Sorry. If you would allow it, we'd like to relinquish time to allow them to

continue the presentation. It's probably as important to have it on the record in that fashion as it is for me to ask questions.

**The Vice-Chair (Mrs. Laura Albanese):** Okay, then the five minutes of questions will—

**Ms. Helen Fetterly:** Thank you. Let Louis finish then, and I'll take over from there?

**The Vice-Chair (Mrs. Laura Albanese):** Well, let's try.

**Mr. Louis Rodrigues:** I'll only be about another minute, maybe not even.

This policy has not been beneficial. Food services in hospitals are now often produced in distant factories and shipped to hospitals frozen or chilled across the highways, rather than produced in local kitchens with fresh ingredients. Little, or sometimes no, cooking is actually done in local hospitals. Even where there are kitchens, the changes have been depressing. Some long-term-care patients will live the rest of their lives without ever eating a fresh vegetable again. Most vegetables now come in a bag, frozen. These same residents may well be served a steady diet of what are, in fact, leftovers: One or two fewer dietary staff can be used if the food is put together the day before.

**Ms. Helen Fetterly:** I wanted to talk about hospital-acquired infections. Each year in Canada, more than 200,000 hospital-acquired infections result in between 8,500 and 12,000 deaths, and the rates are rising. One in nine hospital patients in Canada get an HAI, hospital-acquired infection. Such infections are the fourth-leading cause of death. The rate of patients contracting, as well, *C. difficile* increased almost five-fold between 1991 and 2003. Outbreaks of other types of health-care-associated infections are also on the rise.

Cleaning, laundry, and other support services are a vital element of infection prevention and control strategies. Pathogens such as *C. difficile*, VRE, MRSA, and severe acute respiratory syndrome, known as SARS, all of these in the environment live for extended periods of time, even months. In fact, these infections are inherently well adapted to survive in dust and on floors, bedrails, telephones, call buttons, curtains and other surfaces. Washing hands is important, but if bacteria and viruses are not eliminated from the environment, hands will quickly become contaminated again. Without high-quality and regular cleaning, the bio-hazards build up.

Breaking the chain of infection requires well-resourced, well-trained and stable in-house health care teams attacking all the kinds of transmissions; sufficient beds, equipment and staff to achieve best-practice occupancy rates; modern high-quality infrastructure and equipment; and standardized procedures, monitoring and public reporting.

The direct costs of hospital-acquired infections in Canada are estimated—and I repeat, estimated—to be \$1 billion annually. For example, a survey of Canadian hospitals found that managing the care of a patient with MRSA can cost between \$16,800 and \$35,000, and that was in 2004 dollars.

In Great Britain, the trade union Unison sponsored a study by hospital-acquired-infection expert Dr. Stephanie Dancer. The Dancer study talks about the amount of saving from properly cleaning with just one extra cleaner, what it would mean in cost-saving measures. The savings per hospital were estimated to be between £30,000 and £70,000, which equates to C\$51,000 to C\$119,000. This study is particularly interesting as improving cleaning has often been viewed as less relevant for MRSA than *C. difficile* or VRE. Yet the official plan is often to cut support services in Ontario hospitals.

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Hospital beds have been reduced dramatically as well over the last 18 years. Since 1990, the number of hospital beds has decreased from just over 49,000 to 30,000 beds in 2008, a loss of 19,000 hospital beds. Most of the bed cuts are acute-care beds. In fact, over 15,000 acute-care beds have been cut out.

Reports from our members and other sources, however, suggest that the hospitals are constantly near full occupancy. That's fine if you're a hotel chain and you want full occupancy. But indeed, in health care, you don't necessarily need full occupancy because the beds are going over too quickly. They're not being cleaned properly, and as a result, the evidence is very clear that there are a lot of issues around *C. difficile* and MRSA as well. In Ontario, 98.53% of hospital beds are occupied, a shocking level that accounts for a large part of the backlogs in our emergency rooms, the offload delays of our ambulances and cancelled surgeries.

We also note that Britain aims to keep the bed occupancy rate at 85% to combat hospital-acquired infections, which are associated with high bed occupancy rates. Other countries have lower bed occupancy levels and reduced hospital-acquired infections. Unfortunately, the media and politicians have not yet seized on this important issue.

While the reduction of hospital beds has slowed over the last decade, the current budget squeeze has increased the reports of bed cuts around the province. This will worsen bed occupancy and the problems associated with that.

**The Vice-Chair (Mrs. Laura Albanese):** One minute.

**Ms. Helen Fetterly:** Okay. Ontario hospitals have a record of efficiency. Ontario hospitals have a lower in-patient hospitalization rate than any other province.

As well, before I close, there have been some positive changes. For example, the registered practical nurse now has more education. It is a two-year community college graduate program. But it is only now—and you have to ask yourself—that the hospitals have begun to allow RPNs to work to full scope of practice. We think this trend should continue. There are over 28,000 RPNs registered in the province of Ontario.

There are also significant savings to be had by the elimination of many privatization P3 projects. You have the brief in front of you, so I'm going to go over to pages 10 and 11. I wanted to talk about some cost containments

and why the P3s have been so severely overrated and over-costed.

**The Vice-Chair (Mrs. Laura Albanese):** I'm sorry, but you have five seconds left.

**Ms. Helen Fetterly:** Okay. Finally, OCHU urges the government to use local procurements for steel products, for example, in Hamilton and Niagara. There should be local steel rather than out-of-country. We also want to talk about the crisis in the pulp and paper mills in northern Ontario.

**The Vice-Chair (Mrs. Laura Albanese):** I'm sorry, but the time has expired.

**Ms. Helen Fetterly:** Sorry. Thank you.

**The Vice-Chair (Mrs. Laura Albanese):** We do have the presentation; I'm sure that each member will read it carefully. We thank you for appearing before the committee this morning. Thank you for your time.

#### ST. LAWRENCE COLLEGE

**The Vice-Chair (Mrs. Laura Albanese):** We now call on St. Lawrence College to come forward. Good morning. You will have 10 minutes for your presentation. That could be followed by up to five minutes of questioning. I would ask you to identify yourself for the purposes of our recording Hansard before you start. You may begin.

**Mr. Gordon MacDougall:** Thank you. Good morning. My name is Gordon MacDougall, and I'm the vice-president of advancement, student and external affairs at St. Lawrence College. I'm here today representing our campuses in Brockville, Cornwall and, of course, Kingston. Before I continue, I would like to thank you for the opportunity to appear before your team.

My presentation will touch on issues of importance for St. Lawrence College and the Ontario college system. My intent is to offer commentary on areas of mutual interest and to leave you with a clear picture of how colleges are a very critical and certainly willing partner in advancing Ontario's prosperity. I hope to leave time for questions.

I'll start with a little about St. Lawrence College. Our full-time enrolment is just over 6,500 students across our three campuses, with 4,700 students here in Kingston, 700 in Brockville and 1,100 in Cornwall. We've seen more than 70,000 graduates complete their studies over our brief 42-year history, and we've touched the lives of more than 200,000 part-time and continuing education learners. Over the last decade, we have grown by 43%. Our most significant claim, though, is that more than 80% of our graduates continue to live and work in eastern Ontario. They make up the very fabric of our communities.

The stimulus investments made by this government in the last budget year have given us the initial means to support growth and to create learning environments essential for our learners.

We serve our communities and our region. Our programming speaks to access and the need for a suite of

standard offerings in business, health care, social services and technologies. It addresses business needs through partnership in economic, social and cultural development initiatives, and it serves as a catalyst and support for visionary change.

Provincial policy and investment incentives in Ontario's green energy initiative are an easy example to point to. St. Lawrence College is the leading college in renewable energy education in Canada. We have been engaged in this since 2005 and now have diploma programs for energy systems technician and technologist and for wind turbine technicians, along with a soon-to-be-announced geothermal program. As well, we lead a national initiative for the development of solar curriculum.

That is to say we build the human capacity, the skilled workforce which is key to advancing the strategic directions of our province. Indeed, we are part of a community of knowledge, and along with our colleagues at Queen's and RMC, we are leading the way in this important field of research. We are part of a business community that is investing in and advancing our green economy, and our community has set a goal of becoming Canada's most sustainable city.

We have no doubt that demand will continue to rise for college-based post-secondary opportunities, and we must continue to meet the changing needs of our communities and the ever-increasing imperative for a highly skilled, knowledge-based workforce. While we pride ourselves on our responsiveness as a system and our relevance to our labour market demands, we have barely kept pace. Given the challenges ahead, continued investment will remain an absolute necessity.

The college system here in Ontario has recently outlined a vision for higher education. We have had a solid start, and the government's Reaching Higher strategy has made inroads on the key issues of quality, access and accountability. It is also clear that we cannot rest on those achievements. The demand for skilled workers has never been higher, and if Canada, and in particular Ontario, is to remain competitive, we must advance on the footing of a knowledge-based economy.

Here in eastern Ontario, I think it's safe to say that we are not neophytes in weathering the storm of a changing economy and the consequences of a global recession. Our manufacturing sector has declined extensively over the past decade, our communities have had their struggles, and we are in the process of reinventing ourselves.

Throughout this time, the college has adapted to changing needs and has worked in partnership with our communities, our businesses and our citizens to repurpose, reconfigure and revitalize programs to meet the new and changing labour demands and market opportunities. We have, in fact, continued resolutely with a mandate delivered more than 42 years ago by William Davis when he created the college system and viewed us as a solution, an instrument of labour market adjustment and development.

Ontario has suffered as a result of the monumental shifts in the economy over the past two years. Our government has faced and continues to face tough choices. Investments in our future must be sustainable. The Canadian Council on Learning has said, "The highest labour-market demand between now and 2015 will be for trades and college graduates." Many studies have also asserted that almost 80% of our workforce will require post-secondary credentials. Colleges are part of the solution, both short- and long-term.

Just this past year we've seen a critical transition strategy put in place, and the college system is proud of the huge role they have played in making the government's Second Career strategy such a success, serving more than 21,000 laid-off workers here in the province. In order for the college system to be positioned to effect this positive change, colleges require continued commitment and strong investment.

The focus on increasing secondary school completion rates, creating pathways to post-secondary education through learning to 18 and school-college-work initiatives have gone a long way to increasing post-secondary participation rates here in our communities. Our college alone has close to 400 high school students participating in dual-credit studies whereby they receive not only a high school course credit but also a recognized college credit and, in many cases, co-op experience as well.

In the face of a declining demographic, the expanding participation rates are an offset. Our access initiatives for rural, first-generation learners and aboriginal peoples are achieving traction and our largest growth continues to be in our non-direct markets, where more and more people are returning to college to pursue or advance a career. More than 60% of our students come to college after being out of high school for more than one year, and our most recent application statistics show that 27% of them arrive with post-secondary experience.

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Dr. Alan King and Wendy Warren, right here at Queen's University, have concluded through their recent research that college-bound students are unique. Unlike those students bound for university, they tend to want to stay in their local community for their post-secondary education. Our students come from all socio-economic backgrounds, particularly, as I have mentioned before, underrepresented groups—aboriginal, disabled, first generation, low income—who tend to need additional supports aimed at student success.

The one common denominator is that students come to us because of what we can offer: education and skills leading to the ability to secure a job, establish a career and improve their quality of life. And they do just that. Based on our key performance indicator data, 92% of our students were employed within six months of graduation. Their employers tell us that they are extremely satisfied as well, with a 97% satisfaction rate in 2009.

St. Lawrence College has ranked in the top three of the province on our funded KPI results consistently over the past five years. A significant part of that success is

grounded in our engagement with the community and employers, and as partners in the social, cultural and economic development of our region.

In summation, over the last decade we have seen more than 43% growth in our enrolments. Yes, last year we saw a 12% increase over 2008; however, in a recent book by Trick, Clark and Skolnick they reveal that enrolments jump in a recession, but they level out after that recession at a higher enrolment plateau. More students are completing high school, more are coming to college, more are returning to college after stopping out of school or having completed a level of studies elsewhere. We are reaching out to the underrepresented groups. Early indications for next fall's enrolment suggest further growth. We are seeing a 23% increase in applications to St. Lawrence College right now, with the province showing a similar trend compared to this time last year.

We need to ensure that funding keeps pace with what is shaping up to be unprecedented growth. In last year's provincial budget, growth was covered by end-of-year money, meaning it was not in our base budgets. St. Lawrence College has worked diligently over the last four years to reverse a trend of ever-increasing deficit budgets. As a college, we have turned the corner. The pressures, however, are unrelenting and the need to do more while remaining sustainable is the challenge.

**The Vice-Chair (Mrs. Laura Albanese):** You have about 30 seconds to conclude.

**Mr. Gordon MacDougall:** Growth, access and student success are the key issues we need to continue to address and we need sustainable, long-term resources to do so. Colleges Ontario, on behalf of the province's 24 institutions, has submitted our New Vision for Higher Education in Ontario and budget proposals, with targeted investments.

I'll simply end by making reference to a tag line that we have here at St. Lawrence College, which is "Dream it, live it." That's what our students do, that's what we do and that, we know, is what our communities here in eastern Ontario will continue to do.

Thank you.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you very much for your presentation. I will turn it over to Mr. Shurman for questions.

**Mr. Peter Shurman:** Good morning, Mr. MacDougall. Thank you for an excellent presentation. The pride you have in St. Lawrence College is palpable. I hope it spreads around the community. It sounds like you're doing a good job of it.

Without underestimating any of that, we've heard from a number of similar institutions. They've got the same issues: sustainable funding and the fact that we have to invest in a knowledge-based economy. I don't think anybody here would dispute that. The issue for me in listening to you is with the increased and obvious demand for post-secondary and looking at the innovation that you're bringing to the program offerings in the college. Give me a blue-sky answer to this question:

Where is manufacturing going as a piece of the Ontario economy over the next five to 10 years?

**Mr. Gordon MacDougall:** I can only answer that in the context of my opinion around eastern Ontario.

**Mr. Peter Shurman:** That's fine.

**Mr. Gordon MacDougall:** What I would say is that the mark that we'll make is in advanced materials and manufacturing. It won't be the very large-scale manufacturing enterprises that we've seen in the past, but it will be a continued increase of very specialized, advanced materials and manufacturing techniques. We have a number of examples—perhaps you'll hear about that a little later on this morning from economic development—of successful companies growing considerably over the last few years because of the specialties they bring to that sector.

**Mr. Peter Shurman:** Is it fair to say, then, that your perception of the knowledge-based economy, through your students, is seeing innovative development of not gigantic production lines, as have been traditionally Ontario's over decades, but the smaller elements that would go into those production lines sometimes in other places?

**Mr. Gordon MacDougall:** For this part of Ontario, yes. I think what you would see is that the small and medium-sized enterprise in southeastern Ontario is the dominant force that will continue to grow as a supplier and a contributor to those value chains.

**Mr. Peter Shurman:** Let me ask one more quick question before I turn it over to my colleague, and that is about the sustainable funding piece. Given the \$25 billion of deficit and similar deficits going forward over the next year or two, we're in a precarious situation in Ontario and the government has some tough choices. Where is St. Lawrence College in the event that you receive static funding, you don't get any increase, this year?

**Mr. Gordon MacDougall:** The pressures that we'll see immediately, of course, are on our labour costs, not only in the process of collective bargaining, as everyone would know, but we also have an issue out there with respect to the collective bargaining and wage arrangements with part-time teachers. So those pressures that will no doubt come to bear will certainly erode our current operating levels if forced to maintain at the same level we're at today.

**The Vice-Chair (Mrs. Laura Albanese):** Any other questions? Mr. Miller.

**Mr. Norm Miller:** I think I have a little bit of time to ask you a question. You're looking at, if I heard you correctly, a 23% increase in applications this year?

**Mr. Gordon MacDougall:** That's right. Our deadline for students to apply and get equal consideration of programs is February 1, and as of Monday of this week we saw a 23% increase over the same time last year. It's not growth on growth, because when we look one year back, we were only 1% over at this point. So we are predicting this to be real growth.

**Mr. Norm Miller:** Obviously, that means there are a lot of people who think you're doing a good job and that you're going to provide a good education for them.

What sort of funding per student would you have at your college? I know you're not funded by the student. I know you get global funding, but—

**Mr. Gordon MacDougall:** I can't quote exactly the funding per student; I don't have that number available. I believe it's in the \$4,500 to \$4,700 range, but that's with our two-year slip funding. The funding model has just recently changed and I'm not fully up to speed on that.

**Mr. Norm Miller:** I just know, in round numbers, that colleges seem to get less funding than primary, secondary or universities, and yet obviously there's great demand for the services you're providing.

I think you're giving people the skills they need to find jobs. What sort of success rate—

**The Vice-Chair (Mrs. Laura Albanese):** Mr. Miller, the time is about to expire.

**Mr. Norm Miller:** —would your graduates have?

**Mr. Gordon MacDougall:** KPI, key performance indicators, show that 92% of our graduates get jobs within six months of graduation.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you very much for appearing before the committee this morning.

#### IMPERIAL TOBACCO CANADA LTD.

**The Vice-Chair (Mrs. Laura Albanese):** We will now call on Imperial Tobacco Canada to come forward. Our next presenter is not here yet, but Imperial Tobacco is here so we'll call them up. Good morning. You have 10 minutes for your presentation, and that could be followed by up to five minutes of questioning. I would ask that you please identify yourselves for the purposes of our recording Hansard, and after that, you may begin.

**Mr. John Clayton:** Good morning. John Clayton, vice-president, corporate affairs, Imperial Tobacco Canada.

**Mr. Mario Tombari:** Mario Tombari, director of taxation, Imperial Tobacco Canada.

**Mr. John Clayton:** Thank you for the opportunity to appear before this committee.

Please allow me first to acknowledge that there may be many people in this room, some members of this committee, who do not like the products we sell. I appreciate that. However, I am going to ask that you listen to the message that I have to deliver regardless of your views of my industry.

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That message is a simple one: For too long, governments at all levels and of all political stripes have ignored a problem which poses a grave threat to public safety and health, which robs governments of billions of dollars annually and forces the closure of small businesses. The problem is illegal tobacco, and it is rampant in this province. As a direct result of governments ignoring this problem, the illegal cigarette market has doubled in size

in three years, government revenue has shrunk, and public health objectives are failing.

Today I want to be clear about the scope of this problem, the people behind it, the implications for the government's tobacco control objectives and, most importantly, the fact that the implementation of the upcoming harmonized sales tax may make the problem worse by further increasing the cost differential between legal and illegal products. Without decisive action in the coming weeks, we anticipate another major spike in illegal activity around July 1. Hence, there is a sense of urgency around my recommendations today.

Allow me to provide you with some of the facts about the illegal trade. First, illegal tobacco sales are out of control. The latest data indicates that illegal tobacco now makes up 48% of the Ontario market. That's nearly half. It represents literally billions of cigarettes. Ontario has the largest illegal tobacco market in the world.

Second, the criminals are running the show. By their own admission, the RCMP is losing the battle, estimating they seize only one of every 50 illegal cartons destined for the Canadian market. The RCMP believes that over 100 organized crime groups are involved in the illegal trade. Of those, 69% are also involved in drug and weapons trafficking.

Third, the Ontario government and taxpayers are being robbed of billions of dollars. A year ago, the Auditor General of Ontario reported that the estimated tax loss as a result of the illegal market exceeded \$500 million, based on 2006 figures. To put that in perspective, the illegal market in Ontario was only 26% at that time. This suggests that with a 48% illegal market in 2008, the tax losses were around \$1 billion for the province. Imagine what the province could do with an extra \$1 billion.

Fourth, government regulation of tobacco is becoming increasingly irrelevant. Those who manufacture and sell the clear plastic baggies in which illegal cigarettes are sold abide by none of the over 200 federal and provincial regulations governing tobacco products, including product testing and reporting and mandatory warning labels. They are manufactured in unlicensed factories with no safety or content monitoring. Most importantly, illegal cigarettes are being sold to young people, since those illegal cigarettes are literally available at pocket money prices. We can be certain that the criminals behind the trade do not ask for proof of age.

In short, the illegal trade undermines every single tobacco control measure put in place by government and is the primary reason why the Canadian Cancer Society, amongst others, has reported that smoking rates are stagnant or even climbing now after decades of decline. It is also why Michael Perley, director of the Ontario Campaign for Action on Tobacco, recently stated that "getting contraband under control is really our number one objective."

It is not every day that the tobacco control groups and the tobacco industry agree. When they do, we hope that you will listen.

Number five: The illegal tobacco crisis is getting worse. As I mentioned earlier, time is of the essence. The HST will take effect on July 1. It will increase the cost differential between legal and illegal products. The price gap is already huge: \$6 for 200 illegal cigarettes in a baggie compared to \$70 for 200 legal cigarettes in a carton. Because the HST does not harmonize the provincial tobacco tax with the provincial sales tax, the 12% HST will be added to the price of tobacco. In fact, the HST will increase the price by \$5 to \$6 for 200 legal cigarettes. It is a ticking time bomb for the illicit market in a province where criminals already hold nearly 50% of the market.

We previously provided this committee with a study that Imperial Tobacco Canada compiled using public information sources. It shows that there is a tipping point where the use of taxation to increase the price of cigarettes stops acting as a deterrent to smoking and instead acts as a stimulus for the development of the contraband market.

In Ontario, Quebec and now Atlantic Canada, criminals have successfully leveraged this price differential to create a robust market which respects no laws. Eventually, when the tax increases reach this tipping point, smoking rates go up, and revenues go down. That is exactly what is happening in Ontario today, where you have the perverse scenario of tobacco taxes and smoking rates going up while tobacco tax revenues go down. The rising smoking rates and lost revenues are a direct result of this illegal trade.

In raising these concerns, we do not want to question the validity of adopting the HST, and we recognize that it has been legislated into effect. For greater clarity, we are not looking for an exemption from the HST either. However, this committee must understand that when the HST comes into effect, it will raise tobacco prices by 8%, thereby further increasing the gap between illegal and legal cigarette prices. If this happens, the only people celebrating will be in organized crime. To avoid handing this gift to the illegal operators, we recommend that the government temporarily lower the provincial tobacco tax to negate the impact the HST will have on the illegal trade. The net result would be no increase in tobacco prices on July 1.

Again, with an illegal market already at 50% in this province, we are in truly unique times. This temporary PTT relief is warranted until the illegal trade is brought under control. We are not asking for a tax reduction; we are merely asking to neutralize the impact that the HST will have on tobacco products. Doing nothing and allowing taxes on tobacco and, hence, tobacco prices to go up on July 1 will only undermine the other policy initiatives that could be put in place to deal with the illicit trade.

I must also add that Ontario is paying the price for federal inaction on illegal tobacco. The trade has exploded because federal decision-makers have turned a blind eye to its realities. I never thought I would see a day when organized crime would take over a multi-

billion-dollar industry. In the absence of federal leadership, the onus is on Ontario to act. Please do not make matters worse by giving the criminals an even greater advantage in this market.

In closing, I accept that there are no easy solutions to this problem and that it touches on politically sensitive areas, many of which require federal action. However, ignoring the crisis will only make matters worse and more difficult to solve in the long term. There are measures Ontario can take now in the absence of federal action.

I'd like to thank you for your time, and I look forward to your questions.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you very much for your presentation. I will now ask Mr. Prue to begin the five minutes of questioning.

**Mr. Michael Prue:** At the outset, I want to say that I agree with what you're showing, that the revenue from Ontario's tobacco taxes has decreased remarkably. We know that. We know it's also the illegal stuff. But I have a couple of tough questions.

First of all, is my memory wrong, or was Imperial Tobacco not one of the companies that was fined for illegal traffic trade about 10 or 15 years ago, part of the very problem you're now complaining about?

**Mr. John Clayton:** That is correct. If I could just add a couple of comments to that?

**Mr. Michael Prue:** Okay.

**Mr. John Clayton:** One is that the situation 15 years ago was very different than it is today, which has been acknowledged by everyone. The second fact is that, in the situation today, by even the RCMP's own declaration, the legal tobacco industry is not involved in that at all. So it's a very different scenario, what existed before than today.

**Mr. Michael Prue:** Yes. I just want that to be clear for the record because you're right to complain about it. It's just that I'm not thinking that you are perhaps the best people to complain about it. All right.

**Mr. John Clayton:** It doesn't excuse the problem that we have today, though.

**Mr. Michael Prue:** The second thing: You were talking fundamentally about getting the contraband under control, and I think we all agree with that. Quebec has just, in the last few weeks, put forward some extremely tough legislation to do exactly that. Is that not what Ontario should be doing?

**Mr. John Clayton:** We agree. We'd like to see Ontario follow a similar type of example.

**Mr. Michael Prue:** You didn't reference that at all. You were talking about not putting in the HST and other measures. That would, I assume, be more of help to you than to actually deal with the problem. The problem is getting the contraband under control, getting police officers, getting law enforcement officials, tough sentences, jobs—

**Mr. John Clayton:** Absolutely. I don't disagree with you. As a matter of fact, we believe that, due to the complex nature of this problem, there is a variety of

solutions. Increased enforcement, such as the activities that Quebec is putting forward, is one of the solutions which is required.

**1100**

However, we cannot ignore this price differential. This also comes from law enforcement authorities themselves. With a price differential between \$6 and \$70, with the best enforcement in the world, it can't solve all of that. We tend to believe that we have to address the different aspects of this problem if governments are unwilling to address the source. We all know where the source is—where the products are being manufactured; there's just an unwillingness to address that aspect of it. That's another potential solution, but no one has been willing to address that head-on.

**Mr. Michael Prue:** In terms of Imperial Tobacco, are you a profit-making organization? Are you continuing to make a profit off the sales you're having, even though I understand they may be in decline?

**Mr. John Clayton:** Yes.

**Mr. Michael Prue:** So you're making a profit. Notwithstanding this, people are still buying your \$70-a-carton cigarettes?

**Mr. John Clayton:** As I said a moment ago, in Ontario, 50% of the market is illegal; the other 50% are law-abiding citizens who are purchasing legal products. I think the point that I've tried to make here today is, I don't expect this committee to empathize with the impact on our profit line; what I do expect this committee to feel strongly about is the impact that this is having on our society. Those are the points that I tried to raise here. The reason that we should be concerned about the illegal trafficking of cigarettes is because it supports organized crime, products are getting in the hands of our kids—I'm a father of a 13-year-old and an 11-year-old, and I feel very seriously about this and the obligations I have as a member of Imperial Tobacco Canada. It's also decreasing the tax revenues for the province. Those were the reasons I tried to raise with this committee.

**The Vice-Chair (Mrs. Laura Albanese):** Forty-five seconds.

**Mr. Michael Prue:** I thank you, then.

**The Vice-Chair (Mrs. Laura Albanese):** No more questions?

Thank you for appearing before our committee this morning. Thank you for your presentation once again.

**Mr. John Clayton:** Thank you for the time.

KINGSTON ECONOMIC  
DEVELOPMENT CORP.

**The Vice-Chair (Mrs. Laura Albanese):** We now call the Kingston Economic Development Corp. Good morning. You will have 10 minutes for your presentation. That may be followed with up to five minutes of questioning. Please identify yourself before you start your presentation for the purposes of our recording Hansard. State your name, and then you may begin.

**Mr. Shai Dubey:** Thank you, Madam Chair. My name is Shai Dubey. I am the chair of the Kingston Economic Development Corp. My colleague Jeff Garrah is the chief executive officer of the Kingston Economic Development Corp. I'm just going to provide a few brief introductory comments and then turn it over to Mr. Garrah for the bulk of the presentation.

The Kingston Economic Development Corp. is a not-for-profit organization separate from the city of Kingston. Our mandate is the sustainable economic growth of this city and the region. Our board has, over the last three years, looked at the strategic landscape and come up with short-, medium- and long-term plans for how we make not just Kingston but the surrounding area sustainable as we move forward. The seeds that get planted today may take years before they actually come to germination.

I know you've heard from some of the other institutions and bodies here in Kingston. We work very closely with our partners. It's not just the economic development corporation; our board is made up of people from across the industry, from the public sector, from the private sector, so that there is input from the citizens of this city as to what is required to move the city forward.

At this point, what I will do is turn it over to Mr. Garrah for his presentation.

**Mr. Jeff Garrah:** Thank you, Madam Chair and committee members, for being in Kingston today as part of your deliberations.

As you know and I know you'd hear from my counterpart organizations in your own constituencies, the provincial budget has a significant impact on how economic development takes place in the province of Ontario. I'm sure some of the points I'm going to offer today are things that you're hearing in your own constituencies or will hear in the course of the coming weeks.

We have responsibility for both business development and tourism in the city of Kingston, and some entities are set up differently in different areas. On the tourism side, we're monitoring carefully the new regional tourism organizations that the province is putting in place. We were pleased with the additional money, from \$40 million to \$65 million, going for base funding for the regional tourism organizations. We have heard, I'm sure as you have from hoteliers and tourist operators in your area, concerns about the addition of the HST to rooms, which is an important consideration that the committee has to hear moving forward. On the flip side, we've heard great things from manufacturing customers of ours that they do appreciate the HST and how much money it's going to save them. So we hear from both constituencies as it relates to that.

We continue to encourage the government on the infrastructure piece, particularly on some of the cultural investments the government of Ontario has made. Kingston benefited through Celebrate Ontario festival funding, the Queen's performing arts centre and increased funding to the St. Lawrence Parks Commis-

sion, which covers a range of eastern Ontario, which in my view has been neglected for much too long. It's wonderful to see the continued, more sustainable investments coming to the St. Lawrence Parks Commission.

Another important consideration that I know the government of Ontario and the Legislature will have in the months and years ahead is high-speed rail. We're eagerly awaiting the report, we understand, from the federal government and provincial government this spring that will give consideration to a high-speed rail line coming through from—it depends on what report you're looking at—either Quebec or Montreal through to the Windsor corridor. I hope, at some point, consideration will be given to an important infrastructure project in that nature.

In terms of programs and direct investment that the province is making in business, of course regionally we're delighted at how the eastern Ontario development fund is working. It's a great fund. It's easy to deal with for business. The people delivering the program are very accessible and knowledgeable. I wouldn't say the same about the advanced manufacturing investment strategy and the Next Generation of Jobs Fund; we've had a number of troubles with those funds. I think they're burdensome and overly bureaucratic. When supply allocations are being made to the budget with these funds, I think real detail has to be paid in terms of how accessible they are to business and how easy they are to work with for some companies, because our experience with the AMIS and the Next Gen fund, I wouldn't say has been overly positive.

One of the things we've chatted with the federal government about on occasion is more joint delivery services for business as it related to Ontario and Canada. I had a conversation with Minister Goodyear last week. Companies will tell us that at times there are a lot of programs and funds out there to deal with, and when you get them interested in one, related to an expansion they're working on, it's a very difficult thing to manoeuvre through the various funds and programs that are out there. More joint collaboration, which hopefully could result in cost savings, realizing that both senior governments are in a deficit position, might be something that due consideration is given to.

We're encouraged with the Green Energy Act and the investments that have been made. In our region, we've been working on a lot of opportunities in the green energy sector, particularly with research collaboration at Queen's. I think the focus on provincial spending in that area and in supporting green technology and R&D at post-secondary institutions is going to be critical in the decade ahead.

The other thing I would encourage the committee in their budget deliberations to look at, in closing, is the tax structure in Ontario. On the ground—and we're on the ground, and many of my counterparts in your constituencies are—we have to come to the point where we're never going to be able to directly compete against the US on some deals we work on. We're aware, in the

southern US, of a company that went in with a \$20-million cheque cut from the state and 100 employees put on the payroll by the municipal government for the first three years. We can't compete with that. But if we look at the long-range tax structure the province has in place, and things like R&D tax credits, the federal and the provincial, it puts us in a much more competitive position when we're working with those companies to say, "It might be a quick fix today, the money that's on the table, but think of the long-range strategies that are in place in terms of the tax system. Secondly, think of the innovation that's going on in Ontario and the access to labour." To be competitive, we need those differentiators, and I think those are considerations that the committee, the Legislature and, I hope, the government of Ontario will make as they're moving ahead with their budget considerations. Thank you.

**The Vice-Chair (Mrs. Laura Albanese):** I thank you very much for your presentation. I will now turn it over to Mr. Rinaldi for questions.

**1110**

**Mr. Lou Rinaldi:** Thanks very much for the presentation this morning. As a member from eastern Ontario, I appreciate your comments, although I come from a rural community.

I want to talk about increasing the potential for industry to expand, to grow or bring in new folks. You made some good comments about the competition, mostly south of the border. As you know, there was a function in eastern Ontario that was done away with in the late 1980s or early 1990s to assist business. Then in 2007—you mentioned the EODF, and Kingston is part of that group. Can you elaborate on some of the successes you've had? That's a four-year program, and obviously, as a member from eastern Ontario, I'd like to see it continue. I know it has had some good benefits in a lot of regions.

Secondly, you mentioned the competitiveness to do with mostly south of the border, with huge tax incentives. If you're familiar with the tax reform that the province is going through—the HST is one of them, and there is business relief—can you comment on whether that will help to entice business to expand or to attract?

**Mr. Jeff Garrah:** On the eastern Ontario fund, I was aware prior to my being in this position that there was an eastern Ontario development commission. I believe it's still on the order-in-council books. It just sits idle on the public—

**Mr. Lou Rinaldi:** It was done away with.

**Mr. Jeff Garrah:** The government of the day in the early 1990s or mid-1990s did away with that program, and I think that was a major disappointment for economic development people in eastern Ontario. We were delighted to see the eastern Ontario development fund come back.

We've probably had about five or six successful applications, with another 10 going. The pre-consultation is a delight, and business doesn't say that much in dealing with government, I'm sure you're aware. The

process is easy. The 45-day turnaround works maybe 90% to 95% of the time. We've had some real success. I think we've probably been on the winning edge of about 50 to 100 jobs expanding here, from a recycling plant, from a new organics facility that was opened up, from a biotechnology company that expanded in terms of doing a lot of work on vertebrae and spine analysis. That fund has been very significant. I'm sure there are other regions in the province that would replicate that fund. I know it's often not easy just to do things in one area of the province. But from my perspective, if it were replicated in other areas, I think it would be fantastic. It's a great fund to work with, and it's money well spent.

On the HST front, yes, aside from the odd—from the service sector and the hoteliers I mentioned, we're hearing a bit about it. On the manufacturing front—and we've got some large manufacturers here. Invista is our nylon plant. We have the Bombardier R&D facility here; 250 people work there. Our large industry partners are telling us that the HST will make it more competitive for them to attract business from their head offices, particularly from the US. You have to remember these companies are competing not just with competitors, but they're competing with their own companies for their business, and I'd cite two or three large industries here as prime examples of that. So it is going to make us more competitive, both on the expansion of existing and on the attraction piece.

When we're doing work in the US—one thing that a company mentioned to us in Arizona is we don't talk enough about the competitive advantages of doing business in Canada and Ontario. That's why I come back to say it's not all about the cheque from the governor for \$20 million to set up tomorrow and 100 employees on the payroll for a year, which in Ontario would be bonusing if the municipalities got involved with that, which is illegal. We need to do a better job talking about the long-range advantages and showing companies the 25-year opportunities as opposed to the quick fix.

**Mr. Lou Rinaldi:** Thank you very much.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you very much for appearing before the committee this morning and for your presentation.

#### FRONTENAC-KINGSTON COUNCIL ON AGING

**The Vice-Chair (Mrs. Laura Albanese):** Next I will call the Frontenac-Kingston Council on Aging. Please come forward. You will have 10 minutes for your presentation. That will be followed by five minutes of questioning. This rotation will go to the official opposition. If you could please state your name before you begin for the purposes of our recording Hansard, that would be appreciated. Thank you. You may begin.

**Ms. Christine McMillan:** First of all, I would like to introduce Brian Brophy, who is the president of the Frontenac-Kingston Council on Aging. We will be making a joint presentation. Although I chair the

Councils on Aging Network of Ontario, this morning I'm speaking on behalf of a local council where I chair the issues and concerns committee.

The Council on Aging is a registered charity and we're dedicated to enhancing the quality of life of all seniors in our region. We are members of the Councils on Aging Network of Ontario and we represent all of the Councils on Aging on the Seniors' Secretariat Seniors Liaison Committee, and we support the submission that you will either have heard or will be hearing from that committee. Brian, over to you.

**Mr. Brian Brophy:** Okay. Recommendation A: We recognize this time of financial restraints in provincial expenditures. We therefore want to address the area where we believe tax dollars can be utilized better and in some instances can be saved.

Attaining lower health costs, recommendation 1: Additional incentive funding should be allocated to the aging-at-home strategy that funds innovative community-based support for older adults in staying healthy and living safely at home.

**Ms. Christine McMillan:** We recognize that almost 50% of your budget is spent on health care dollars and we recognize that things have to be done differently because we have an aging population. Unless we change the direction in which we provide health care and support for seniors, the future is just not going to be able to afford them. This is why we've found that the aging-at-home strategy in our community has made a tremendous difference in keeping people in their homes. There also needs to be more funding for supportive housing and supportive living, because those are the two things that keep people out of long-term care and keep them out of alternate-level-of-care beds.

**Mr. Brian Brophy:** Recommendation 2: The proposed long-term-care regulation must be amended to ensure accountability for the expenditures of government funding for care of residents, as well as to ensure that the assessed needs of each resident must be provided for and that a minimum number of hours per day for care is required based on the number of residents within each facility.

**Ms. Christine McMillan:** Our concern is that lack of accountability for how each of the nursing or long-term-care facilities spends their money could result in more health care costs. The removal of the requirement that care must be provided to meet "the assessed needs of each resident" eliminates the grounds for complaint to the ministry compliance office regarding care. Without any compliance regulation, inadequate care may result in costly treatment of bed sores and emergency room visits for broken bones resulting from falls, and this will happen mainly in poorly administered long-term-care facilities.

In addition, the proposed regulations ignored the requests by seniors' organizations, the nurses' association, the workers' unions and the Ontario Health Coalition that a minimum number of hours of care based on the number of residents must be negotiated. We have

seen in this community an excessive amount of government grants being spent on administration rather than care, and the government needs to have some way of monitoring those budgets.

**Mr. Brian Brophy:** Poverty issues for seniors and impact on health care costs, recommendation 3: The present poverty reduction strategy involves inter-ministerial planning and initiatives to reduce child poverty. A similar strategy needs to be applied to reduce poverty among seniors.

**Ms. Christine McMillan:** It's not new to tell you that if you don't have much money and you're a senior, you have to choose between food and medications because much of the medications that are prescribed are not covered or they're over-the-counter medications. Either choice is going to result in health care costs.

We've made some progress over the years in meeting the needs of older Canadians, but according to the Conference Board of Canada report, poverty amongst the elderly increased from 2.9% in 1995 to 5.9% in 2005. And the other interesting thing that you should note is that Stats Canada also reports that over 30% of older Canadians get the GIS, which means they're living on \$12,000 or less a year. That's 30% of all seniors, so it's a significant number.

**1120**

Dental care for seniors is another big issue. We applaud the government's initiative in providing dental care for children and young adults up to 18, but there is no dental care for seniors. It's something that we deal with in the community all the time—seniors who don't want to go out because they're missing two front teeth, because they have such severe gum disease they've lost their teeth. They can't afford the dental care.

The other thing is income security. While essential changes to income security is primarily a federal jurisdiction, we urge you to enter into discussion with your federal counterparts on the following issues, as there's no doubt that poverty impacts on provincial health care costs.

Many seniors whom we know, and we deal with quite a few, are not aware of the guaranteed income supplement or how it works, so they don't apply. Therefore, although they might be entitled, they're not receiving it. It should be possible to have immediate inclusion of those entitled to receive the GIS by basing it on their previous year's income rather than the current requirement of applying and providing qualifications each year.

Secondly, the GIS has not kept pace with current housing and living costs. The combined amount of the OAS and the GIS for those with no other income—by the way, that comes up to \$12,000 a year—in old age should at least meet the level of the after-tax low-income cut-off, as defined by Stats Canada. Other changes to be considered are indexing the OAS and the GIS to wages and implementing a dropout clause to CPP to allow for caregiving, as they do for people dropping out because of children.

**Mr. Brian Brophy:** Equity issues for seniors, recommendation 4: That the government begins to work towards providing equity for seniors in the provision of support services across all 14 LHIN regions to reduce emergency room visits, utilization of alternate-level-of-care beds and the construction of long-term-care beds.

**Ms. Christine McMillan:** I think that the aging-at-home strategy is a good one, and it was the first step in establishing equity for seniors. But as an example, in this southeast region, we do not have one publicly funded supportive-housing unit or one publicly funded supported-living accommodation. That has severe impact for seniors who cannot afford retirement homes where they would benefit, so their only alternative is to apply for early admission to long-term care.

**The Vice-Chair (Mrs. Laura Albanese):** I just want to forewarn you, you have about two minutes left for your presentation.

**Ms. Christine McMillan:** Okay. Maybe we'll just leave it so that you can ask us questions.

**Mr. Michael Prue:** You get that anyway.

**Mr. Norm Miller:** You get five minutes to do that.

**Ms. Christine McMillan:** All right.

**Mr. Norm Miller:** You can use some of our five minutes for your—

**Ms. Christine McMillan:** Okay. Brian, away you go.

**Mr. Brian Brophy:** I'll try and speak quickly.

Elder abuse intervention, recommendation 4: That the government establish annualized funding for intervention services provided by local not-for-profit organizations to abused seniors in line with annualized funding provided to organizations serving children and women at risk of abuse.

**Ms. Christine McMillan:** For a couple of years, through John Gerretsen, we did get funding from year-end funding through the Ontario Network for the Prevention of Elder Abuse. The thing that concerned us is there didn't seem to be any criteria for who got how much money, so one year we got \$15,000 and the next year we got \$3,000; then it was discontinued. But it seems to me that in one year—we have peer-support workers. They're volunteers; they're trained seniors who talk to the seniors who are abused on the phone, and we connect them up with community services. We can't afford a coordinator for that service, and yet last year we dealt with over 284 cases of elder abuse in this community.

**Mr. Brian Brophy:** Harmonized sales tax, recommendation 5: To ease the financial impact of the HST on all low- and middle-income seniors of Ontario, we recommend that the government mitigate the impact of the 8% tax on utilities by initiating home energy rebates and relief grants.

**Ms. Christine McMillan:** I won't say much on that except to say that as seniors, we see sales taxes as a flat and unfair tax. We understand that there is a need to address the cascading tax that businesses and manufacturers face. We would have been happy to see you

remove that and increase income tax, because we feel it's fair; it's based on disposable income.

**Mr. Brian Brophy:** The impact of part-time work on future income security, recommendation 6: Amend the Employment Standards Act by removing the regulation that permits employers to exclude the provision of benefits to employees working less than 24 hours per week.

**Ms. Christine McMillan:** This is a loophole that employers are using. It used to just be unscrupulous ones, but now it's hospitals as well, and other businesses. The fact of the matter is that many companies are now having one full-time job filled by two or three part-time workers, and they have no benefits. So when they retire, it's going to be a tremendous burden on government budgets. We feel that that really has to be looked at.

Some 70% of all part-time workers in Ontario are women, so they're already—most women live below the poverty line.

**Mr. Brian Brophy:** Retirement security, recommendation 7: Pension security must be addressed so that more seniors and those who have paid into a company pension plan do not lose their pensions or their investment should bankruptcy of their employer occur.

**Ms. Christine McMillan:** There was something that happened a few years ago in Ontario and it was a good thing: The government established a wage fund so that those employees who were locked out and had unpaid wages immediately received the money. The government then went after the directors. There was legislation, labour law, which allowed the government to pursue the directors and reclaim the lost wages from them.

While the bankruptcy act is federal, this was a good way of getting around it and protecting workers. We'd like you to consider looking at some way of protecting people whose pensions are being cut while the main people in the companies walk off with huge payoffs.

How's our time?

**The Vice-Chair (Mrs. Laura Albanese):** There are three minutes left for questioning, but if you continue there won't be any. Mr. Barrett, it will be up to you. Do you want them to continue?

**Mr. Toby Barrett:** If I could ask a question?

**Ms. Christine McMillan:** Yes.

**Mr. Toby Barrett:** A quick question, and my colleague has a question as well.

We appreciate the nine recommendations here. The first several relate to enhanced access with respect to home care and resources for long-term care. The argument you make is the savings that this can have within our health care system. I was just wondering: Are you successfully able to communicate and coordinate this kind of information when you come up with these recommendations? Are you able to deal with hospitals, LHINs and long-term-care facilities to get information to pull this together, let alone that you're balancing provincial and federal as well?

**Ms. Christine McMillan:** Yes. The South East LHIN—I sit on a committee for emergency rooms and

alternate levels of care, trying to reduce the cost. One of the issues that we're finding is that because we don't have supportive living or supportive housing—and there are very few incentives for that kind of program—it's pretty hard for us to cut alternate-levels-of-care beds when there's no place for them to go when they get out. Hospitals don't want to release people who are at risk, and community care access doesn't have sufficient funds. Because community care access centres don't have sufficient funds, it means that there have been a plethora of small agencies that are running around, trying to do the work of community care access for people who can pay. Now they're coming back to the LHINs asking for coordination money.

It seems to me that we're building a messy system here. We need to really take a look at funding the community care access centres appropriately so they become the one-window place where you go when you need help, rather than running around to a number of different agencies.

**Mr. Toby Barrett:** Okay.

1130

**The Vice-Chair (Mrs. Laura Albanese):** Thirty seconds.

**Mr. Peter Shurman:** Okay; we'll make this one quick. The HST, which you kind of brushed on: It seems to me, and has from the outset of the implementation of this legislation, that the HST would impact seniors probably more than anybody else. Most seniors are on fixed incomes, and most don't have that much income to begin with, so the tax-credit aspect or the tax-reduction aspect doesn't really impact much. Is that a reasonable characterization?

**Ms. Christine McMillan:** Yes. Let me just expand on that. People who have an income of \$12,000—we have a waiting list of 600 for apartments geared to income—are living in very cheap apartment buildings, maybe paying \$500. They have to pay utilities. That means they're going to have to pay 8%. We know of seniors who don't turn on their lights, they have candles at night, and they eat cold food—and they can't have another 8%.

**Mr. Peter Shurman:** Thank you very much.

**Mr. Brian Brophy:** If I can just—

**The Vice-Chair (Mrs. Laura Albanese):** I'm sorry; the time has expired. I apologize. We already went over with the time, and we're on a tight schedule.

**Mr. Brian Brophy:** You have my thanks.

#### ODSP ACTION COALITION

**The Vice-Chair (Mrs. Laura Albanese):** I would now call ODSP Action. Good morning. You will have 10 minutes for your presentation. I would like to ask you to state your name before you begin, for the purposes of our recording Hansard.

**Ms. Terrie Meehan:** Thank you. My name is Terrie Meehan, and I'm the co-chair of the—

*Interjection.*

**Ms. Terrie Meehan:** Pardon?

**The Vice-Chair (Mrs. Laura Albanese):** You may need to get a glass of water before you begin. Please go ahead.

**Ms. Terrie Meehan:** Okay, thanks. I've done this way too many times before, but every time I'm nervous; my apologies. We have a package that one of our agency people helped me get all tidy. You might want to follow along with that because, I'm warning you, I have a speech problem also, which nervousness doesn't help.

**The Vice-Chair (Mrs. Laura Albanese):** No problem. We will follow this; there's no need to be nervous. Whenever you're ready, you may begin.

**Ms. Terrie Meehan:** Thank you. It doesn't matter if there's a need; it's there. Stop laughing at me, Michael. I'll think of reasons to laugh at you, as usual.

Anyway, my name is Terrie Meehan, still. I'm the co-chair of the public awareness and advocacy subcommittee of ODSP Action. By the luck of the draw or the unluck of the draw, I was on my way home from Toronto, and I stopped in Kingston to stay with one of our members and came here for entertainment. Those of us on ODSP have to get our vacations the way we can get them.

**Introduction:** The ODSP Action Coalition includes people with disabilities and more than 100 community disability agencies, provincial organizations, anti-poverty groups and legal clinics across Ontario committed to pushing for improvements to the Ontario disability support program, so that people with disabilities can live with justice and dignity. Our group has been active since 2002, providing input to the Ministry of Community and Social Services on issues of access to ODSP and employment supports, among others; sharing information about ODSP benefits with recipients and agencies; and advocating for changes which will promote the health and independence of people with disabilities who apply for and/or receive ODSP.

**Priorities for the 2010 Ontario budget:** We are mindful that the government has stated that their key priorities are job creation, health care, education, strong fiscal management and economic growth. The government has also committed to the poverty reduction strategy. Rather than being a competing priority, the poverty reduction strategy should be seen as an integral part of all the other priorities.

Job creation in our current economic situation is clearly of great importance. It is also necessary to remove the barriers to employment that occur within the social assistance system and in other government and social structures which get in the way of access to employment. Maintaining and improving health care means ensuring that the lowest-income families and people with disabilities have the resources needed to maintain their health and reduce later costs to the system. A commitment to education also means ensuring that children and adults in low-income families have genuine access to high-quality education in all phases of life. Prudent fiscal management means ensuring that real value for money is achieved in Ontario's social

programs, without resources being wasted enforcing "stupid rules"—some of which are suggested in your package—which are often counterproductive to the goal of lifting people out of poverty.

**Social assistance review:** The government promised, as part of the poverty reduction strategy, to conduct a review of the social assistance programs. We are pleased that the Social Assistance Review Advisory Council has been appointed to suggest the scope and mandate of the review, as well as recommending some quick changes that could be done in the short term to remove some of the disincentives and barriers found in the current rules. The coalition urges the Standing Committee on Finance and Economic Affairs to recommend to the government that the social assistance review be structured so as to gather meaningful input from all parts of Ontario—rural and urban, north and south—and to include people who represent all the diversities affected by the social assistance system, particularly those who have recent lived experience of OW and ODSP. The goal of the review should be to transform the current programs into a system that moves people out of poverty by offering meaningful and appropriate resources and programs. We submit, as a guideline for the principles that should permeate the transformation of social assistance, a disability declaration—it's also in your package—that the coalition has developed using key human rights articulated in the UN Convention on the Rights of People with Disabilities.

**Adequacy of income supports:** If Ontario's income programs for low-income people and for people with disabilities are going to be meaningfully transformed, the issue of adequacy must be addressed. The greatest impediment to self-reliance that exists in the social assistance legislation is the low level of income that people are forced to survive on. When a person cannot feed herself or her family a decent diet, when a person cannot afford transportation to volunteer or participate in the community or even to shop at a grocery store with a sale on, when a person's physical and mental health deteriorate due to the stress of trying to survive in these conditions for years, how can they ever lift themselves out of poverty into independence? The government should therefore demonstrate that it is serious about beginning real transformation of the social assistance system by immediately adding a minimum of \$100 as a healthy food supplement to the basic needs allowance for each adult and by committing to raise social assistance rates to the level where they cover the average cost of shelter, a nutritious diet, transportation, clothing and all other personal needs, including the additional costs of having a disability.

**Short-term social assistance rule changes:** The government has also asked the Social Assistance Review Advisory Council to provide it with immediate advice on quick changes that could be made to OW and ODSP that would not require lengthy study and time frames to implement. Our coalition has been discussing issues which create barriers and disincentives for some time,

and we were able to quickly send a list of recommendations to SARAC, which is in the package I mentioned earlier. We suggest that it is appropriate for the Standing Committee on Finance and Economic Affairs to advise the finance minister to provide the resources necessary to implement these changes in the 2010 budget.

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A few examples of ODSP rules that could be quickly changed are: Remove the double disabled cap. When spouses are both disabled, the ODSP basic needs chart recognizes that both have costs related to their disability and logically provides an amount double that for a single person with a disability. However, another section of the regulation sets a maximum amount for any couple which is lower than their full basic needs and shelter allowances. This affects different couples unequally, depending on their shelter costs and whether they have children. This ODSP rule should be rescinded to provide fairness for couples who are both persons with a disability.

Medically necessary transportation: ODSP recipients' transportation costs are supposed to be covered when they need to attend medical appointments with treatment. However, if they provide their own transportation or have a friend drive them, the ministry will only pay 18 cents per kilometre. This clearly does not cover the costs of operating a vehicle. This is counterproductive cost-saving because it sometimes discourages recipients from getting necessary treatment, which could result in greater health care costs in the long run. At times, recipients have taken and been reimbursed for taxicabs, which cost much more, because they could no longer get a relative or friend to drive them at this reimbursement rate. Raising the payment for medical transportation to the same as that provided under the northern health travel grant would not require a regulation change, merely a policy guideline.

Earnings exemptions: People with disabilities who are able to work have their income support reduced by 50% of their earnings. This is often made worse by the additional high tax-back rate that is applied to their earnings by other programs such as social housing. The government could take the first, quickest step in addressing the disincentive created by these high clawback rates by allowing ODSP single recipients to retain the first \$500 in earnings with no clawback of benefits—

**The Vice-Chair (Mrs. Laura Albanese):** You have about 30 seconds left.

**Mr. Michael Prue:** I cede whatever's necessary.

**The Vice-Chair (Mrs. Laura Albanese):** Okay. That's fine. Please proceed.

**Ms. Terrie Meehan:** The exemption for couples should then be \$1,000. This amount is equal to the amount that ODSP recipients are allowed to receive per year in gifts from family or friends without a reduction in benefits. Basically in that one you're penalized for working.

Loans are not income. Only in social assistance are payments that must be repaid considered to be income. This results in absurd situations where, if a recipient knows someone who can afford to help her out by gift, that is acceptable, but if she has to turn to a less wealthy person who requires repayment, that amount is treated as income to be deducted from ODSP benefits. This rule is also interpreted so that cash advances are income to be deducted, while purchases on a credit card are not considered income. ODSP and OW regulations should be changed to ensure that loans are not treated as income. Please refer to our proposal again.

Our conclusion: We ask the Standing Committee on Finance and Economic Affairs to recommend to the government that they treat as a priority the transformation of the social assistance system to one that provides meaningful opportunities for people to rise out of poverty. The first step is to make changes that can be quickly implemented to the current system. The next is to provide resources for a thorough and genuinely consultative review. Ultimately, whatever shape the income programs are given, whatever rules govern their operation, the real test will be, do they lift people out of poverty into healthy and meaningful participation in our society?

Thank you for the opportunity to address your committee and thank you, Michael, for ceding some time.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you for presenting. If you have more questions—

**Mr. Michael Prue:** About two minutes?

**The Vice-Chair (Mrs. Laura Albanese):** You have three minutes.

**Mr. Michael Prue:** Oh, three minutes. Okay. You have made some excellent recommendations here and you did a very good job and you weren't nervous at all.

**Ms. Terrie Meehan:** I was nervous, but thank you.

**Mr. Michael Prue:** Okay. One of the things that has bothered me the longest, and I've spoken many times in the Legislature about this, is the clawback from people who are on ODSP who are able to find some form of small job, and they take half of their money off them. Would you have any idea how many people, through your organizations, are able to work and have this money clawed back? Are there hundreds or thousands of them? Are there tens of thousands?

**Ms. Terrie Meehan:** If you don't mind, I'll take your question to our people who actually do the stats.

**Mr. Michael Prue:** Okay, that's fine.

**Ms. Terrie Meehan:** That's not my thing. It's not in my department, which I'm sure you folks have heard as well and said as well.

**Mr. Michael Prue:** Yes, I've often said as well, because people who are disabled—almost all of them live in poverty. For those few who are able to get work, I have suggested not \$6,000, like you have, but \$8,000 should be allowed to be kept. The reason I picked that number is, along with the \$12,200 a year, which is the maximum ODSP, that would take them up to \$20,000 and actually allow them to live above the poverty level.

Does your group—you've suggested \$6,000, and I would accept that \$6,000 is better than nothing. Is getting above the poverty line important for people on disability?

**Ms. Terrie Meehan:** I believe it's important for every human being to have adequate food and shelter—or sorry, income for food and shelter. So, yes, it's important for those with disabilities to have adequate means to be able to eat and live and also for those who require medications and medical supplies to not have to choose between and possibly put our lives in danger.

**Mr. Michael Prue:** You also make another recommendation here that the ministry will only pay 18 cents a kilometre to transport someone with a disability to an appointment. Just so that you know for future ones, the ministry pays MPPs 44 cents a kilometre to travel around and do our business.

**Ms. Terrie Meehan:** Why do you think we looked at that? We're government workers in a sense, too, and our vehicles usually need more repairs, because they're not as nice.

**Mr. Michael Prue:** Okay, so how much—you didn't make any suggestions.

**The Vice-Chair (Mrs. Laura Albanese):** Sorry, but the time has almost expired.

**Mr. Michael Prue:** Okay. Thank you.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you very much for your presentation, and we're now recessed until 1 o'clock.

**Ms. Terrie Meehan:** Can I make one request, though? When my friend comes later to help me figure out where else I can access in Kingston, I would like to introduce her to a few of you if you're available. I know I'm taking over time, and I beg your leniency. Those who heard her presentation last year—it's my friend in Kingston who was barely holding on to having a job with a chair. Due to supports being eroded in the Kingston Access Bus—I just need to share this because it makes me so angry—the job that she loves, that she could barely hold on to—she's back on ODSP.

**The Vice-Chair (Mrs. Laura Albanese):** We'll hear from her this afternoon, and—

**Ms. Terrie Meehan:** No, no. She doesn't have a presentation. She's been kind enough to be my travel guide so I could—

**The Vice-Chair (Mrs. Laura Albanese):** Oh, I see.

**Ms. Terrie Meehan:** —access what was accessible in Kingston.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you very much. We are recessed until 1 o'clock.

*The committee recessed from 1147 to 1300.*

#### EXTENDICARE KINGSTON

**The Vice-Chair (Mrs. Laura Albanese):** Good afternoon. The Standing Committee on Finance and Economic Affairs will come to order for our afternoon session.

Our first submission will come from Extendicare Kingston. I invite you to come forward. You will have 10

minutes for your presentation, and that could be followed by up to five minutes of questioning. Please state your name for the purposes of our recording Hansard before you begin.

**Ms. Marilyn Benn:** Thank you very much, everybody. My name is Marilyn Benn. I'm the administrator of Extendicare Kingston.

Extendicare Kingston is one of the largest long-term-care providers in Ontario and is a member of the Ontario Long Term Care Association.

I do have handouts, which you have, but I'm not exactly following the handout, in case you're wondering.

Our home provides care and services to 150 residents in the Kingston community, and we have been doing that for 35 years.

Resident care needs have certainly changed over the years. Residents come to us with complex medical diagnoses, and long-term-care staff are becoming experts in wound care, infection control, diabetes and rehabilitation therapy, just to name a few.

We need to be sure that resident care and service is not part of the deficit solution for 2010. We need to be able to retain our PSWs and registered nurses.

I'm here today to request your support to help ensure that the necessary deficit management measures do not result in reductions in the care and service levels that residents need and my home's ability to continue to contribute to better access to the health care services of the community. We're an important partner in the community, along with hospitals and the CCACs. Our homes are already under-resourced. I'm not here today to ask for an increase in funding. I'm here to ask that you keep long-term care whole by ensuring that we maintain past funding increases and that we are supported for any new requirements.

We have heard that health and education are to be protected, and of course we're very pleased about that. However, even maintaining present funding levels still means reduced service levels and capacity as we struggle to meet increased regulations imposed on us.

There has been a continued erosion of the funding for accommodation services in our homes. These services include infection control, laundry, dietary services and housekeeping. These directly impact delivery capacity and quality of life.

In 2009, the Ministry of Health and Long-Term Care recognized the risk of this annual erosion and funded \$43.5 million in their budget to help stabilize existing support service levels. However, this funding was identified as one-time, and we are glad to see the Ministry of Health has included it in its 2010 budget submission to finance. Loss of this funding would have a negative impact on the services we deliver. As well, if the annual adjustments to direct care funding do not continue, this will impact our ability to retain nurses and personal support workers, as well as other direct care staff.

In the past years, direct care funding has increased 2.5% to 3.5% annually, which enables us to absorb the

wage increases from our union contracts. We need to be sure that this continues. In the absence of this adjustment, we would have no choice but to adjust staffing levels accordingly. This would also affect the type of residents we would be able to admit: Those requiring additional resources might have to remain in hospital.

In addition, our sector is facing new requirements which have significant costs if not fully funded. The harmonized sales tax will increase total net operating costs for 360 publicly funded, privately operated homes by \$12.2 million.

The impact on not-for-profit, charitable and municipal homes is cushioned by the MUSH sector rebates, but these are not available to Extencicare homes or to the other 360 privately operated homes. Input tax credits and corporate tax changes have already been taken into account before identifying the \$12.2-million figure. The majority of the \$12.2-million additional cost burden to the sector comes from the fact that the HST will apply as a new tax on the services to the homes—for example, laundry and housekeeping—as well as on other items such as utilities. These services are not eligible for input tax credits. Other items such as utilities were previously PST exempt but will now attract the full HST. There is also a significant number of affected homes which the income tax change will not affect because of their business structure.

As well, the draft regulations under the new Long-Term Care Homes Act contemplate additional direct and indirect costs. These include \$34 million to meet the new requirements regarding food service workers and various indirect costs to support transitioning to the new operating and regulatory framework.

So what I would request in your 2010-2011 budget is to maintain the \$43.5 million to the accommodation funding that was given to us in 2009, continue with the annual adjustments to direct care funding to stabilize nursing and care staff levels, and avoid imposing new requirements like the HST and regulations unless these costs are fully funded.

Our community, residents and their families expect to find many things in long-term care, things that support a quality caring and living experience for those who need it most. It is an honour for us to be able to look after those who have contributed so much to the Canadian way of life. It is up to us to appreciate, respect and care for our seniors with dignity. We need to get our potential residents out of hospitals and into the caring home environment. We need to reduce the number of visits our residents make to emergency departments. We need to recognize what a valuable contributor long-term care is to the health care system and ensure there is no erosion to the small funding gains that have been made over the last few years.

I thank you for your time today.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Thank you, Marilyn. You've left lots of time for questions. Mr. Arthurs.

**Mr. Wayne Arthurs:** Thank you, Mr. Chairman. Marilyn, thanks so much for being here this afternoon. Let me express—I think I can do this, probably, on behalf of all the members around this table and in the Legislature—to you and the staff who work with you, for the work you do for those Ontario residents who are in long-term-care homes, particularly in Extencicare, since you're here on their behalf, our acknowledgement and appreciation for that work. We know it's challenging, we know it's demanding, and we know the demographics of this province are only going to continue to put additional strains, stresses and/or demands on this sector, broadly.

Your ask, in part, although it's for no substantive new money, is a continuation of one-time funding. It is a continuation of annual increases in the range of 2.5% to 3% and consideration for other regulatory and/or tax structures that would have an impact on you. So it's not quite revenue-neutral, but it's not an ask of substantial new money beyond what you've been experiencing in the recent past.

The minister is going to be faced, obviously, with difficult financial choices. The Ministry of Health obviously sees the priority from their perspective in making the recommendation that they have—as you've articulated—in the context of the continuing funding that was provided on a one-time basis.

Tell me if you would, in the time we have—we want to have it on our record as well. There are two or three areas you mention in your presentation—and you repeat them a couple of times—which I'm going to just call the priorities, based on the choices you would have to make if, in effect, additional new funding in the quantum that you've spoken to were not to be forthcoming. I suspect it will be consistent across the sector to some extent. You mention laundry, dietary and housekeeping as areas that you would have to look at reducing if this additional funding that you're requesting was not in place. What are the types of changes that would occur in those areas if you didn't have the additional resources to be able to completely fulfill the mandate you've set out?

**Ms. Marilyn Benn:** One of the biggest things in Ontario today is all of the superbugs and infections that are in hospitals: H1N1, gastro, and stuff that goes around with the elderly. Housekeeping and laundry are major, major factors in infection control in long-term care. Of course, once someone gets ill, you have all of the nursing things that you have to put in place to look after that. I think we've often looked at making sure we had enough funding—and I'm not saying we have enough. We have looked at nursing care, but we have to realize that it's the support systems that have to help with the nursing care. So infection control is the big concern.

**Mr. Wayne Arthurs:** You mentioned the housekeeping and laundry, particularly as it relates to infection control, as a primary matter of concern. We've heard that both from your sector and the hospital sector. You also mentioned dietary as an area that one would have to look at. Do you want to comment a little more fully on that?

**Ms. Marilyn Benn:** There are new regulations coming out for long-term care in terms of dietary and the qualifications of the staff who work in dietary. Previously, they just had a food handler's course—I'm talking about dietary aides, not cooks—that was provided through health units. You could hire someone to come in and do it, and it was just a few days long. Now it's a fairly substantial course. It's going to be required in all long-term-care facilities. Those are new requirements, and they're going to be very costly.

The other thing is that there are only a few community colleges that have now started to provide the course, to begin with. Just getting our staff trained is going to be—

**Mr. Wayne Arthurs:** The additional funding that flowed last year, approximately \$43.5 million: What would be the best experiences that you have had with the funding that came to Extencicare as a result of the additional funding?

**The Vice-Chair (Mrs. Laura Albanese):** You have 30 seconds to answer.

**Mr. Wayne Arthurs:** How was it used most effectively?

**Ms. Marilyn Benn:** We used it with more housekeeping hours, better products, better cleaning procedures, training our staff on the best practices in Ontario for cleaning—because even housecleaning changes. There are best practices and there are solutions and whatnot. So we actually used that to increase the knowledge of our staff and the training procedures that went into place.

**Mr. Wayne Arthurs:** So it was directed to infection control?

**Ms. Marilyn Benn:** Yes.

**Mr. Wayne Arthurs:** Thank you.

**The Vice-Chair (Mrs. Laura Albanese):** The time has expired. Thank you very much for your presentation.

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#### OTTAWA POVERTY REDUCTION NETWORK

**The Vice-Chair (Mrs. Laura Albanese):** I would now call the Ottawa Poverty Reduction Network. Is anyone here from—

**Ms. Linda Lalonde:** We're coming.

**The Vice-Chair (Mrs. Laura Albanese):** Oh, yes. Okay. You will have 10 minutes for your presentation and there could be up to five minutes of questioning after that. Please identify yourself before starting for the purposes of our recording Hansard.

**Ms. Linda Lalonde:** Yes. My name is Linda Lalonde and I'm the co-chair of the Ottawa Poverty Reduction Network, le Réseau pour la réduction de la pauvreté d'Ottawa. This is Daniel Oickle, who's a member of our network.

We're a broad-based community group whose members include community organizations, agencies and individuals who are working together for the elimination

of poverty in our community. We were the driving force behind the initiation of the city of Ottawa's municipal poverty reduction strategy and are continuing to participate in that community-city collaboration as members of the steering committee. While we have a local focus, we also follow provincial and federal issues that are going to impact on poverty reduction.

We were very glad to see the province's continued commitment to implementing the poverty reduction strategy at the provincial level because it would have been very easy—and we understand how easy it would have been—to sacrifice it to the economic situation. So we want to thank you for that.

We met recently with the Minister of Community and Social Services and we were pleased to hear the government's commitment that the deficit will not be paid off by the poor of this province. We still have a long way to go to bring our most vulnerable residents to a point where they truly share in the benefits of living in this great province. For those of us on the front lines, it is heartening to see the support for poverty reduction at the Legislature.

“Housing is fundamental to the economic, social and physical well-being of Ottawa's residents and communities. Housing is a basic human need, and is the central place from which we build our lives, nurture ourselves and our children and engage in our communities.” That's a quote from Ottawa's Housing Strategy. The only change that we would make to that statement is that we see housing not just as a basic need but as a basic human right.

In December 2008, a year ago, we presented to this committee's consultations. Our response to your question, “What are your top three priorities?” was, “Housing, housing and housing.” We still haven't changed that position. First of all, in housing, the budget should contain an investment in the construction of 5,000 new affordable housing units across the province to meet the demonstrated needs. The waiting lists for existing housing are unconscionable. The commitment to house Ontario residents needs to be made with or without the participation of the federal government. This would also have the benefit of continued stimulus to the construction industry.

In order to support people who require some more intensive supports to be able to live independently, the province should invest in the construction of supportive housing units over the next three years that would accommodate 4,000 individuals. Since one supportive housing unit usually houses two to four people, this means between 1,500 and 2,000 units. Provision of supportive housing can keep a resident out of the hospital, the shelter system and the judicial system, and pays for itself very quickly. It costs about \$1,500 a month to keep someone in supportive housing and \$1,500 a day or more to keep them in hospital.

Secondly, we would like to see an additional investment of at least \$500 million in the maintenance of existing social housing. It's penny-wise, pound-foolish to

allow the continued disintegration of our existing stock of social housing. The longer you wait to repair it, the more expensive it becomes and, in some cases, it may be irreparable.

Third, we would like to see a review of existing shelter maximums in Ontario Works and the Ontario disability support program, and the indexation of this component of OW/ODSP to the actual market rents, as determined in the annual CMHC rental survey. Shelter costs for habitable accommodation vary greatly depending on where you live in the province. For many families who don't live in social housing, their shelter costs eat into their food budgets and impact on their ability to lead healthy lives. We think that giving people adequate shelter allowances would allow many Ontario residents to pay their rent and feed both their kids and themselves.

The increased property tax credit for seniors allows some seniors to remain in their homes and increases the disposable income of those who are eligible for it. We would like to see its implementation accelerated and consideration given to making it a percentage of total property tax paid rather than a fixed amount.

On the income side, we would like to see the increases to the minimum wage implemented more quickly. Instead of a 75-cent-per-hour increase each spring, we would like to see a 50-cent increase twice a year, in the spring and the fall, until the minimum wage reaches the point where it equals the LICO levels for a single person in Ontario. From that point on, we would like to see the increases in the minimum wage tied to increases in LICO and implemented twice a year.

The purchasing power of social assistance recipients has fallen over the years because the rates have failed to keep pace with inflation. As well, the cuts to social assistance rates in 1995 have reduced the base so that even the increases which have been given in the last few years do not meet the needs of people to cover basic expenses. Beginning with this budget, the social assistance rates should be increased by the cost of inflation plus 1% until they reach LICO levels. Once they reach LICO, they should be increased annually by the same percentage as the average Ontario civil service salary.

Child care: Integrating child care for four- and five-year-olds into the schools will help many families. Child care centres and home child care providers will see some children move to school-based programs, which will free up some spaces for other children. It will not, however, make much of a dent in the 7,000-plus child care waiting list in Ottawa, of which 2,000 need subsidized spaces. Some of the children who will be in the school-based spaces are not currently in a space now and are not on the waiting lists.

In the initial period of transition for kindergarten kids into school-based programs, there's a potential for a mismatch between the location and age group of the emptied spaces and the new children needing to come into those centres from the waiting lists. This budget should provide bridge funding to carry centres through

this adjustment and capital funds to renovate centres and provide equipment for a different age group.

We're very glad to see your support for the increased community use of schools and would like to see that expanded in this budget. The province should amend the Education Act to outlaw all fees and charges in both elementary and secondary schools. This would include fees for participation in sports teams as well as in-class fees. Children should never be dependent on charity and/or excluded from components of the education system. In this budget, funds should be provided to schools to equalize programs and services so the same education is offered regardless of where in Ontario the child lives or the socio-economic status of the school's neighbourhood.

The province should institute an annual refundable \$500 tax credit for recreation registration costs and other fees for each member of households with a taxable income either below LICO or under a certain amount based on family size. This credit would be available to both adults and children. An alternate and better way to achieve increased participation by low-income households in recreation activities would be to provide vouchers to eligible households that could be applied directly towards the cost of programs. This has the advantage of not requiring the family to have the upfront funds to cover the expense and then wait to have it reimbursed in the income tax. The funds to support this tax credit could come from the health budget since we know that increasing physical activity has the effect of reducing health costs.

**Mr. Daniel Oickle:** In transit, we would like to see a refundable 8.5% tax credit for transit passes and tickets with proof of purchase. Again, this would be available to households with taxable incomes below a certain level. As well as encouraging transit use, this would have environmental and financial benefits for the province. We would also like to see the equivalent 8.5% rebate to community organizations and agencies that provide tickets and passes to their community members to allow them to participate in programs and services, as well as attend medical appointments and undertake job searches.

We thank you for being open to community input into the budget and we look forward to continuing to work with the province.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you for your presentation this afternoon. Mr. Shurman.

**Mr. Peter Shurman:** Thank you, on our behalf. It was an interesting presentation, and I wish that we could just say, "We're going to tell the finance minister to put all of this stuff in and you guys can go home and rest assured." We both know that that's not going to happen. So you don't want to make any bets on 5,000 brand new affordable housing units this year, because in some quick math we were doing over here, if that happened, and the allocation was made at, say, \$120,000 a door, we're talking about 600 million new dollars.

Given that that's the case, I'd like you to describe the effect—in fact, I'd like you to describe the effect of,

really, no net new allocations for affordable housing this year, because this is a \$25-billion-deficit year, and I wouldn't want to bet on seeing an awful lot in the affordable housing area.

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**Ms. Linda Lalonde:** You're asking what the effect is on the community of not having that housing?

**Mr. Peter Shurman:** What's the effect on the community? The reason I ask is, you were talking about hugely growing lists—big volumes of people in waiting—and we know that's true everywhere in the province.

**Ms. Linda Lalonde:** Just to give you a quick impact, the city of Ottawa has just wrapped up its budget yesterday. Included in that budget was an increase of \$2.453 million to shelter costs alone. In 1990, the city of Ottawa's total bill for shelters was \$2 million, and this year the increase in shelters is more than the entire budget was 20 years ago. If you took that \$2.4 million and built houses with it instead of putting people in temporary housing, that would turn around the lives of, what, 20 families? I'm just doing quick math.

What's happening is, we have families who are living in substandard housing. We have families whose children have been apprehended by the children's aid, which, of course, is increasing the bill in another pocket of government. One of the ironies of not providing housing is that you're—

**Mr. Peter Shurman:** What you're saying is that the shelter costs, which are really short-term—one would hope they're short-term, anyway—are penny-wise and pound-foolish when you consider the fact that you could give somebody permanent dignity by spending the money another way.

**Ms. Linda Lalonde:** Exactly.

**Mr. Peter Shurman:** A reasonable point of view.

This is a question I've asked one or two times in other locations we've been at this week. It comes from left field, but I think it's a legitimate question. The province is embarking on about \$1.5 billion in spending on junior kindergarten. Some people think it's a great idea; we think it's not a great idea at this time. I wonder what you'd think, if you were given the opportunity to talk to the Premier and tell him what you think about the expenditures on eliminating poverty versus educating children at age four.

**Ms. Linda Lalonde:** Some of that money is actually going to go to poor children. For some families, what that will mean is that the parent or parents will be able to work, because—

**Mr. Peter Shurman:** That's more like daycare, though, than junior kindergarten, isn't it?

**Ms. Linda Lalonde:** The new junior kindergarten program is, essentially, a combination of daycare and education. To have a family that can have a child attended to from 8 in the morning until 5 at night means that, in some of those families, the parent or parents will be able to go out and work.

Because it's only being implemented in certain localities, what's happening is—in Ottawa, we have families who are literally moving into the catchment area of schools that have that program because it will allow them to work.

**Mr. Peter Shurman:** Okay.

**Ms. Linda Lalonde:** So that's a poverty reduction method. It may not be the most efficient because it's a scattergun kind of approach. Every kid who lives in the catchment area of X school is eligible for it, and some of those families may or may not need it as much as other families.

**Mr. Peter Shurman:** I think that's what I was getting at.

**The Vice-Chair (Mrs. Laura Albanese):** One minute left.

**Mr. Peter Shurman:** One minute? I'll ask you a quick one—do you want to ask a question?

**Mr. Toby Barrett:** Go ahead.

**Mr. Peter Shurman:** Okay. I'll just finish up, then. In your final piece of the presentation, you presented a bit of a list, and you said you wanted an expansion of spending in recreation and in child care; you wanted significant increases on a go-forward basis in the minimum wage; you wanted transit credits. I realize that's a laundry list, and I can see by your demeanour that you know that it doesn't all come but maybe if you ask for all of it you'll get some of it. What's the real priority there?

**Ms. Linda Lalonde:** I think the two things that we would emphasize the strongest—number one is housing, because housing is such an underlying thing to everything you do. Your kids can't be registered in school and attend school properly if they're not housed. It's hard to get a doctor if you don't have an address. It's hard to involve yourself in community programs, in counselling etc. if you don't have a place to live. It's very difficult to get a daycare place if you don't know where you're living next Thursday, and so on. So housing is the number one. The second one, I think, would be income.

**Mr. Peter Shurman:** Thank you very much. I appreciate your being here.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you for your time.

#### SOUTHERN ONTARIO LIBRARY SERVICE

**The Vice-Chair (Mrs. Laura Albanese):** We now call on the Southern Ontario Library Service. Good afternoon. Again, you will have 10 minutes for your presentation, and that could be followed by up to five minutes of questioning. If you could please state your name before you begin.

**Ms. Jackie Houde:** Thank you. My name is Jackie Houde and I'm a member of the Southern Ontario Library Service board, and have been for the last five years.

You probably know that SOLS is a transfer payment recipient established to deliver programs and services on

behalf of the Ministry of Culture. We hear that we now have a new minister, who will also do tourism.

SOLS's mission is that the people of Ontario will have equitable access to library services. If you come from a large city, you're saying, "Well, big deal. Everyone has a library and everyone has access." Not so. For small and medium-sized municipalities, that is not always the case.

Our services are provided to the 192 library systems in southern Ontario, which in turn operate 683 branches and serve almost nine million people.

How do we support government priorities? Well, libraries do support your government's priorities in several ways. In education: Libraries serve young children. The library is where they first learn to read, and I know some of you are saying, "Not so." Yes, it is so. We've done surveys. Oftentimes when parents bring kids to story time at the library two or three times a week, the children pick up an interest in books and eventually, they learn. If you have children, you know that you read stories to them. Then they start asking questions and they recognize words. Before you know it, they know the stories by heart, and this encourages reading. The basis of their future literacy skills is such, and also their educational achievement. What we want to promote in children is definitely for them to be lifelong learners. You know that children who read extensively will definitely be there.

Libraries also serve students. The public library is where they go in person or online, because this is such a trend nowadays. They go after school, they go evenings and they go on weekends to study and access resources. I know that a lot of the libraries have homework stations for kids, and it's really helpful. Not everyone has access to a computer. We tend to think that every household has one or two or three computers—not so. Many families cannot afford them and cannot afford the services for online access.

Libraries also assist job seekers. I know at our own library, they come in and you know that because they have commercial databases, so much information is right there at their fingertips, things that they cannot access through regular businesses or offices. The public library serves to upgrade skills, search for suitable jobs and prepare resumés and apply for jobs. There's always someone at the library who can help you find whatever you need.

Libraries also support businesses, especially small businesses which, again, cannot afford the services that larger centres can.

Libraries are definitely vibrant communities. I know at our own library we have film night. We have groups that come in and speak on different subjects. We also have a—I think they call it the lunch bag book club. They come in once every two weeks and bring their lunch and bring their books and discuss books.

How does SOLS assist these libraries? Basically, by expanding the materials and resources libraries make available to their communities. We have what we call ILS, the interlibrary loan services. Every year we have

226,000 items that we ship to different libraries. If you're a big library, like in Ottawa or Toronto, you probably would not use ILL, but if you're in Winchester, Lancaster or Amherstview, then you definitely would. If you go in to your library and they don't have the book, they go through the process and within a week, 10 days, you have the book in your hands.

Supporting equitable access to electronic resources: Through grants from the Ministry of Culture, all Ontarians have free access to commercial databases through their libraries. SOLS's services bridge the gap between the availability of the licences and the public libraries' awareness of and ability to use them. SOLS provides training sessions and is launching a website called Compass to support the use and marketing of the products.

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Now, if some of you know about libraries, go to your library or have been on your library board, you do know that SOLS has had an EXCEL program, an Apple program. This is like a step program for library workers to achieve more skills. We do, then, support the continuing education of the library staff. SOLS provides distance education opportunities to ensure that all Ontarians have access to skilled, well-informed and up-to-date staff in their communities.

We deliver initiatives of the Ministry of Culture such as the Internet connectivity grant, through which 216 libraries throughout the province receive high-speed connectivity, and the First Nations consulting services, which targets the specific needs of First Nations libraries. We also organize economies-of-scale purchases; I think the consortium is called COOL. That includes collections of large print, talking books, ebooks, audio books and databases.

What are our challenges? We have had many challenges in the last five years. Ten years ago is when we started to be flatlined or we had cuts to our operating grant. As a result of the budget cut in 2005-06—I think it was \$700,000—our operating grant dropped 17% to \$2,755,905, where it still is today. The annual impact of inflation and rising costs for SOLS is currently \$60,000. At \$2.5 million, SOLS' expenditures for salaries and benefits represent 91% of our operating grant. As a result, any strategy to mitigate the impact of flatlined grants coupled with inflation must involve reductions to staff and reductions to our core services.

Over the last 10 years, total FTEs, full-time equivalents, have dwindled by 28% from 47.20 to 33.98. Our consulting support for small libraries has been particularly hard hit, dropping over 52% in five years, from 14.5 FTEs in 2004-05 to seven FTEs in 2009-10. In addition, SOLS receives a special grant from the Ministry of Culture to support First Nation public libraries. The grant is currently set at \$106,501 per year, which will cover the expenses of the program in 2009-10 but will definitely fall short after that.

All told, by 2010-11 we will have an operating deficit of \$189,453, which is definitely forecast to escalate to

\$1,160,460 by 2014-15. To address this anticipated shortfall, we will need an increase to our base operating grant of approximately \$300,000 beginning in 2011-12. That will definitely stabilize our core services.

We would like to go beyond that, though. At the same time we have been losing positions, small and First Nations libraries are unable to meet basic standards for library service and face new demands for providing electronic resources. To assist libraries to meet these challenges and ensure equitable access to library services for all Ontarians, SOLS proposes to restore consulting capacity. We have lost at least three consultants in the last five years. The French-language one retired in June and was not replaced; basically, thinking was that we could hire out when we need it, but hiring out still costs. We want to focus on needs such as IT support and expand training opportunities in basic library skills, supervision and electronic resources. To do so, we estimate needing five additional FTEs. Using \$100,000 as the annual cost per position—that includes the salary, benefits and overhead—we would need a further increase to our base operating grant of \$500,000.

In conclusion, we ask that you recognize the difficulty of maintaining services within flatlined operating allocations over such an extended period and add \$300,000 to our base operating grant to stabilize our core programs. To address pressing library needs, we are seeking an additional increase of \$500,000 for a total increase in our base operating grant of \$800,000 annually. Thank you.

**The Vice-Chair (Mrs. Laura Albanese):** And thank you for your presentation.

**Ms. Jackie Houde:** Any questions?

**The Vice-Chair (Mrs. Laura Albanese):** That would be up to Mr. Prue.

**Mr. Michael Prue:** This seems very reasonable. What has the government said in past years for flatlining you? Why have they done it?

**Ms. Jackie Houde:** We have had no justification, just that we were flatlined. As well, when we were cut the \$700,000, there was no explanation. I came to my first board meeting at SOLS, and that's what greeted me right off the bat, a big cut like that. It has impacted us negatively. I do know that times are difficult. We all go through difficult times. However, if we don't educate our children, if we don't provide the services through our libraries and if we don't provide SOLS the money to access the library needs, we go nowhere. I was listening to the lady a while ago about housing, and I'm thinking, pre-kindergarten, welfare—what do you do? You educate a child so that later a child can go on and help himself or herself.

**Mr. Michael Prue:** I live in downtown Toronto, and as you've said—I don't live in downtown Toronto; I actually live in East York. I better be technically right. But the libraries in the downtown core and in East York are chockablock full of people every day. When I go in there, there are students studying; there are people on the computers, people who help with resumé's. It is a huge

hub. What I would want for me—I see you wanting for people in more remote communities, especially those who don't have a library at all. Is \$800,000 sufficient to give people in more isolated communities the same kind of resource?

**Ms. Jackie Houde:** I don't think it is, but it certainly allows us to catch up a bit. It's certainly not sufficient. When I speak of smaller libraries, I do think of small communities; most of the people working in the library are volunteers. The person comes in and there's a note on the library door, "We'll be here Tuesday 2 to 4." Then, on Monday, you may see that slashed and it says, "Had an appointment today. Can't go tomorrow." That kind of thing. So it's very difficult. I do know that if we are to maintain, whether it's electronically or via hard copy of the book, that quality for our children, it has to be supported by money. There's no other way we could go about it. And someone said yesterday, "Oh well, pretty soon we won't need books." Well, that's not true either. Whether you access books electronically or by hard copy, you're still getting access to a book.

**Mr. Michael Prue:** Have you made these kinds of deputations before or is this the first time you've come forward?

**Ms. Jackie Houde:** This is the first time.

**Mr. Michael Prue:** Maybe this time it'll work.

**Ms. Jackie Houde:** We're hoping it will.

**Mr. Michael Prue:** I think those would be my questions. Thank you.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you very much.

#### PROVIDENCE CARE

**The Vice-Chair (Mrs. Laura Albanese):** We'll now ask Providence Care to come forward. Good afternoon.

**Mr. Dan Coghlan:** Good afternoon. I remember you from my days at West Park Healthcare Centre where I met you, Laura, and Wayne from Pickering. I'm formerly from Pickering. It's good to see you both.

**The Vice-Chair (Mrs. Laura Albanese):** Good to see you. You will have 10 minutes for your presentation, and that will be followed with five minutes of questioning.

**Mr. Dan Coghlan:** Wonderful.

**The Vice-Chair (Mrs. Laura Albanese):** We'll need you to state your name for the purposes of our Hansard recording, and after that you may begin.

**Mr. Dan Coghlan:** Thank you very much. My name's Dan Coghlan. I'm the vice-president of finance, information management and CFO of Providence Care in Kingston.

On behalf of Providence Care and the people we serve in southeastern Ontario, I want to thank you for the opportunity to provide input on the budget process. Budgets are not just about spending. It's our view that, in many respects, budgets are also about saving money, and saving money and investing money are equally important, especially so in the health care sector.

I am speaking to you this afternoon representing Providence Care, southeastern Ontario's leader in specialized mental health, rehabilitation, geriatric medicine, complex continuing care and long-term care. Providence Care is a key health care provider and we work closely with our partners in acute care, as well as with our community-based partners throughout the region.

Providence Care operates three locations in Kingston. Two are hospitals: St. Mary's of the Lake and Mental Health Services. The third location is our not-for-profit long-term-care home, Providence Manor. Additionally, Providence Care operates 18 community locations across the province.

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Providence Care is also committed to excelling in education and research. This is reflected in our role as an academic hospital, fully affiliated with Queen's University and partnering in education with several other universities and colleges.

It is within this context that I'm here today. Hospitals and health care organizations face numerous challenges, not the least of which is to deliver high-quality services in an environment of rising cost pressures and economic uncertainty.

My remarks today will identify three specific areas: (1) funding of hospitals' inflationary costs; (2) the impact of arbitrated labour settlements on our financial resources; and (3) the impact of aging infrastructure on our organization's ability to deliver efficient and high-quality care.

I'll also put forward ways that the government can address spending, saving and investing money to support health care organizations such as ours as we continue to provide needed care and services to the people of Ontario.

Firstly, the importance of recognizing inflationary cost: As you are aware, hospitals are required to sign accountability agreements requiring us to meet performance targets with a heavy emphasis on financial performance. Specifically, we are not to run operating deficits.

At Providence Care, one of our core values is that of stewardship. We understand our responsibility as an organization entrusted with public funds to use those funds in the most efficient and effective way. Our strategic plan commits us to pursuing the highest quality of outcomes within our available resources. Our senior leadership team, board of directors, managers and staff have endorsed this direction and have achieved balanced budgets in the past.

As we look to 2010 and 2011, in the absence of planning targets from the government, hospitals across Ontario were directed to plan for 0%, 1% and 2% increases in operational funding. Hospitals in our region have agreed with the South East Local Health Integration Network to plan for a 0% change. Considering inflationary costs alone, this planning scenario requires Providence Care to identify savings of approximately \$3

million in efficiencies and reductions in order to maintain operations with our budget. We recognize our commitment to be fiscally accountable, but in these times of uncertainty our ability to maintain ongoing operations has become increasingly more difficult.

We are currently in the midst of a process to find and implement savings with a view towards realizing a balanced operating budget. This is a significant challenge, as the uncertainty of planning in absence of information creates stress upon staff and patients, and I'm sure you can appreciate that. But we also understand that this year's change in the planning process and delays in funding announcements were in large part reflective of our economic times in the province.

As Providence Care strives to achieve a balanced budget, our staff, management and board of directors are most concerned about the impact of change on our patient, client and resident populations.

I want to assure you that Providence Care is committed to finding new efficiencies across our operations. However, it is unlikely that we'll be able to continue to meet our accountability agreements in the coming years without additional financial support from the government. Insufficient funding will mean change in the services we offer to the public.

We are therefore asking for a 2% increase to hospital operating budgets in 2010-11. We believe this represents a reasonable and responsible measure. The provincial government spends money in other sectors to help manage inflationary costs. The health care sector is equally as vulnerable to rising expenses in supplies, utilities, insurance and especially labour. A modest revenue increase to hospital budgets will help us manage inflationary costs, minimize negative impacts on patient services and maintain public confidence in our health system.

The second topic, the challenge of binding arbitration: Recently, Providence Care's board of directors appealed to the South East LHIN for support on the issue of binding arbitration. Binding arbitration has a significant impact on a hospital's ability to reach freely negotiated contracts and almost always means a higher-than-anticipated amount is spent on employee remuneration. This makes it increasingly difficult for hospitals such as ours to achieve necessary efficiencies or cost savings.

Approximately 80% of our costs at Providence Care are allocated to paying salaries and benefits. As labour costs continue to rise due to arbitrated settlements, the piece of the pie left over to fund other patient program expenses is shrinking from 20% to 15% etc. This places hospitals in a challenging position, especially in the context of balancing our budget, and the current economic realities.

Together we need to find a way to counter this trend and make collective agreement negotiations a meaningful option. We need to be able to budget wage and benefit costs according to our financial situation and available resources, and we need to be able to live within those set

budgets. By doing so, we will be protecting the money we've allocated to be spent directly on patient care.

In our experience, one of the major challenges on this issue is that there is no disincentive to unions to opt for the government process of binding or interest arbitration over negotiations, because this is invariably more beneficial to them.

Arbitrators are mandated to take five legislated criteria into consideration, including the employer's ability to pay in light of its fiscal situation and the extent to which services may have to be reduced if current funding is not increased. However, the courts have concluded that arbitrators are only required to consider these criteria, and do not compel them to specifically address or analyze every factor in their rationale for a given award. So, in practice, we have seen arbitrators consistently give ability to pay little or no weight in the context of collective bargaining disputes, and that results in salary increases higher than what is affordable to hospitals. This is evidenced by a recent example in our hospital, in which one union group received an arbitrated settlement of 2.5%, while the hospital funding was capped at 2.1%. The differential has to come from somewhere.

We are asking the government to help us bring labour unions back to the negotiating table, so that both sides have the opportunity to negotiate contracts which will fit within the budgets and allow us to save money that can otherwise be used to support patient care programs and services.

Thirdly, the need to invest in critical infrastructure: Two years ago, Providence Care appealed to the Standing Committee on Finance and Economic Affairs for continued support for our hospital redevelopment project. Our two hospital locations are in bad shape. In fact, the stone and brickwork are actually crumbling around us. Money continues to be spent to ensure the facilities are safe for patients, families, volunteers and staff. Since our appeal to the committee in 2008, we have seen some progress in our project moving forward, thanks in large part to the support from our MPP, John Gerretsen. The Ontario Realty Corp. has agreed, in principle, to lease Providence Care the land we require for the construction of a new hospital. This is a clear step forward. However, this agreement remains contingent upon the government's commitment to invest in our project and place it on Infrastructure Ontario's multi-year plan.

As I described when I began this presentation, Providence Care operates two hospital sites. St. Mary's of the Lake is home to our rehabilitation, complex continuing care, palliative care and geriatric medicine programs. Formerly the Kingston Psychiatric Hospital, our Mental Health Services site serves clients with long-term mental health needs through an adult treatment and rehabilitation program, a geriatric psychiatry program and a forensic psychiatry program. Our redevelopment plan will bring both of these hospital sites together in one new, efficient facility. We will see immediate savings through this sharing of corporate and support services, modern building design and energy-efficient systems.

In 2005, Providence Care submitted a business case outlining our project to the government for its consideration. Since then, we have continued to invest in our existing facilities to maintain the integrity and the safety of these buildings. Within the last two months, we have seen clear examples of the additional cost of working with these older facilities. At our Mental Health Services site, there have been two major electrical system malfunctions, resulting in the complete loss of power and heat to the hospital for approximately six hours until such time as the situation could be resolved.

We are therefore asking the government to act upon its investment in health care, in projects such as our new facility at Providence Care, by continuing to invest in critical infrastructure needs. The result of this investment will be that we no longer need to spend millions of dollars in upkeep of old facilities. We'll also see considerable operational savings due to the efficiencies of a new hospital, savings which we'll be able to reinvest in patient care.

In conclusion, thank you for the commitment to seeking input to this year's provincial budget. We are very proud of the care we provide, and we value the partnership we have with the government, the South East LHIN, our patients, clients, residents and families, as well as the communities we serve. With your support, the hospitals of Ontario can continue to work toward accountability and provide the highest quality of services and the best-run health care programs in the country.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you for that presentation. I turn it over to Mr. Arthurs.

**Mr. Wayne Arthurs:** Dan, it's nice to be in Kingston. Thank you for the presentation this morning.

Tell me, just briefly, a little more—in the presentation, I think you referenced 18 sites or 18 facilities or—

**Mr. Dan Coghlan:** Eighteen community care programs that we also operate, in addition to the three primary sites that we have: the two hospitals and one long-term-care home.

**Mr. Wayne Arthurs:** All within eastern Ontario?

**Mr. Dan Coghlan:** All within the southeastern Ontario region. That's correct.

**Mr. Wayne Arthurs:** That's pretty big. How large is the client base that you're dealing with, then?

**Mr. Dan Coghlan:** Our in-patient or community programs, or all together?

**Mr. Wayne Arthurs:** All together. I'm curious as to how broad the span is, how large an operation this is.

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**Mr. Dan Coghlan:** Somebody could probably check these numbers for me, but I would suggest to you that we probably touch the lives of around 2,000 to 2,500 people, between our community-based programs and our in-based patient programs.

**Mr. Wayne Arthurs:** I won't hold you to that.

**Mr. Dan Coghlan:** Thank you very much.

**Mr. Wayne Arthurs:** I'm just trying to get a scale, in part, of the operation and the responsibilities that

Providence Care is undertaking in the community. That's a pretty substantive amount.

You did your budgetary efforts through the South East LHIN at no increases. What you would like to see is—a 2% increase is the ask within this year's budget for the hospital care sector.

**Mr. Dan Coghlan:** For the hospital system, that's correct. So we're not talking just for ourselves but for the hospital system as well.

**Mr. Wayne Arthurs:** Right; okay. A little more in regard to binding arbitration, the challenges that are faced there: Having been in municipal governance and having dealt with binding arbitration, I have some sense of the challenges there. Any kind of specific suggestions, more specific suggestions, as a way that government should be looking at these processes to ensure that the outcomes are fair to all the parties?

**Mr. Dan Coghlan:** We believe that the hospitals can do their part to set a clear mandate for those that negotiate the agreements on behalf of hospitals, and that's usually the OHA, who essentially negotiate agreements.

The issue is, however, that unions can simply opt to say, "Well, after we've done our due best to negotiate, we'll go to arbitration." It's a matter of how we can influence arbitrators, directly or through the courts, to be more realistic. They can't award 3.5% when hospitals are getting 3% or 2% or 1%. Somewhere there has to be a realization that the gap has to be closed. If there's not going to be more funding coming from the government and the LHIN to hospitals, then those arbitrated settlements need to be kept in order. So it's how we can influence arbitrators and the courts that help enforce those arbitrations.

**Mr. Wayne Arthurs:** I always had a sense that the ability-to-pay component as they looked at local communities was really a sticking point, and you've made specific reference to that in your presentation as well.

**Mr. Dan Coghlan:** Very much so.

**Mr. Wayne Arthurs:** Okay. Infrastructure investment: Obviously the work has been ongoing with the ministry and your local member, in an attempt to get the project prioritized within the overall infrastructure investments that the government will be making over time. I for one, like you, know how diligent one has to be to bring that to a conclusion. I don't have any specific questions about that. I just would certainly encourage you, from my personal experience inside the Legislature now, to stay with your member, by his side. He knows well, also, to continue to use all of the resources available to him to make sure your case is being very well made.

**Mr. Dan Coghlan:** Good. Well, he's certainly been a great support and we appreciate all the support he has provided to us.

**Mr. Wayne Arthurs:** Thank you for being here this afternoon. Chair, thank you. Those are my questions.

**Mr. Dan Coghlan:** Thank you.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you, and very nice to see you again.

**Mr. Dan Coghlan:** Likewise. All the best to you, and thank you for the opportunity to speak to you.

#### ONTARIO COMMUNITY SUPPORT ASSOCIATION

**The Vice-Chair (Mrs. Laura Albanese):** Now we call on the Ontario Community Support Association. Please come forward. You also will have 10 minutes for your presentation. There could be up to five minutes of questioning, and this rotation will go to the official opposition. If you could please state your name for the purposes of our recording Hansard, and after that, you may begin any time.

**Ms. Lori Cooper:** Okay, thank you. I'm Lori Cooper and I'm the district executive director for the Victorian Order of Nurses for Canada in southeast Ontario. I'm here representing the Ontario Community Support Association this afternoon.

Thank you very much for the opportunity to appear before the committee and provide the perspective of the Victorian Order of Nurses, VON, as well as the Ontario Community Support Association.

VON is Canada's largest national, not-for-profit home and community care organization. Although VON is a national organization, we are local in delivery. That allows us to deliver programs that specifically meet the unique needs of Ontarians.

With 21 sites across the province and close to 10,000 staff and volunteers, VON Ontario is able to provide a variety of programs, both paid and charitable. We are well known for building partnerships with communities, organizations, business and all levels of government to improve the quality of life of all Canadians.

VON applies a holistic approach to health, believing that community supports such as volunteer visiting, adult day programs and meal preparation are just as important in determining one's health as the reparative work of the traditional health system.

VON has been a strong advocate for community supports for many years. We have dozens of community support programs that provide service to both the client and their family and caregiver. Examples of our local programs include adult day programs, volunteer transportation, Meals on Wheels, in-home respite, foot care and home help services. VON is also a provider of nursing and personal support services in the community.

Our organization is part of the Ontario Community Support Association, which is a network of agencies providing home and community care to 750,000 Ontarians each year. Locally, 32 community support agencies, through paid staff and the support of thousands of volunteers, deliver services that directly support seniors as they age to remain independent in their own homes and communities. Services such as adult day programs, Meals on Wheels and home helper programs, volunteer transportation and hospice palliative care are services that

directly support the day-to-day activities of frailer seniors, allowing them and their caregivers to be confident in their desire to remain at home for as long as reasonably possible.

The services provided through the community support sector are not often high-profile, possibly because we account for only about 2% of the local health care budget, but it would be a disservice to equate the size of our budget to the impact of our services. The city of Kingston is part of the South East LHIN, where almost 17% of our population is over the age of 65, and most of this LHIN is quite rural.

I want to acknowledge the challenging fiscal situation that the province and our government are facing. It is a situation we are very aware of. The community support sector can be extremely effective in heading off more costly health interventions. The very nature of our services ensures that individuals with decreasing mobility or health and those who have taken on the caregiving role are receiving services that prevent further decline and that support caregivers to continue in the role that they have taken on and dearly want to continue.

Having to implement a wait-list for a service such as an adult day program for individuals with Alzheimer's disease, for example, or limiting access to transportation for medical appointments in very rural areas of this LHIN does not make sense if our overall goal as a province is to ensure that service is provided at the right time and in the right place.

People need care. They want to be in their homes, not hospitals or institutions, and health outcomes and overall quality of life improve when comprehensive home and community support services are available to them.

When we can be responsive to the needs of seniors and caregivers, community support can have a direct impact on the utilization of long-term-care beds and visits to the emergency room. For example, we recently received a call at the VON office from a daughter who, two months earlier, was trying to get her mom placed into long-term care and wondered how she was going to cope until that happened. Through the South East LHIN aging-at-home program, which we refer to as SMILE—Seniors Managing Independent Living Easily—mom was assessed as being at significant risk and the specific needed services were identified. Community services were put in place immediately. A tailored care plan was supported and services were brought in by existing community support services. There were services in pretty much every day. When the daughter called back to the VON office, it was to thank all involved for the support they were receiving and to let us know that they had actually declined a long-term-care bed, as her mom is managing quite well during the day with support and she, as a caregiver, is feeling much more supported and less stressed. That's what we like to hear, and we hear it quite often.

Here is the key: What was provided in the story I just shared is a more cost-effective means of health delivery than institutional care. Investing in home and community

care frees up hospital beds and unclogs emergency waiting rooms. There are also decreases in long-term-care-home placements and long-stay hospitalizations, both at lower costs to the health care system.

Initiatives such as Home at Last and the SMILE program focus on those seniors most at risk of going to long-term care or the emergency room. These initiatives mobilize existing community resources quickly to respond to seniors with immediate needs and support them outside of the hospital.

A common assessment tool is being piloted in the South East LHIN community support sector to allow us to identify seniors most at risk and target resources that will support their independence and divert them from emergency rooms. It is our position, then, that funding for community-based health services in the 2010 budget be preserved and that strategic investments be considered.

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One such strategic investment is to support the implementation of a common assessment instrument provincially in the community support sector. The selection process of the tool will be complete by March 31, 2010: a year early. In last year's pre-budget submission, OCSA requested this, and we thank you for following through.

A speedy implementation will do much to ensure that services are targeted to those who will benefit most. The data that the tool generates will be extremely valuable for decision-making at the service delivery, funding and policy levels. We encourage you to invest sufficient resources so that the community support providers can implement the common assessment instrument without negatively impacting their ability to provide service or continue the work they do within their LHINs to improve the health care system.

Maintaining and enhancing funding levels for home and community support services is consistent with consensus opinion that these services are an effective and affordable means of delivering health care. We urge you to maintain funding to the LHINs and support new funding initiatives to help people continue to live at home.

The creation of the harmonized sales tax will provide the home and community support sector with some challenges. While we recognize that steps have been taken to ensure that the impact on charities will be fiscally neutral, we ask that you monitor the situation as the HST is implemented to identify any unanticipated consequences. We also ask that the home and community support agencies be provided with the same transition funding support as will be provided to small businesses.

Another concern is the serious shortage of home and community health workers in all areas of the province, particularly here in our community. One of the reasons for this difficulty in recruiting and retaining workers is the disparity in compensation and working conditions between the community health sector and the institutional health sector. We urge the government to look at this

disparity, including the absence of a pension plan for workers in the community health sector, which is a barrier to the mobility of workers across health care.

Personal support workers are extremely important to our sector. These workers provide 70% to 80% of the care in the community. There has been concern recently for the quality of the training provided to these important workers. Public confidence and the confidence of employers have been undermined by media reports of abuse situations and inadequate training. We urge you to provide resources for the monitoring of the training organizations to ensure quality of training, and we ask that you look at resource development for a worker registry to track training and employment of personal support workers. This would assist employers and restore public confidence.

In closing, we encourage MPPs to think strategically. Investing in home and community services now will save the government money in the near future and will improve the health of Ontarians.

I would just encourage you, for further information around community support services, to go to the OCSA website at [www.ocs.ca](http://www.ocs.ca). For research relating to the impact of home and community support services, there's a wonderful website: CRNCC. It's the Canadian Research Network for Care in the Community, and it's sponsored by Ryerson University. There's Canadian and international research housed on that website.

Thank you for your time.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you very much. I will turn it over to Mr. Miller.

**Mr. Norm Miller:** Thank you for your presentation. To help me understand a little bit more about your organization: You said at the beginning that you have 21 sites and 10,000 staff? Is that VON or is that—

**Ms. Lori Cooper:** That's VON, yes. VON has 21 branches across Ontario and we are one agency of the community support network.

**Mr. Norm Miller:** So those 10,000 people, does that include the volunteers as well?

**Ms. Lori Cooper:** Yes, staff and volunteers within VON across the province. For staff and volunteers in the community support sector across the province, we would be looking at, I think, around 150,000.

**Mr. Norm Miller:** In terms of your funding and access to your services, I assume that somebody trying to access your services accesses them through the CCAC. Is that correct?

**Ms. Lori Cooper:** Not community support services; not generally. People can be referred directly. We're funded directly by the LHIN. VON is a bit of an anomaly in that we sort of have two sides to our business. We are a contracted service provider with the CCAC—nursing and PSWs—and we also have a community support side. So they would be the programs like adult day, Meals on Wheels and volunteer transportation.

**Mr. Norm Miller:** Okay—all the programs you mentioned, then. As you correctly pointed out, those

programs help especially to keep seniors in their homes, out of long-term-care homes and also out of hospitals.

**Ms. Lori Cooper:** Absolutely.

**Mr. Norm Miller:** Certainly in my area, one of the big challenges for the hospitals is—I think at one point, almost 50% of the acute care beds in the hospital were being occupied by alternate-level-of-care patients.

**Ms. Lori Cooper:** With nowhere else to go. Exactly.

**Mr. Norm Miller:** Now, your common assessment tool—basically, your ask is to maintain funding, which, as you say, comes through the LHIN—

**Ms. Lori Cooper:** Yes, it does.

**Mr. Norm Miller:** —and also, though, to invest in this common assessment tool.

**Ms. Lori Cooper:** Right.

**Mr. Norm Miller:** So can you tell us how this common assessment tool is going to make sense and how much it would cost as well?

**Ms. Lori Cooper:** I can. Now, how much it would cost provincially might be a little—but I can give you some examples. A common assessment tool has been seen as very desirable within community support. Community support services, by nature, are often—their history is very grassroots, so they've developed in a lot of different ways. A common assessment tool is going to be very valuable for us for two reasons: to show the impact of the services if we have a standard measurement of the functional ability of our clients, and to monitor the impact of any intervention that's put in place. So our goal is to be able to target the resources we have to those seniors who are most at need, and we need a validated assessment tool and the structure around that to do so.

We've been piloting one in the South East LHIN, and it has been very successful. It's early days, but it's enabled us to draw data, and also to just sort of pilot the whole change management and implementation piece. So that's very exciting, and there is a desire provincially to be able to implement such an assessment tool.

**Mr. Norm Miller:** And is it millions of dollars or is it hundreds of thousands of dollars or how much?

**Ms. Lori Cooper:** I would say that it's hundreds of thousands of dollars.

**Mr. Norm Miller:** Okay. And you mentioned the HST and that it's going to, I guess, be an extra cost for you in your sector.

**Ms. Lori Cooper:** Yes.

**Mr. Norm Miller:** Do you have an estimate of how much it will cost you and what effect that will have in terms of the services you're able to provide?

**Ms. Lori Cooper:** I have to say that I don't, specifically. The concern is that the community support sector has not been terribly well resourced on the IT and IS—information systems—side of things in the past, so the introduction of the HST is a particular challenge for some of the smaller agencies in particular.

**Mr. Norm Miller:** Thank you.

**Mr. Toby Barrett:** Do we have a minute?

**The Vice-Chair (Mrs. Laura Albanese):** Yes, we do. One minute exactly, Mr. Barrett.

**Mr. Toby Barrett:** Very quickly, we have been hearing a bit about the cost-effectiveness of home care as we've been travelling this week. You asked us to think strategically, and I'm wondering to what extent—when I think of the pressure that hospitals tell us they're going to be under this year, and they talk a bit about the fact that they have patients who would be better served perhaps at home or in a long-term-care facility, are you speaking with one voice with respect to presenting the same message in conjunction with the hospitals across Ontario?

**Ms. Lori Cooper:** I think we're speaking very much with one voice, probably more so now than even six or seven years ago. I mostly speak from local experience, but the hospitals and community support sector are working together much more closely on initiatives such as Home at Last, which you may have heard of because that is provincial. They're a very good example to start with, and it's really quite simple: Home at Last is an intervention in the emergency department that identifies seniors who are at risk and would benefit from what we call instrumental activities of daily living, the IADL supports, that community support services can provide. The hospital identifies them early, and there are working agreements in place so that we can respond quite quickly in the community. So the CCAC is in to do a quick assessment and community support services are in within 24 hours so that we can transition folks from the emergency room to home and ensure that that diversion back to home is successful and they're not showing up in the emergency room a couple of days later. Because it's often very practical supports that are missing when people feel they're not able to cope at home.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you. I apologize; the time has expired.

**Ms. Lori Cooper:** Thank you very much.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you very much for your presentation.

1410

#### TOWN OF SMITHS FALLS

**The Vice-Chair (Mrs. Laura Albanese):** I now call on the mayor of the town of Smiths Falls, His Worship Dennis Staples. Welcome. You will have 10 minutes for your presentation, and that could be followed by five minutes of questioning.

**Mr. Dennis Staples:** Dennis Staples, the mayor of Smiths Falls. Thank you for this opportunity, and thank you for moving me up in the agenda.

You have a copy of my handout, which I'm actually going to read from, and then hopefully I'll have some comments and questions.

Again, thank you for the opportunity to meet with you this afternoon and provide input into the discussions related to the 2010 pre-budget consultation process.

There are two parts to my presentation: a bit of background, and then the issue which I'd like to raise with you this afternoon.

The background: The town of Smiths Falls, as previously reported to you as part of the 2007, 2008 and 2009 Ontario pre-budget consultation processes, continues to face significant local economic challenges due to permanent job losses related to the closure of the Rideau Regional Centre, the Hershey chocolate plant, the Stanley tools plant, the Flakt plant, and in addition, more recent job reductions associated with the Ottawa Valley Railway line, Shorewood Packaging and Grenville Castings.

The combined impact of the job losses and reductions mentioned above exceeds 1,700 jobs in our town of Smiths Falls, which had a population of approximately 8,800 in the last census.

During the past three to four years we have seen a significant amount of capital infrastructure activity take place in Smiths Falls, including a new high school, new water treatment plant, the redevelopment of the Smiths Falls site of the Perth and Smiths Falls District Hospital, a new arena—those four projects total \$105 million in capital, which is rather significant—and also plans to create a new headquarters for the Ontario Provincial Police eastern region, which will be happening this year.

We are truly appreciative of the efforts and support of the Ontario government in your consideration and approval to move forward with these major projects, which will greatly assist in the economic recovery of Smiths Falls, and I mean that sincerely.

However, our number one priority is and will continue to be finding solutions to replace the significant number of jobs we have lost, which represents the most serious economic challenge in the history of Smiths Falls.

What's not here, and I can give you an example: Over the history of our community we've had companies come and go—RCA records, Wire Rope, Croydon Furniture. However, being born and raised in Smiths Falls, I will say this is the first time we've had our three or four major employers all deciding to leave at the same time. That has created an extraordinary challenge for us, and I think the government and the people around this table are truly aware of that.

The issue I have to discuss with you today is one that will not relate to any cost implications for the Ontario budget, and I'm speaking as mayor and as an accountant as well.

During the 2009 pre-budget consultation, which I attended last year, we raised a concern related to lottery licensing that still remains as an important issue and significant opportunity for the town of Smiths Falls.

Over the years, the town of Smiths Falls, similarly to many communities throughout the province of Ontario, has benefited from local service clubs and other groups that have contributed funds from their local fundraising efforts to provide a number of recreational and cultural improvements, such as ball diamonds, tennis courts and

arena upgrades. The list goes on and on, and I know you're well aware of them.

Current regulations contained in the lottery licensing manual do not allow the municipality to receive lottery proceeds for the purpose of capital costs, repair or leasehold improvement of property owned by the municipality. That's really the issue.

Presently the town of Smiths Falls is building a new arena, and a number of local service clubs and other groups are interested in assisting with raising funds through their various projects and related activities, such as bingos, raffles, Nevadas etc., which in fact require a local licence in accordance with the Alcohol and Gaming Commission of Ontario. However, the municipality is not able to receive the funds from these organizations from their local events and activities associated with bingos, raffles, draws etc.

Based on advice and direction received last year from the Minister of Municipal Affairs and Housing related to this issue, we did formally contact the federal Minister of Justice and the Attorney General of Canada, as we were informed that this issue relates to the Criminal Code of Canada.

To this end, we have not been successful in achieving a resolution at either the federal level or provincial level of government to simply enable the town of Smiths Falls to receive funds from licensed activities undertaken by local service clubs and other organizations for the purpose of local recreation and cultural initiatives that they freely choose and wish to support.

Furthermore, it is interesting to note that those municipalities that receive a portion of gross slot machine revenues from charity casinos and slot operations at race tracks can use these proceeds to offset local infrastructure and service costs in accordance with the Ontario Lottery and Gaming Corporation Act.

Thus, the request being made today by the town of Smiths Falls—and I might also add, on behalf of the service organizations that have asked me to raise this issue—is both reasonable and warranted to allow to us to proceed with a justifiable local solution to meet an important local need. Simply, we are requesting support and approval from the Ontario government to allow the town of Smiths Falls to receive funds from local organizations to assist with local recreation, sports and cultural initiatives on property owned by the municipality. We also request support from the Ontario government to advocate and assist with this request at the federal government level, if required, to resolve this matter.

The last paragraph is, once again, to thank you.

One thing I didn't mention in here is that—and this happened twice this week. I was at a meeting of our local Lions Club last night, on invitation to speak to them. I'm also a member of our Smiths Falls Rotary Club, and we had a club assembly earlier this week. The Rotary Club raised an example with me. We're trying to find out how the Rotary Club can assist with the repair of the centennial fountains that they funded, or jointly funded,

in 1967, which require repair. The issue is, because it's on municipal property and the Rotary Club raises its funds predominantly from two activities—a weekly bingo, which I'll be working at tonight when I get back home, and a Nevada draw; we have it at one of our local Quickie stores—we're prevented under this legislation from even accepting funds to repair a project that they assisted with 43 years ago.

I hope I've described this appropriately. The request is to find a way that we can receive these funds to meet local needs and requirements.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you for your presentation. I would ask Mr. Prue if he has any questions.

**Mr. Michael Prue:** Well, I do, but I think first I have a comment. In terms of asking the province to—I don't know how the committee would make that kind of a recommendation. I suppose we could. We'd have to ask the members of the government, on that side, to take it forward, to ask the minister to try to intervene with the federal government. I don't know whether we can do a whole lot more than that. So I'm going to personally ask them to do that on behalf of us now, if they can take this issue forward. I don't really think that as a committee, though, we can do that.

**Mr. Dennis Staples:** Thank you for that. We raised this last year in Ottawa when we had our two minutes on the mike with Finance Minister Duncan and Municipal Affairs Minister Watson, and as a result of that they suggested we write and outline the situation.

I should add that one issue that we have resolved as a one-off is that our local Kinsmen Club had been raising money for four or five years from a TV bingo to build a field house at one of our parks for the use of our youth. That agreement has been reached through a one-off situation, but for anything going forward we have to find a way to change the—I call this a red tape issue or a bureaucracy issue.

I'm using this today as an opportunity to acquaint all of you with this situation, which might be the case in your own communities as well. That would be a solution that would help us going forward with remedies and opportunities.

**Mr. Michael Prue:** If I might also add some advice. A long time ago, in 1967—or 1966, actually, to be exact—the incoming mayor of East York, True Davidson, set up the East York Foundation. We found it a wonderful tool, even post-amalgamation, because some of the things were owned by the foundation, such as the statues in the park, some of the properties and all of the historical artifacts. It was tax-free and the municipality could get around that stuff. So I think setting up a Smiths Falls foundation may, in the short term—it requires a private bill in the Ontario Legislature, but it may help you to get around it.

Having said that, I want to get to the true—I travel often to Ottawa, but don't often go up through Smiths Falls. I take the fast route, but last year I decided to go through Smiths Falls after you had made your

presentation. I went up during the summer and walked around for a half hour or so and looked at things, and tried to determine—really, it was sad. Although I did see some new buildings and I saw some life, seeing shut factories—how many people have moved out?

1420

**Mr. Dennis Staples:** I was anticipating that question. I don't have a number. I know the majority of people who have been affected continue to live in our community and find work in Ottawa.

**Mr. Michael Prue:** Yes, and commute.

**Mr. Dennis Staples:** I know that people have had to relocate to other communities for work—at this point in time, not a huge number. Some people have been able to retire, and others have opened their own businesses. But to date, we've been able to keep our head above water and keep those people living in our community.

**Mr. Michael Prue:** What you outlined here, is that sufficient for the community, in the short term, to continue going ahead? Smiths Falls must be well in excess of 100 years old as a town.

**Mr. Dennis Staples:** It was founded around 1850.

**Mr. Michael Prue:** So we're looking at 160 years of progress to get here. I would hate to see it just sort of shrivel.

**Mr. Dennis Staples:** I would also add, in response to that question, that we are working on some leads. We had an announcement last June with respect to a potential new occupant of the Hershey plant. That deal is not yet finalized. It's a beverage company that would create 160 jobs. We've been working specifically for the last four or five years with the Minister of Economic Development and Trade, and I've had some discussions with the Premier, about potential reuses of the Rideau Regional Centre, a place where I used to work when I was an Ontario public servant. We're also working on some other leads for some other vacant space we have in Smiths Falls. So we're optimistic we can find some solutions, but to date we've not made any significant inroads into the job losses, which total 1,700.

**Mr. Michael Prue:** Is there anything the finance committee can recommend that will help you?

**Mr. Dennis Staples:** Yes, looking at the public property, which is the Rideau Regional Centre; to work aggressively with us to find creative reuses for that. We have developed some plans and are working with some interested parties. To look at that serious matter, to find a solution that would not only benefit us but would benefit the Ontario government in terms of tax revenue—that support would be very much welcome from everyone around this table.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you for appearing before the committee this afternoon.

PERTH AND SMITHS FALLS  
DISTRICT HOSPITAL  
BROCKVILLE GENERAL HOSPITAL

**The Vice-Chair (Mrs. Laura Albanese):** We now call on the Perth and Smiths Falls District Hospital representatives to come forward. Good afternoon. You will have 10 minutes for your presentation, and that could be followed by up to five minutes of questioning. This rotation will come from the government side. Please state your name before you begin, and after that, as soon as you're ready, go ahead.

**Mr. Tim Carter:** Good afternoon. My name is Tim Carter. I'm the chair of the Perth and Smiths Falls District Hospital. On my left I have Hugh Bates, who is the chair of the Brockville General Hospital, and on my right I have Ray Marshall, who is the president and CEO of the Brockville General Hospital.

Hugh and I would like to take this opportunity, first of all, to thank the members of the Standing Committee on Finance and Economic Affairs for affording us the opportunity to offer our input on the upcoming budget. The Perth and Smiths Falls District Hospital is a multi-site hospital corporation located in the heart of the Rideau Lakes region, at the midway point between Ottawa and Kingston. We provide quality care for acute and chronic in-patients, as well as emergency and ambulatory care, to a population of 44,000 in Lanark county from a two-site hospital. The hospital employs approximately 560 dedicated professionals and is undergoing an exciting \$43-million redevelopment of one of our sites in Smiths Falls. The scheduled completion date is March 2011. We're profoundly proud to have the best patient satisfaction scores within the South East LHIN, the best emergency department wait times, and we are one of only seven hospitals in the province of Ontario to receive the distinction of high-performing hospital for acute and emergency care.

The Brockville General Hospital is a 141-bed community general hospital serving the united counties of Leeds and Grenville. The two sites of the hospital provide a comprehensive range of services, including acute, complex continuing, rehabilitation and palliative care services, along with the associated diagnostic and support services, to a catchment area of approximately 60,000 people. The operating budget is approximately \$59.5 million, and the hospital employs 700 staff. The Brockville General Hospital consistently meets or exceeds wait-time targets for services such as orthopaedics, general surgery and ophthalmology. Outpatient satisfaction scores average 95%.

Our organizations wholeheartedly understand the financial and economic crisis facing the province of Ontario. The situation is serious, and government revenues have fallen dramatically. The people of Ontario want hospitals, local health integration networks and the Ontario government to work in collaboration to ensure that we are all focused on practical and realistic solutions that protect access to patient care.

Without question, during these unprecedented times, the government of Ontario, the Brockville General Hospital and the Perth and Smiths Falls District Hospital share the same vital objective: to avoid actions that would significantly erode access to patient care, compromise the integrity of valued clinical services and destabilize the lifeblood of our organizations, that being the hands and hearts of our organizations—our staff.

As you can appreciate, funding increases have not kept pace with the pressure of costs, which have increased in the 5% to 6% range annually. Labour costs represent approximately 70% of our annual operating costs, and centrally negotiated contracts represent more than 90% of those labour costs and have increased, on average, 2.5% for 2010, as well as approximately a 1% increase as a result of employees stepping up in their seniority. Operating costs increase every year, almost entirely due to factors outside of our immediate control such as utility costs, collective bargaining settlements and arbitrations, enhanced regulatory standards, enhanced infection control requirements, and mandated yet unfunded government programs and reporting requirements, to name a few. Our ongoing struggle with financial health is critically dependent on receiving adequate funding. Eighty per cent of our funding stream is LHIN-dependent. In fact, our ability to meet our promise to be there in a time of need is becoming increasingly compromised by daunting financial pressures and lack of adequate funding.

**Mr. Hugh Bates:** Ontario hospitals are the most efficient throughout the nation, and both of our respective organizations demonstrate great leadership to ensure that our hospitals are most efficient.

The Perth and Smiths Falls District Hospital and Brockville General Hospital have demonstrated leadership in this area by being actively involved in regional supply chain management initiatives, back office integrations, “lean,” and identifying and achieving further operational efficiencies. Despite our annual efforts, we continue to look for further potential efficiency savings and revenue generation initiatives, but these opportunities are becoming more and more limited without impacting patient access. We have demonstrated maximum operational efficiencies. Based on industry-accepted efficiency measures, the Perth and Smiths Falls District Hospital and the Brockville General Hospital score highly. To cite an example, the Perth and Smiths Falls District Hospital, according to ministry data, is the only hospital in the South East LHIN without potential savings, yet they continue to strive unwaveringly for commitment to fiscal responsibilities, to try to generate the shortfalls.

The complexity of operating a multi-site organization, where the fixed costs are higher than the single-site organization, is higher. This further reinforces our position that we are underfunded.

The economic challenges have made it difficult for the government of Ontario to provide the LHINs and hospitals with hospital operating targets for the 2010-11

fiscal year. As a result, LHINs and hospitals have revised their planning process for the 2010-11 fiscal year, and hospitals have been requested to provide their LHINs with scenarios derived from various funding assumptions of 0%, 1% and 2%.

Mr. Carter and I contend that a minimum of 2% hospital funding increase in hospital base operating funding for 2010-11 is reasonable and responsible in these economic circumstances. A minimum threshold of 2% will help to minimize the negative impacts on patient services. Even with a 2% increase in funding, Brockville General Hospital will be required to realize \$1 million in efficiencies, and the Perth and Smiths Falls District Hospital will generate a deficit of \$262,000. A 2% increase will also help to maintain public confidence in our hospitals and the health care system. The stark economic reality is that anything less may very well result in the erosion of clinical programs and services in our respective rural areas where we are the only game in town. I need to emphasize that even with a 2% funding infusion our two hospitals will be left with a shortfall.

**1430**

**Mr. Tim Carter:** We’ll jump right into our conclusion.

**The Vice-Chair (Mrs. Laura Albanese):** You still have two and a half minutes.

**Mr. Tim Carter:** Okay. One of the best indicators of short- and long-term financial viability is working capital. Ontario’s hospitals currently carry in excess of \$1 billion in working capital deficit on which they pay approximately \$20 million per year in interest charges. Our hospitals’ working capital levels have deteriorated since the mid-1990s. In fact, cash flow is an oxymoron. The combined working capital deficits of our two hospitals totals \$8.3 million.

We know that the OHA has requested an opportunity to work with the Ontario government to address this daunting challenge, and we’re hopeful that the government will agree and help us to resolve this long-standing fiscal challenge.

Our recommendations for the 2010-11 Ontario budget are as follows: We ask and we seek a plan that would include a minimum 2% increase in operating funding, resolution on working capital deficits and transformative changes to promote long-term viability in the Ontario health care sector, specifically securing a minimum 2% for 2010-11, the resumption of multi-year funding beginning in 2011-12, and prompt resolution of the hospital working capital challenge.

We ask for the assistance of the government to eliminate hospital working capital deficits. Negative working capital prevents our organizations from investing in efficiency-enabling technology. Millions of dollars that could be spent on improving patient care are now being diverted to pay bank interest costs.

Without question, in rural Ontario, community hospitals such as ours are a safety net. We are a critical pillar supporting our communities. We are an essential

asset to our communities' balance sheet. Indeed, we are the anchor of the local health care system.

Today is a time for investment, not erosion. The Brockville General Hospital and the Perth and Smiths Falls District Hospital are committed to continued demonstration of fiscal responsibility, and we will work in a spirit of collaboration with our LHIN and the government.

Both of our organizations have always exhibited leadership and accountability, but we require adequate operational funding to ensure ongoing access to high-quality care for the betterment of our residents. They should expect nothing less.

Thank you for the opportunity. We'd be pleased to answer any questions.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you for appearing before the committee today. Mr. Rinaldi.

**Mr. Lou Rinaldi:** Madam Chair, I would offer that if there is anything else, I would give some of my time. If there's something else that you jumped over that you wanted to make sure we hear, I think it's important that we hear it from you.

**Mr. Tim Carter:** Thank you very much.

**Mr. Lou Rinaldi:** If there is time, then I will ask a question. If not, take the time you need.

**Mr. Tim Carter:** Hugh, did you want to go back?

**Mr. Hugh Bates:** Maybe we will just take a minute, then, with the alternate level of care.

An ongoing issue for our organizations is health system capacity. This remains a serious challenge for our two organizations and for other community hospitals across the province.

We are currently operating at nearly 100% capacity. Across the province, approximately 17% of Ontario inpatient capacity is now occupied by patients in need of care in another, more appropriate setting, such as assisted living, palliative care, long-term care and home care. That's up from approximately 8% just four years ago. At Perth and Smiths Falls, this figure is 18% to 20% for alternate level of care, or ALC, as we refer to it. It has increased by 4% to 7% over the past year.

Brockville General Hospital reached a high of 36% of the 141 beds being occupied by ALC clients in July 2009. The rate remained at approximately 30% for the rest of the fall. Actions implemented in December 2009 by the South East access centre and the South East LHIN have resulted in a reduction of the percentage to 17% by the end of December.

Large numbers of alternate-level-of-care, or ALC, patients can cause delayed surgeries and long waits for care in our emergency department. While efforts are well under way to tackle the ALC patient challenge in the whole province, capacity to care for these patients outside the hospital setting does not yet exist across the province or consistently across our LHIN.

In today's constrained fiscal environment, the issue of health system capacity is of particular concern. We encourage the government to increase investments in community-based health services and community care

access centres. Offering appropriate care outside is less expensive and better for patients and their families. That's in reference to the alternate-level-of-care patients that we all look after.

**The Vice-Chair (Mrs. Laura Albanese):** Mr. Rinaldi? Two and a half minutes, more or less, for questions.

**Mr. Lou Rinaldi:** Thank you.

Thanks for coming today and for a very thorough presentation—and, I guess, to congratulate you on the fine work you do, because, from your achievements on page 2, I think it speaks very highly of how well you look after the communities.

Can you give me some sense—you work your scenario around a 2% increase. You show some shortfalls of some \$1 million and \$200,000, respectively. Can you be a little bit more specific on what the outcome of those shortfalls will be?

**Mr. Tim Carter:** In the Perth and Smiths Falls District Hospital situation, we have already looked for efficiencies and found approximately \$350,000 of efficiencies; \$270,000 beside that is left in a deficit that we would run for 2010-11 with a 2% increase. What does that mean? That means to us that we're going to be looking at cutting programs and services. We have nothing else in our organization that we can find to find that \$270,000.

Maybe I'll turn it over to Hugh and Ray for their million-dollar situation.

**Mr. Ray Marshall:** For our million dollars, what we would be looking at is that there are some efficiencies that we're still looking at. One of the things, for example, is solar power. We know that the government has initiatives where we can put solar panels on the roofs of our buildings and potentially sell back the energy into the grid. A lot of the other things are looking at changing the models of care in the organization, changing the staff mix from RNs, RPNs to personal support workers. That has a cost of—the way we do that is, you have to lay off people to create the new positions. So those are the sorts of things we're looking at.

**Mr. Lou Rinaldi:** Thank you, Madam Chair.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you very much for your presentation today.

We're going to take a short recess. We're waiting for our next presenter to arrive.

*The committee recessed from 1438 to 1441.*

#### ONTARIO ASSOCIATION OF RESIDENCES TREATING YOUTH

**The Vice-Chair (Mrs. Laura Albanese):** We're back in session, and we welcome the Ontario Association of Residences Treating Youth. Good afternoon.

**Mr. Terry Stevenson:** Good afternoon. How are you?

**The Vice-Chair (Mrs. Laura Albanese):** Fine, thank you.

**Mr. Terry Stevenson:** You must be glad to be getting things moving along so you can get out for a Friday afternoon.

**The Vice-Chair (Mrs. Laura Albanese):** Yes, we're trying.

You have 10 minutes for your presentation, and that will be followed by up to five minutes of questioning. In this rotation, the questions will go to the official opposition. You may state your name for the purposes of our recording Hansard, and then you may begin any time.

**Mr. Terry Stevenson:** I'm Terry Stevenson, president of OARTY.

**Mr. Mark Williams:** I'm Mark Williams. I'm a director with OARTY.

**Mr. Mark Higgins:** I'm Mark Higgins, a director with OARTY.

**Mr. Terry Stevenson:** We are here representing OARTY, the Ontario Association of Residences Treating Youth. As I mentioned, I'm the president, and with me are fellow board members Mark Higgins and Mark Williams.

OARTY is a provincial association representing approximately 70 member agencies, which has been providing high-quality residential care and treatment services since 1971. Roughly 4,000 children, youth and young adults are cared for annually within this sector, representing approximately 25% of the children in residential care in Ontario.

Our children are among the most damaged, difficult and challenging children and youth in Ontario. Fifty-three per cent have disabilities requiring intensive support for the rest of their lives; 26% are diagnosed with moderate to severe intellectual disabilities; 24% have experienced both physical and sexual abuse; and 14% have no speech. Fifty-one per cent of these children have lived in poverty their entire lives. We welcome these children into our care when the CAS system finds it cannot care for them; when CAS homes or Children's Mental Health Ontario agencies choose not to take or don't have the expertise to manage them because they do not have the treatment programs these children need.

The whole province is keenly aware of the budget crisis facing the government, and we're no exception. We are here today to tell you about an efficient, effective system of care for the province's most vulnerable that can save the government money. In this capacity, OARTY is working with the CAS commission established by MCYS and working toward a sustainable future for child care.

OARTY programs are paid for by the government of Ontario through the provincially funded children's aid societies and other programs. OARTY agencies provide services on a fee-for-service basis, or a per diem. We receive payment only when beds are occupied. This per diem figure is an all-in cost encompassing capital expenses, staffing, food, clothing, transportation and treatment. The per diem figure varies between OARTY members, depending on the nature of the treatment services being offered.

OARTY members are experts at managing budgets while maintaining high-quality care. We are a vital part of the child welfare system. We have a model that is accountable, transparent and cost-efficient. We are working toward third party accreditation for all our members by 2012, and we have been speaking with MCYS and MCSS about our six-point plan to improve the child welfare system in Ontario. We would be happy to provide you with a copy of this plan.

**Mr. Mark Williams:** Independent service providers can assist the government in these economically challenging times by offering a model of care that is cost-efficient and child-centred. Given the deficit Ontario faces and the current funding crisis facing the child welfare sector in particular, OARTY believes that the care and treatment of our children must remain a priority and that we can offer tangible solutions for the child welfare sector.

Independent residential care providers offer excellent care at a fraction of the cost that CASs charge. We are a significantly cheaper alternative to the CAS because we are funded on this fee-for-service basis. It is a completely accountable and transparent funding model. It is also well supervised and accountable to government through audits of services, audits of financial statements and various other mechanisms.

OARTY members have the expertise to care for the most damaged children in the province. We have cost analyses and studies that show the savings of a per diem system where the funding follows the child. We want to work with you to create an Ontario that has the capacity and ability to provide superior care and treatment for the children and youth who need it most. OARTY believes that it is vital to ensure that the neediest children do not bear the brunt of the burden of these challenging economic times.

So why are we here today? Largely because government, in its broadest sense, continues to talk a good line about children and then fund them inadequately. We are not here to lecture the current government. All three parties have done less than they could have and should have for children in this sector.

The per diem rates that support many of the children in our care were set during the Peterson government. The last major funding adjustment was a significant clawback in the early 1990s under Bob Rae's social contract. This means that OARTY members are caring for the province's children at rates set almost 20 years ago, with no cost-of-living increase since then.

To put the numbers into context: Some of the children in our care are funded by the province for \$6 a day for food. At this rate, OARTY homes are struggling to afford healthy food and proper nutrition. Is this okay with you? What \$6 bought in 1987 would cost \$9.90 today. It's still not a princely sum, but certainly better.

In the 2004 budget, the government provided a 3% increase to the base budgets of transfer payment agencies. The government also provided \$25 million in 2004 and \$38 million in each of 2005 and 2006 to

transfer payment agencies for programming. OARTY agencies did not receive a dime of that money. Is that okay with you?

Let's look at the chart of who our kids are again. Is it okay for the blind kids, the 53% with disabilities requiring intensive support for the rest of their lives, the one in four who are diagnosed with moderate to severe intellectual disabilities, the one in four who have experienced both physical and sexual abuse and the 14% who have no speech to be cut out of the monies invested by the government and to forgo their share? Or does the refusal to change this indicate that we accept that these children have no share? Surely not.

**Mr. Mark Higgins:** Since 2001, we've been speaking to civil servants in both the MCSS and the MCYS, and they've patiently explained that we don't get any of the money because, under the current system, there is no funding mechanism in place to flow money either directly from the Ministry of Children and Youth Services to OARTY agencies or that mandates a flow of funds through the children's aid societies. I'll say that again. The money's there; it gets to the CASs, but there's no mechanism to get it from the CASs to the private sector operators.

The effect of a lack of funding flow-through mechanism is that 75% of kids in the care of the province are receiving 100% of the money. Both the Ministry of Finance and the Ministry of Children and Youth Services are aware of the funding inequities in the child welfare system, but this flow-through issue has yet to be resolved.

Meanwhile, since 2003 the cost of children's aid societies across Ontario has increased at the same rate, 32%, that the provincial government's revenues have increased. Children's aid society funding has gone from \$500 million to \$1.4 billion in the last 10 years.

Every year, the children in our care fall farther and farther behind the children in the direct care of the CASs. This underfunding is both lamentable and the reason we can offer ourselves now as models of economic probity. We don't have the economic margin to be anything other than efficient.

The return that the government will get from an investment in our sector is significant. We deliver care and treatment for broken, damaged, vulnerable and abused children. We do it more economically than anyone else, with no trade-off in quality and care. We are the people the CASs turn to when they cannot manage the complex and sophisticated care of 4,000 children.

**1450**

The current child welfare system is in dire straits. CASs are facing increased caseloads, which are increasing costs, and they are unable to meet demand. We have a cost-effective, transparent model that will allow more children to get access to the treatment and care they so badly need without incurring budget deficits, overruns or inefficiencies.

We think that the children in OARTY homes need and deserve a fair share of the money that the government is

giving to sectors that are providing the same services. Don't you? We hope so, because the only chance these children have for equity is with you. Thank you.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you for this very interesting presentation. It's the official opposition's turn. Mr. Shurman.

**Mr. Peter Shurman:** Thank you very much for a passionate presentation. I find it rather interesting to listen to what you have to say, particularly as the CASs funnel into this. In my own riding and those of my colleagues—it's not particular to my party—CASs are making requests for funding this year that are marginally above what they got last year and, in cases that I know of, are not only not being matched with funds that are equivalent to last year, but are experiencing reductions. Under those circumstances, it sounds to me like they're not going to be able to meet the loads that they were and there will be more on your plate. But with what you describe in terms of the transfer mechanisms, or lack of them, our kids are in even worse shape than what you're describing.

**Mr. Terry Stevenson:** Yes, it's one of the issues that we've been trying to address. Agencies have been trying to pull their kids in, so they've been removing them from care despite the fact that they're in good care, in good homes and have developed attachments, in order to rein in their costs. They're beginning to start pulling their kids out of care and bringing them into their own system, which they erroneously see as being less expensive than ours, in part because they have transfer payment funds and the way the system looks at or budgets these kinds of matters is they simply say, "We only pay \$70 a day," say, for a foster parent, not including all the treatment costs, all the management costs, all the supervision costs, whereas our costs are all-in. When you pay the one cost that you're paying for us, you're getting the treatment, the foster parents, the supervision, management, all the care pieces.

**Mr. Peter Shurman:** Did I hear you say that the rate remains at \$6 per day per child and has been that way for 20 years?

**Mr. Mark Higgins:** The budget line for food has remained unchanged at \$6 a day.

**Mr. Peter Shurman:** How do you fund? Because you can't do it on \$6 a day.

**Mr. Terry Stevenson:** No. We end up having to try and take away from other aspects. We run as tight as possible with administration. We have staff who are underpaid, as well, and continue to be underpaid as we funnel money into trying to pay for food costs, clothing costs that have gone up, those kind of things.

The only possibility for an increase for us is to go back for a rate review, and during those times we have to demonstrate that we have significantly changed our program in order to go through to the ministry, and then we go line by line through a budget to establish the kinds of monies that we need. In those particular cases, it's very different depending on which region you're in, and in some regions, they still say, "Well, it's \$6 for food."

That's all we're going to pay you for this. We'll give you so much for clinical or we'll give you so much for transportation, but we're only giving you \$6 for food."

**Mr. Peter Shurman:** You seem to take quite a great deal of pride, as you should, in handling what you have described as the most broken children. Is this an approach, if the government—any government—were to buy into the per diem approach, using organizations and agencies under your umbrella, that would work across the board, a per diem, a better funding formula? Is that what you're saying?

**Mr. Terry Stevenson:** We believe so. We're meeting with the CAS commission next Wednesday, in part to discuss this kind of model. One of the pieces of data that we've been able to finally access indicates that in transfer payment agencies—for example, there are group homes that are being funded as a transfer payment agency; they get a single budget per year from the CAS. They are often operating at 60% to 70% capacity, so out of eight beds, they are only operating six beds. It's easier for them to do it that way, it's less strain and stress on the staff. So you've got per diem rates that are generally—on average, I think their rates are around \$2.70 a day; our rates are around \$2.35 a day. When you start to factor in the fact that they're only operating at, say, 75% or 70%, those rates go up considerably. On the other hand, if the bed is not filled, we're not getting any money.

**Mr. Peter Shurman:** I'm surprised to hear that there's any agency servicing children anywhere in the province that doesn't have a wait-list.

**Mr. Terry Stevenson:** There are many agencies that are transfer payment agencies that are operating well below capacity.

**Mr. Mark Higgins:** And we find that they transfer their hard-to-serve children to our sector.

**Mr. Terry Stevenson:** They cherry-pick.

**Mr. Norm Miller:** Let me just ask a question: How many kids across the province would you serve?

**Mr. Terry Stevenson:** The private sector serves approximately 4,000, which is about 25% of the general number of kids in care.

**Mr. Norm Miller:** Okay. Thank you.

**The Vice-Chair (Mrs. Laura Albanese):** You have 15 seconds left.

**Mr. Mark Higgins:** One quick one, then. One of the quick fixes that hasn't been mentioned today, and I'll just do it really fast—the history lesson is that before Mr. Harris was Premier, the mechanism went like this: The CAS got an annual increase, part of which was COLA, and the CASs were mandated to pass on the COLA factor to the private operator. So, this year, COLA increase, 3%; private operators, automatically, 3%. When Mr. Harris came into office, in part of the cost-cutting mechanism that he set up, the increases continued to flow to the CAS but he dropped the codicil; he dropped the, "And thou shalt give it to the private sector." That's all you'd have to do: same buck; just make sure it flows.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you very much for that.

## SPORT MATTERS GROUP

**The Vice-Chair (Mrs. Laura Albanese):** Next is the Sport Matters Group. Good afternoon. You will have 10 minutes for your presentation, and that will be followed by up to five minutes of questioning. If you could please identify yourself before you start your presentation for the purposes of our recording Hansard. You may begin any time.

**Mr. Ian Bird:** Very good. Thank you very much. My name is Ian Bird, with the Sport Matters Group. It's good to be here. It's good to see many of you again.

In sharing that, I think it's important that you understand a little bit about the Sport Matters Group in that we are a voluntary collective focused on good public policy, especially around sport and physical activity, and in our work, of course, that involves numerous organizations, including such groups as the Sport Alliance of Ontario, Sport 4 Ontario, Parks and Recreation Ontario, and many community sport councils, coaches and athletes. It's a collective mechanism to bring together the ideas and interests of those and to help shape them in a way that helps you do your job in public policy. So that's really what I'm here to do today, to help deal with a few key ideas to inform your budget deliberations and recommendations.

I was an athlete with Canada's Olympic team on two occasions: at the 2000 games in Sydney and at the 1988 games in Seoul, playing field hockey, and in between, many years of training and all that goes into that. Now I'm more of a dad trying to keep the backyard hockey rink clear of snow and allow my kids to participate. So I bring a bit of a range in perspective, and personal experience at the Pan-American Games, which I'll reflect on shortly.

I'm going to be brief in my remarks because I would like to take the kind of questions that you'll have and, in one case, seek your input on one idea around charitable status. But just to summarize, up front, there are three things that we're interested in and that will help you think about good sport policy. What we know that helps any jurisdiction maximize the benefits of sport is the mobilization of three kinds of fiscal tools. The one tool that I think is straightforward and that you would understand is the flow of capital. In the absence of the flow of capital, we're not able to create the infrastructure and the public spaces that are accessible to all, that allow for children and adults to participate in sport and get the benefits that flow from them. The flow of capital is a key ingredient, and you'll hear that that's one of the things that we're seeking: the continuation of a sport and recreation infrastructure fund. That's one.

The second policy tool that is critical is the use of the tax system. In this case, there are many ways we can use the tax system; it happens in Ontario we've used almost none to advance sport and recreation policy. So there will be two ideas that we'll bring to you around the tax system.

**1500**

The third idea, the third way, is governments can invest in and fund initiatives. In that case, we have a legacy program that we want to introduce to you as part of the health promotion agenda, as well as a link-in to the Pan American Games that will be hosted in the greater Horseshoe area in 2015.

The key thing, I think, for your consideration, given your mandate, is to think through the appropriate mix of those three kinds of fiscal policy tools: capital, tax policy, and then the funding mechanisms you have in front of you.

A quick description of sport in Ontario, just to give you a picture if you're less familiar: Obviously, the games are coming in 2015. This is an event that will return between \$1.5 billion and \$2 billion in economic impact to the province and the region, setting aside what, of course, it will do for our athletes, coaches and sports system. Ontario, as you know, has a significant sport volunteer base. It is through volunteers that sport happens in the province and in our communities. The reach of sport is really to every corner and every community in the province.

Recent work by the Canadian Fitness and Lifestyle Research Institute informs us that when we put 36 public cents into a system that promotes physical activity, there's a \$6 savings in our health care system. This is something that we really want to showcase and make sure is part of our health agenda, part of the health promotion agenda, that we are thinking upstream and in prevention and of what sport and physical activity can offer for its health benefits but also for the economic benefits. Looking now at numbers, around 50% of the provincial expenditures will be taken up by health care by 2014 unless we do some things to remediate that further upstream.

Of course, you'll know of the linkages between sport and our education system and the close connections that exist there.

So those are the kinds of things we can talk at length about.

Sport as a community anchor, sport as a place where newcomers are welcome—there's a range of social benefits, but I think we just want to zero in on the actual fiscal strategies that you'll want to include in your recommendations.

The first thing I'd like to describe is this idea of a legacy initiative. The prospect of building a legacy initiative now really adopts something that has been used extremely successfully in British Columbia in the lead-up to the Vancouver 2010 Olympic and Paralympic Games. The idea suggests that throughout the province we can drive the appropriate legacy in sport capacity-building for the particular community's needs. In British Columbia, they were able to use the Olympic and Paralympic Games as a driver for community development and sport development in over 105 communities. That opportunity is now present in Ontario, given that the Pan American Games are coming in 2015. The key ingredient to this is

to establish your fiscal benchmark—and we know this to be approaching 1% of the budget spending through health promotion—and that will give you the tools you need, over the course of those four or five years, to generate the kinds of legacies that are key to the province.

This is particularly important in Ontario, given that the sport system itself has a long history of success but a recent history of coming up short. This is a real opportunity to advance the sport system throughout the province. In particular, it would draw attention to the capacity gap that exists among provincial organizations. There was a time when sport organizations in Ontario led the country. Now, at the level of capacity, they are now seventh or eighth behind such provinces as Nova Scotia, Newfoundland, Quebec, Manitoba, Saskatchewan and British Columbia. So I think there's a window in this next couple of years to begin to shift that trend and bring Ontario's sport system back to where it once was. The appropriate benchmark, for your reference, is an investment level of 1% of provincial spending.

The second thing, as you'll know through the stimulus provisions of recent budgets, is that the deficit on sport and recreation infrastructure, which was sitting at \$5.6 billion in 2007, has now been reduced by approximately \$1 billion. Nonetheless, there's still the need to address the rest of the deficit—somewhere around \$4.6 billion—and this of course is for the much-needed retrofit, renewal or new build of our swimming pools, arenas and other kinds of sport and recreation facilities.

We know of the jobs that this creates, the community benefits that this creates and the economic returns, as well as the obvious and necessary health returns. While we greatly appreciate the efforts made by all levels of government over this two-year period of economic stimulus, it's evident that we need a long-term plan that's strategized over a good five, six or seven years.

**The Vice-Chair (Mrs. Laura Albanese):** I just want to let you know you have about two minutes left.

**Mr. Ian Bird:** That's just perfect.

The last comment I have is about the tax system. I think others have been in front of you to talk about the impact of the HST harmonization and the need to examine and ensure there's an exemption around sport memberships, programs, safety equipment and facility rentals. I know that work is under way and I anticipate some sign of resolution before July 1.

I'm interested in hearing your perspective or question around how to address the inequities that exist with community sport organizations wherein they do not, at this point, have access to the receipting capability of a charity, such that a community leader, a citizen who sought to make a donation to an amateur, not-for-profit community sport organization, is not able to do so and receive the benefit of the receipting capability.

I appreciate that this is federal jurisdiction and the Income Tax Act, but there are some other provinces that have addressed this so that the arts group and the social service group and the sport group are really on the same

footing in terms of their own plans and ability to be self-sufficient and to raise funds through community donations. So this is a tax measure that we're hoping you'll consider, give some thought to and even provide some advice to us on how to pursue. Thank you very much.

**The Vice-Chair (Mrs. Laura Albanese):** And thank you for the presentation. Mr. Prue?

**Mr. Michael Prue:** I can give you some advice right away. Some municipalities and other groups have set up foundations. In my own former municipality of East York, we have the East York Foundation. Any monies can be given to the foundation. The foundation in turn gives it to the sports group and the donor gets a tax receipt; as simple as that. You can find them online.

**Mr. Ian Bird:** There are a number of sport groups who are not able to receive a donation because they themselves are not yet charitable but—

**Mr. Michael Prue:** No, no. The sports groups are not charitable. The East York Foundation is charitable. They take the money in; they give it out.

**Mr. Ian Bird:** Duly noted. Yes.

**Mr. Michael Prue:** They give it out to sports groups.

**Mr. Ian Bird:** For instance, if we looked at a number of the private foundations that exist in the province, if they were to look to see and make an allowable expenditure to a community group, they wouldn't be able to do so, nor directly could support groups build the culture and capacities in the absence of having charitable status. But I understand your point. I know there are other mechanisms that can be used and I appreciate it.

**Mr. Michael Prue:** I was just telling you this one, so you can perhaps model some others on that one.

You talked about the legacy fund and you talked about 1% of provincial spending being spent on sport. That would equate to about \$1 billion.

**Mr. Ian Bird:** That's correct.

**Mr. Michael Prue:** In this economic climate, do you think that's realistic?

**Mr. Ian Bird:** I think the legacy initiative that we're discussing is about moving the Ministry of Health Promotion's budget from where it sits now to the equivalent of 1%. Health promotion includes everything, from sport and recreation programs that go on there, Active 2010, the up-front health promotion/direct community health programs that are going on. The idea is to shift that budget line from what's right now close to 0.35% to 1%. Again, this is modelled on the success that has been had in British Columbia in creating that whole community capacity as a legacy of or as a driver from hosting the games.

1510

**Mr. Michael Prue:** You talked as well about the tax system and in particular the HST. Much has been made in the Legislature that sports groups, when they are renting ice from municipalities and others, will now be subject to an additional 8% tax, and the difficulties that may cause some. Is that what you're seeing as well, that that 8% in additional tax is going to cause problems for sports groups in Ontario?

**Mr. Ian Bird:** It will increase directly the facility rental, the memberships, the purchase of safety equipment. Those are the key economic implications of the harmonization. We appreciate the benefits of harmonization, but we want to acknowledge that those efforts and that policy choice run up against the policy progress we're making in promoting health promotion and encouraging healthy and active living.

**Mr. Michael Prue:** I had a very good letter, mostly saying what you're saying on point, wondering where the government's priorities were, because the government went out and exempted fast food, particularly fast fattening food, and allowed for the exemption of the 8% on meals under \$4—doughnuts and chips and stuff—but did not exempt sports and sporting activities. Do you think that the government made a wise choice? Maybe you can convince them that it's not too late to turn the tide.

**Mr. Ian Bird:** I do think there's a range of ways in which we can redress this. There has been much made of the option of a children's fitness tax credit and how it could be extended into the province of Ontario, or making the existing tax credit offered by the federal government have additional value. I think there's a range of options that are there. The key thing is to ensure that we align our tax policy with the health and physical activity and sport goals that we have.

**Mr. Michael Prue:** Okay. Thank you very much.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you for your presentation.

#### COALITION OF COMMUNITY HEALTH AND RESOURCE CENTRES OF OTTAWA

**The Vice-Chair (Mrs. Laura Albanese):** I will now call on the Coalition of Community Health and Resource Centres of Ottawa. Good afternoon. You'll have 10 minutes for your presentation. After that, there will be up to five minutes of questioning, this time from the government side. And if you could please identify yourself for the purposes of our recording Hansard.

**Mr. David Gibson:** My name is David Gibson and I'm the executive director of Sandy Hill Community Health Centre in Ottawa. I'm here today to represent 14 community health and resource centres.

The Coalition of Community Health and Resource Centres in Ottawa is essentially a network of community-based organizations providing health and social services to over 100,000 people in the city of Ottawa. We work in the inner city and we work in the rural, suburb areas of Ottawa and outside. Although we have a special mandate to serve those most vulnerable, in fact the people we see the most and see in our waiting rooms day in and day out, and who we work with in the community with our programs, represent all parts of the community.

Ottawa's community health and resource centres have engaged with their communities to develop recommendations to address the issues associated with poverty. In particular, we have worked with the immigrant and

visible minority communities on a process called Rethinking Poverty, and with the city of Ottawa on a poverty reduction strategy. I will be presenting a few highlights this afternoon from these processes. Although the recommendations I'm presenting here today are focused on addressing issues faced by the most vulnerable members of our community, we feel that all of these issues will have a direct impact on the health and quality of life of all members of our community.

I'd like to begin by acknowledging and applauding the province's initiatives to address the barriers faced by many low-income residents through the creation of the provincial poverty reduction strategy and the upcoming affordable housing strategy. As a coalition, we strongly support a long-term commitment to coordinated, inter-sectoral action as the most effective way to have an impact on poverty levels in our province.

I will focus my comments on three areas: affordable housing, employment for immigrants, and increased access to support programs.

The provincial investment that could make the greatest difference to the lives of the members of our community over the long term is affordable housing. Over the last few years, we have seen an already unacceptable housing situation grow even more serious. The situation for the homeless has gotten worse for virtually every indicator: 7,000 different individuals have used emergency shelters in Ottawa in 2008, and that's a 7% increase from 2007.

Homeless people spent an average of 51 days in shelters in 2008, which is five days longer than in 2007. The average length of stay in emergency shelters increased for all groups in 2008. But most alarming is the fact that the biggest increase came from families. This accounted for 68% of the increase in bed nights.

In addition, Ottawa faces a critical shortage of supportive and affordable housing. Ottawa has one of the lowest vacancy rates in the country at only 1.6%, so clearly the market has been unable to respond to this critical need. In 2008, there were 9,692 households on the social housing registry, compared to 9,370 in 2007. An additional 2,600 people were on the waiting list for supportive housing, compared to 2,000 in 2007. However, the stock of new affordable housing units in Ottawa increased in this period by only 134 units.

Even those who are lucky enough to make it into affordable housing are frequently faced with major maintenance problems due to years of underfunding. Ottawa Community Housing estimates the current capital requirements for social housing repair to be approximately \$300 million.

In 2008, the provincial government contributed only 5% of the total cost of affordable housing programs in Ottawa. Ontario contributes less to affordable housing on a per capita basis than any other province. While this government has taken some steps to improve the situation in 2009, there is clearly a very long way to go.

This government has an opportunity to demonstrate leadership and to have an immediate impact on this critical area, first by increasing the minimum wage to a

level that covers the real cost of living. Increase the Ontario Works and Ontario disability support program rates to cover the real cost of living, including housing costs. Make an immediate and sustained commitment to build affordable housing, and pressure—I know this is a tough one—the federal government to do the same. Invest in maintenance to preserve the long-term viability of the housing stock. Invest in Housing First initiatives, which have been demonstrated to be cost-effective strategies for helping the chronically homeless to reintegrate into society. Support community partnerships to facilitate the building of new affordable housing stock.

Employment is the other critical area for the investment that will significantly increase the quality of life in our communities. I'll focus specifically on the situation of immigrants. Immigrants play an enormous role in the future of our communities. Over 79% of Ottawa's population growth in the period from 2001 to 2006 was the result of recent immigration, yet immigrants experience significant economic exclusion.

They experience higher rates of poverty. In 2005, 37% of recent immigrants were living in poverty, compared to 18.1% for total immigrants and 12.3% for the general population in the city. Some 44% of immigrant children under six are living in poverty, compared to 16.8% in the general population. And recent immigrants are almost three times more likely to be unemployed than the general population: 14% versus 5.9%.

#### 1520

Immigrant and visible minority communities are often prevented from contributing to the economic life of our communities because they face additional barriers to finding employment. In our opinion, the following strategies and supports would help them find employment and integrate more effectively and quickly into our community:

(1) Increase the number of available child care spaces, and create more subsidized spaces with flexible schedules.

(2) Lobby professional associations to expedite the recognition of foreign credentials and work experience.

(3) Provide support for professional mentoring programs to improve employability.

(4) Create or expand employment internship programs to assist in finding and securing employment in an individual's specialized field.

Finally, I will talk about improving access to supports that can have an immediate impact on the quality of life for people living on low income.

Accessing Ontario Works and the Ontario disability support program, as well as additional benefits such as the supplementary dietary allowance, is a complicated and time-consuming process. It delays or denies benefits needlessly to many individuals and families. Our staff spends hundreds upon hundreds of hours trying to assist those who are working their way through the application process. Streamlining the process would allow those who need the benefits to access them quickly and easily.

Dental care is also a basic and essential element of health care for all individuals. The province has taken an important step in extending the dental program to include low-income children and youth up to the age of 17. We would suggest that this program needs to be extended to also cover all low-income adults.

I'd like to thank you for giving us the opportunity to contribute to this budget process. We commend this government for the steps you have already taken, and we look forward to working with you over the next year to identify solutions that will position our community for much-needed renewal and future growth.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you for your presentation this afternoon. I will now turn it to Mr. Arthurs for questions.

**Mr. Wayne Arthurs:** David, thank you for being here this afternoon and making your presentation to us. Let me begin by thanking you for acknowledging the efforts the government has been making through the poverty reduction strategy and some of the investments that have been made in spite of the identified need and an ongoing need for other initiatives or enhancement of what exists.

You've identified a number of areas in your brief to us that you would like to see this budget process addressing, to enhance in one fashion or another, whether it's housing—we've heard a number of deputants speak to the issue of supportive housing in particular as a cost-avoidance measure to some extent, apart from a simple cost centre for the purpose of providing it. You've spoken to the issue of the minimum wage, which is scheduled to increase on March 31, as per the program that was set out for that purpose. You spoke to ODSP and Ontario Works, among other initiatives, all of which have value in and of themselves. I think we've heard a number of deputants and other witnesses speak to the issue of how if we can put money in the hands of people, it's an immediate economic stimulus because it gets reinvested in the community most readily.

Having said all of that, now the challenge, and it's a similar challenge that the minister is going to be facing: If you had to—and I'm not suggesting that you want to—prioritize within this list of things, where would you be setting your priorities, if you had to make the choices within the context of this list?

**Mr. David Gibson:** In my position, of course, I would recommend everything, but the reality is we're being challenged fiscally. I think the greatest bang for the buck, which I have seen first-hand in Calgary, Detroit, Boston and Chicago, is related to Housing First initiatives. The idea that we as a society across Canada and in Ontario rely on shelters as an appropriate means to sustain housing for the most vulnerable is, I think, a deplorable statement of our society. People who are living in shelters are not necessarily moving on beyond there. It's a cyclical pattern of complications through addictions and mental health issues.

In Calgary, the city has concentrated its efforts and the government has looked at options to move people out of shelters, use that per diem in terms of rent geared to

income and look at private-public partnerships in terms of investment for new housing stock.

I think the other critical area, of course, is the federal government's role, which is a predicament for every provincial ministry in terms of dealing with housing stock. We have to get back to the notion of federal and provincial responsibility and cost-sharing, even with the municipal level of government as well.

Our organization itself is in a public-funded building, sitting on equity of \$4 million. We have asked—I've been there seven years now—to reinvest that equity in a partnership, whether it's public-private, and be the answer to part of this issue, which is to provide supportive housing that allows for supports to keep people there as opposed to on the street. I think there are opportunities like that where we can partner together, invest together and improve that housing stock across Ontario.

That would be my priority. The infrastructure investment is a great opportunity to do that. I have seen very little in Ottawa in terms of new housing stock—134 units is not acceptable. I think that would be my area where I would want to prioritize if we were to look at this as a budget item for next year.

**Mr. Wayne Arthurs:** Thank you for your candour in defence of your deputation, bringing the priority, and your reference to the other jurisdictions, in which I presume you have direct experience.

**Mr. David Gibson:** Yes, I do.

**Mr. Wayne Arthurs:** Thank you.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you again for appearing before the committee.

## SOUTH EAST LHIN

### COMMUNITY HEALTH CENTRE BOARDS

**The Vice-Chair (Mrs. Laura Albanese):** Now we call on the South East LHIN Community Health Centre Boards to come forward. Good afternoon. You have 10 minutes for your presentation, which could be followed by up to five minutes of questioning. If you could please identify yourselves for the purposes of our recording Hansard before you begin, it would be greatly appreciated.

**Mr. John Mundy:** Thank you, Madam Chair. Good afternoon, and thank you for giving us this opportunity to present to the budget committee. I'm John Mundy, the treasurer of the Merrickville District Community Health Centre. My colleague is Brenda Merkle, the vice-chair of Kingston Community Health Centres. We represent the boards of community health centres of the South East LHIN, and we're here to support our association's budget submission with respect to gaining access for our staff to the HOOPP pension plan.

Over the next 10 minutes, my colleague and I are going to try to explain, first, who we are and why we matter; second, what we need and why; and third, how much it's going to cost.

Who are the CHCs and why do we matter? Ontario's community health centres are non-profit, community-

governed, primary health care organizations. We are a significant and growing component of Ontario's health care system. There are about 101 CHCs in the province, including satellites, and we have about a quarter of a million clients. We have about 2,800 FTEs across the system, with staffing ranging from 12 to 130 per centre. Our individual budgets range from \$1.8 to \$12 million.

We also matter because the CHC model of care is successful. We provide comprehensive primary health care to our clients. We have a long history of using interdisciplinary teams to maximize the use of our staff and the outcomes for our clients. We are accessible in terms of locations, 24-hour call services and appropriate cultural and language skills. We are collaborative: We work with other health service providers in our communities. We are not-for-profit organizations governed by volunteer community-based boards. All of our staff, including physicians, are on salary and work for the centre. We are inclusive of the social determinants of health by paying special attention to issues that undermine the overall health of our communities. We are client- and community-focused.

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In the South East LHIN, which we represent and where population density is relatively low, there are four CHCs with three satellites operating, and an additional CHC with one satellite under development. We have offices in Portland, Tweed, Kingston, Merrickville, Brockville, Napanee, Smiths Falls and soon in Belleville and Trenton. All CHCs and satellites offer full primary care, health promotion and illness prevention services. In addition, we have many initiatives for groups facing barriers to health care, such as street-oriented youth, frail seniors, and diabetes sufferers.

I'll now turn to my colleague Brenda Merkle, who will explain to you what we need and why.

**Ms. Brenda Merkle:** What are we looking for, and why? Community health centres are keen partners in facilitating the transformation agenda for the South East LHIN and the Ministry of Health and Long-Term Care. The pension gap faced by CHCs is the single greatest human resources challenge to efficient operations and integration at this time.

The Association of Ontario Health Centres' Recommendation and Call to Action Regarding Closing the Pension Gap at CHCs proposes: "That the Ontario government develop a community-based health care pension coverage strategy and increase current funding levels for benefits to include HOOPP for CHCs."

We'd like to speak a little bit about why we think that's important. The lack of pension benefits for community-based health care workers is a barrier to integration, which is a key goal for the LHINs and the Ministry of Health and Long-Term Care.

Plans to move programs from hospitals to CHCs are impeded by staff refusing to transfer because they do not want to leave their HOOPP pension benefits behind. In fact, we've had recent experience with that in trying to move a diabetes program from the Lennox and

Addington County General Hospital in Napanee to the Kingston CHC, so we've had personal, recent experience with that.

Enabling CHCs to include pensions in their benefits package will put CHC staff on par with and create equity amongst health professionals across health service providers. Inability to offer pension benefits results in a reduced capacity to recruit new physicians, nurses and other staff. It is difficult for CHCs to compete with hospitals for personnel due to the current lack of pension benefits in particular. Potential employees say that if they could bring their pension with them, they would work at CHCs despite salary differentials.

Staff leave CHCs in favour of hospitals and other institutions with better pay and benefit packages. Staff departures result in loss of institutional memory and loss of goodwill with patients and the community. Staff turnover is costly and inefficient, creating pressures on management to replace and retrain. CHCs are the training ground for certified diabetes instructors, who then move to hospitals or community care access centres, where they get better pay and a pension.

CHC funding must be sufficient to pay for the incremental cost of pension membership, relative to RRSP contributions, in order for CHCs to be competitive and to be an employer of choice. CHCs find the cost of moving toward inclusion of pension benefits prohibitive, based on current funding levels.

How much will it cost and how do we propose the funding model? The AOHC undertook a series of surveys of its membership in order to quantify the incremental cost for CHCs to move from providing RRSP contributions to providing HOOPP pension contributions. The most recent analysis was completed in November 2009. The pension cost, on an incremental basis across the province—this is for all CHCs in this case, not the South East LHIN—is about \$10 million estimated for the next fiscal year, 2010-11.

A funding increase for CHCs of about 2.5% of salaries and benefits is needed to cover the incremental HOOPP pension cost. This amount represents only 0.02% of the total projected provincial health sector expenditure of just under \$45 billion for 2010-11.

**The Vice-Chair (Mrs. Laura Albanese):** You have about two minutes left for the presentation.

**Mr. John Mundy:** Happily, I'm concluding. In conclusion, CHCs are an important and growing element of Ontario's integrated health care system. Pension equity with other health care professionals in terms of access to HOOPP pension benefits is needed for our staff. The Ministry of Health and Long-Term Care and the LHINs are encouraging transfers of services from hospitals to CHCs. Getting the same pension benefits from the same pension provider will facilitate the process of moving these services and sharing staff throughout an integrated health system. By funding the incremental HOOPP cost for CHCs, the province will advance a transformation agenda by removing a significant barrier to the integration of health services in our system.

Providing HOOPP benefits will enable CHCs and, by extension, the LHINs and the ministry to meet their integration goals by creating greater equity between hospital and community-based health service providers and move towards a more level playing field in the competition for health care workers. The cost of providing HOOPP benefits is not prohibitive—estimated at only 0.02% of the total projected provincial health sector expenditure—and we ask that the province look for the means to make this happen. Thank you.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you for your presentation. I will now turn this over to the official opposition. Mr. Miller.

**Mr. Norm Miller:** Thank you for your presentation. I guess to begin with, you can help educate me a bit about HOOPP. What does HOOPP stand for?

**Ms. Brenda Merkle:** It's the Hospitals of Ontario Pension Plan. That is the pension plan that is in place at most Ontario hospitals and other organizations.

**Mr. Norm Miller:** The problem is that their pension plan is better, I guess you'd say.

**Ms. Brenda Merkle:** Better than RRSPs, which at the moment is all that CHCs can afford.

**Mr. Norm Miller:** Okay. And you have a portability problem, so it provides challenges.

**Ms. Brenda Merkle:** Correct.

**Mr. Norm Miller:** In terms of the community health centres—because I don't have any within my riding of Parry Sound–Muskoka—how are they different than family health teams?

**Ms. Brenda Merkle:** First of all, the funding source is different. Family health teams are funded directly by the province, whereas community health centres are funded by the LHINs.

**Mr. John Mundy:** One of the key differences is that the physicians at family health teams are being paid on the basis of fee-for-service. The physician in a community health centre is on salary and the physician works for the centre.

**Mr. Norm Miller:** Okay, thank you. Actually, I thought that with the family health teams the physicians weren't on fee-for-service, that they were paid by the number of patients they had. That's why I'm trying to see if there are other differences.

**Ms. Brenda Merkle:** I thought they still billed through the OHIP process.

**Mr. Norm Miller:** They probably have a couple of different models for that.

**Ms. Brenda Merkle:** Yes.

**Mr. Norm Miller:** The cost of that is \$10 million across the whole province; that's not just your area?

**Ms. Brenda Merkle:** That's correct, yes.

**Mr. Norm Miller:** Okay, thank you.

**The Vice-Chair (Mrs. Laura Albanese):** Mr. Shurman?

**Mr. Peter Shurman:** Just a comment or two. In answer to my colleague's question, you differentiated between funding by the LHIN and funding by the province. I just want to put on the record, rather than ask you the question, that the LHIN is the province. The difficulty that I personally have with the LHIN—and I am not going to bring you into this but I see some nodding there—is that the LHIN is an insulator between the Ministry of Health and Long-Term Care and people who are at the receiving end like you. So I have a problem with how people put on the LHIN the fact that they have some discretion.

In my own area, when we opened our first CHC, the people who ran it came to see me and brought a problem—not the same, but similar. They talked about the difficulty in hiring physicians because there was a disparity between what physicians are paid in a hospital environment versus what they're paid in a CHC environment. So from that, the question is, what kind of disparities do you see in a CHC vis-à-vis the attraction of staff, whether that be at the pension level or the salary level?

**Ms. Brenda Merkle:** Probably the biggest barrier right now is the ability to provide benefits. The reason for that is that there's a very distinct difference in the funding model between hospitals and CHCs. Hospitals have a global funding model, whereas CHCs have a line-by-line funding model. The difficulty that CHCs face is that they can't move money from one line to another. It's not easy to increase the amount that's available to cover benefits because the funding model gives CHCs 20% of salaries to cover benefits. If you know much about how much it costs to provide benefits, 20% is not a typical amount. A typical amount is more like 24%.

**Mr. Peter Shurman:** Is it reasonable, going forward, to look at some kind of a global review of the CHCs, notwithstanding regional disparities, looking at something that is more of a formula than a piecemeal situation that occurs in 14 different regions?

**Ms. Brenda Merkle:** I think that the CHCs of Ontario would be extremely receptive to that, and I think that's exactly what's needed: a review of the funding process.

**Mr. Peter Shurman:** That's great. Thank you very much.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you for appearing in front of the committee this afternoon.

I also would like to thank all the members of the committee and our support staff for this week of work. We are concluding our travelling. We'll adjourn and meet again in Toronto on Monday morning. So thank you, everyone, and thank you to all those who are present and have presented to this committee. We are adjourned.

*The committee adjourned at 1542.*

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