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Jeudi 6 février 2003

**Standing committee on
finance and economic affairs**

Pre-budget consultations

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

Consultations prébudgétaires

Chair: Joseph Spina
Clerk: Katch Koch

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

**STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS**

**COMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES**

Thursday 6 February 2003

Jeudi 6 février 2003

The committee met at 0900 in the Marriott Ottawa hotel, Ottawa.

PRE-BUDGET CONSULTATIONS

The Chair (Mr Joseph Spina): Good morning. This is the standing committee on finance and economic affairs in Ottawa. I'm just going to make a brief statement on the objective of the committee, and then I believe Mr Patten has a comment he wishes to make. I remind everyone that the purpose and objective of this committee is to receive input that we would give to the finance minister and advice for preparation of the provincial budget in March. That is the purpose of this committee: to gather information from delegations from the public, individuals and organizations.

Mr Richard Patten (Ottawa Centre): Mr Chair, I simply wish to welcome you and the members of the committee to Ottawa Centre, and I hope the discussions and deliberations are fruitful.

The Chair: Thank you, Mr Patten.

We have interpretation services for the purpose of the public, as well as the committee members, of course. If you choose to utilize those services, just make your wishes known to the staff and they will get you the interpretation equipment for both English and French. In addition, I would remind members and staff, checkout time in the hotel is 1300 hours, or 1 o'clock. In addition, the 1 o'clock presentation from the Canadian Association for Renewable Energies has withdrawn. We therefore will not resume from lunch until 1:20, giving us an extra 20 minutes to check out and so forth.

VAN LEEUWEN ENGINEERING LTD

The Chair: We begin with our first delegation, van Leeuwen Engineering Ltd. Sir, any time left over from your presentation will be used for questions.

Mr Bob van Leeuwen: Good morning. My name is Bob van Leeuwen. I'd like to talk about ethics, profits and taxes and how they might be linked. What you're seeing is the result of four generations of family experience and about four years of my personal work to try to get some movement in this area. What I'm going to be talking about is increasing profits through ethical credit relationships and more efficient transactions.

First, talking about ethics, the areas I'd like to concentrate on are bad debt, fraud and electronic money.

I believe bad debt is estimated conservatively at about \$10 billion per year here in Canada. Fraud is estimated at about \$25 billion per year. The global default rate—if you look at Standard and Poor's, they actually quote 3.499%. So if we said that bad debt and fraud were part of the global default, Canada is running at about the right level, according to my estimate. But I think when they say "global default rate" they're actually talking about the global bad debt; they're not talking about fraud. Usually those numbers are separate, but it's sometimes a little bit hard to distinguish when you're at the ground level fighting some of these issues.

I'd like to talk about the cost of electronic money. I think right now you probably all, or most of you, are using a credit card. Typically, credit cards are costing you about 2% of your purchase price. Originally, when credit cards came out, the purchase price did not include the cost of the transaction and you were charged an extra 2% to 10% on top of the purchase price when you used a credit card. I don't know how many of you remember that. I remember talking about it because my uncle ran a credit card company starting about 40 or 45 years ago. It was the first credit card company in the Maritimes, so there's a little bit of history there in my family. Typically credit card companies charge between 1.5% and 4%.

I'm asking for two things. One of them is provincial, which would concern you, and one of them is federal but there is a provincial component to it. I don't think anything gets done at the federal level that doesn't have a provincial component.

At the provincial level, what I'm asking for is the establishment of a partial security interest. Right now, you can register a security interest through the land registry office for a mortgage. The banks typically hold these and the first security interest holder is called the first mortgagor. Everybody is familiar with that. You know that banks, even in bankruptcy, retain that security interest and get to collect their money first. What I'm looking for is a way to apportion that share. If you register a security interest after the first security interest is registered, you are a second security interest holder and you cannot get satisfied until the first security interest holder gets fully satisfied. I don't think that's adequate in terms of the type of business that I do.

Also, the first security interest on a house is fairly large, so it's not really suitable for transactions that are less than, say, \$100,000. Typically, when you see security interests being traded or given to people, they're for security interests registered for amounts over \$100,000. What I'm looking for is something that can be used for amounts under \$100,000, anywhere from zero to \$100,000. The use would be for security for credit and multiple credit relationships.

The benefits would be a reduction in bad debt, because I could get a secured debt for smaller amounts, under \$100,000, and fraud reduction, because it would introduce a transaction period. You would get a security interest but you wouldn't get an actual amount of money in a transaction. Let's say that you and I have a relationship in a business where I was promising to send you goods and you were promising to send me money. I would ask for a secured debt or a secured credit and you would give me a partial security interest for the amount that I was going to invoice you. Then I would invoice you after I send you the goods. If all was well and good, you would sign a cheque, send it to me and I would send you the security interest back. If all was not well and good, that security interest would survive any debate that we would have over the quality or the quantity of the goods or services that I sent you.

This is an extremely visible problem for small and medium enterprises. For larger enterprises, it is a visible problem. I think you could talk to a few people at Nortel who wish they were a little bit more secure in some of the things they've done in the past, but typically larger companies have access to tools like letters of credit that can replace this kind of security interest. It's not exactly the same as what I'm suggesting here, but it is something that can replace the use of a partial security interest.

There's also an interest cost reduction because you're using credit. I have a problem when I'm registering with a company to try to buy their goods and services and they ask for payment up front. Why do they do that? Because they don't know me from a hole in the ground and they've been burned before, so they ask for money up front. I'm credit-worthy, but how can I prove that? I can only prove that by extending them something that is a secured credit instrument. I can give them a letter of credit, but that's going to cost me \$3,500. I can give them a security interest in my house, but that's a little bit of overkill if I'm buying \$20 worth of paper from Grand and Toy. So I'm looking for something that I can do on a smaller scale for the type of transactions that I have. I don't think you're going to find too many small or medium enterprises that do transactions over \$100,000 on a regular basis. So this hits the spot for those kind of enterprises.

On the federal level, what I'm looking for is electronic money from the Bank of Canada. Why am I asking for that? I'm asking for that because I think it's the role of the Bank of Canada to provide a form of money that is efficient and the least cost for all Canadian consumers. They have recognized that requirement or that mandate

that they have from the Canadian people by printing paper money. We are now moving into the electronic age, and if you look at the banking industry statistics on the use of credit and debit cards, you will see that they tripled between the years 1989 and 1999. In 1999, \$100 billion worth of transactions were done on debit and credit cards in Canada. That's 10% of GDP. Approximately half of those transactions were done on credit cards, and half of the credit card transactions were paid off before there was ever any interest charged. So I would submit to you that three quarters of those purchases were done as a form of electronic money, not as a form of credit of any kind.

0910

If you look at that as a straight-line graph, by the year 2020, 100% of GDP will be on some form of electronic transaction methodology done by the banks. If half of that is on credit cards, we've got a really big problem. What is going to happen is that you're going to have a very large part of your profit going to these companies. I think if you introduce electronic money, you will have a paperless monetary exchange, a distance monetary exchange and a removal of a key e-commerce barrier. We have a lot of companies that are trying to start up in e-commerce. Their biggest problem is trying to transfer money. They're still doing it with paper cheques. I don't care which company you're talking about; unless they are directly connected with the Canadian Payments Association, they do not transfer money any other way.

Let's talk about profits. Partial security interests: if you look at the costs to profits of bad debt and fraud, approximately 1% of the revenue of companies in Canada is lost to bad debt and approximately 2.5% of revenue is lost to fraud. If you look at those numbers, GDP is approximately \$1 trillion, so if we look at \$10 billion and \$25 billion, that's where the percentages come from. On electronic money, if I have a card that costs me as a company 2% of revenue and I'm normally expecting a 10% profit margin, you've just eaten 20% of my profit margin—20%.

The guy behind me sells pizzas and chicken for a living; he runs the local joint. He just got rid of all of his electronic money alternatives because it was costing him half—that's half—of his potential profit level. It's a major problem. You guys are asking for the Canadian economy to become much more efficient. You're asking for growth rates and GDP that exceed the US's. Well, here's an opportunity for us as a fully wired nation to start to get the jump on other people. If you look at those numbers, a 0.1% GDP increase would be a 1% profit increase. If you look at the previous page, I was saying that the removal of the key e-commerce barrier with electronic money, either a 0.1% or greater GDP improvement—I think that's actually a conservative number, because there will be spinoff benefits. But if we just look at the conservative number, using today's figures, without looking at future figures, you'd see a 1% profit increase in companies with a 0.1% GDP increase.

Let's look at the last page, the bottom line: taxes. I originally titled this, "I want to pay more taxes," but it wasn't quite the kind of heading that computed with the guy who was reviewing my slides. Let me just underline that if I pay 2% of my revenue to a bank for electronic money, I've just paid 20% of my profits. So now, instead of a 10% profit, say, for the average company, I make an 8% profit. Small and medium enterprises pay 25% tax, so the banks are getting exactly what the provinces and the federal government are getting in tax from my business if I'm using all electronic money. All those pizza joints that are taking credit and debit cards, that's where it's going. A 1% profit increase—remember the 0.1% GDP increase—equals a 1% tax increase.

If you have any questions, perhaps where I get my figures or anything else, I'd be free to answer them.

The Chair: Thank you, sir. We have about a minute and change each, and we begin with the official opposition.

Mr Monte Kwinter (York Centre): Thank you very much for your presentation. I'm not quite sure I understand how—I understand the mathematics of how it works; I don't know how it would work in a practical sense. You're saying that if you go and buy \$20 worth of paper, you want to get that debt secured. When you get your first mortgage, you have to register it, you have to put it on title—I mean, it's a whole production. You're not going to be able to do that by walking into Grand and Toy and saying—

Mr van Leeuwen: It's \$75 to register a security interest against a house. You can do it at the land registry office. It's about a block from here. Anybody can do it.

Mr Kwinter: But if someone's got a first mortgage, you're not going to be able to displace that.

Mr van Leeuwen: No, but what I'm asking for is the ability to share in that first mortgage. I can't share that.

Mr Kwinter: Why would you do that? If someone enters into a first mortgage, they entered under certain conditions. They can't have someone coming along afterwards and saying, "I want to share in your first mortgage." How is that going to work?

Mr van Leeuwen: Let's say you have a mortgage on your house, and your house is worth \$100,000. Typically, the bank values that mortgage at \$75,000. That's how much you can borrow. The rest of it you can't borrow because it's reserved for taxes and anything else that you could be owing in bankruptcy. That's part of the Bank Act, from what I understand.

Let's say you've paid down most of your house; you have \$10,000 left to pay. That means you have \$65,000 worth of credit ability that you could extend to other people whom you'd like to borrow money from. If you're a small business person, you'd like to use that as a line of credit, but you don't want to pay people until you owe them the money. So in a typical business cycle it's between 30 days and, depending on whom you're working for, six months before you get paid. In that cycle, if you can extend credit or show that you have the ability to pay off that money through your credit ability, then you

shouldn't actually have to have a transaction. That's where some of this efficiency comes in. I could extend a partial security interest to a vendor and say, "OK, I want to portion off \$5,000 of that and give it to my injection moulder and say, 'I want to buy a tool. Here's a \$5,000 partial security interest to assure you that even if I go bankrupt, you own \$5,000 worth of my house.'"

Mr Kwinter: But you can do that with a lien right now.

Mr van Leeuwen: No, you cannot.

The Chair: Thank you. We have to move to the third party.

Mr David Christopherson (Hamilton West): I'm not going to pretend I got this on the first go-round either. Let's just stay with the \$5,000 and the \$100,000 and the \$75,000 as working numbers. If I default on that \$5,000, as a small business, does that trigger bankruptcy? Does that trigger the house being sold? What does that do?

Mr van Leeuwen: No. You guys can write the laws any way you want, but typically what these things do—we can use a lien as an example. A lien is only available to the construction industry, by the way. It's not available to any other industry, and it's only available for things that are built into the ground. So if I'm providing engineering services on a house, I'm shit out of luck.

If you owe me the money, if you've defaulted, essentially that means you can't sell your house without me getting satisfied. But that doesn't mean that I can force you to sell your house. What it does mean, though, is that if I go after you for that bad debt, and that forces you into bankruptcy, on the bankruptcy sale I'm registered as a security interest holder, and they cannot disburse that money to anybody else without satisfying me as well.

The Chair: We'll have to move to the government bench.

Mr Rob Sampson (Mississauga Centre): I think, if I understand it correctly, you're trying to do two things: one is to try to make it a little bit more functional, if you will, for people to get security interests in certain financial transactions and, two, because of that, somehow lower the transaction costs, whether that be on a credit card transaction fee of anywhere from 1% to 5%. Is that the Reader's Digest version of where you're coming from?

Mr Van Leeuwen: The security interest is separate from the credit card thing. On the credit card thing, what I'm basically saying is that it costs too much if I'm going to use it as electronic money. So I'm looking for electronic money to replace that.

0920

Mr Sampson: Do you think that service is going to get provided for free too?

Mr van Leeuwen: No. What I'm looking for is for it to be provided as a single infrastructure rather than as a number of competing infrastructures.

If I wanted to start a credit card company today, I couldn't. Credit card companies pay retailers off the same day because they have access to the Canadian Payments

Association. I'm just looking for a way for a company like mine to get access, effectively, to the Canadian Payments Association without having to go through a bank to get it. That's basically what I'm looking for.

The Chair: We appreciate your input, and your theory, I guess.

Mr van Leeuwen: OK. If you have any other questions, feel free to write to me at the e-mail address you have on my card.

The Chair: Thank you, sir.

OTTAWA-CARLETON CHILD POVERTY ACTION GROUP

The Chair: Our next presenter is the Ottawa-Carleton Child Poverty Action Group. Please come forward. If you would be kind enough to state your name clearly for the purpose of Hansard, and you will have up to 20 minutes. Any time left over from your presentation we'll try to use for questions and answers. Welcome.

Ms Christina Marchant: Good morning. I'm Christina Marchant, from the Ottawa-Carleton Child Poverty Action Group. This is Dominique Nouvet, a member of the action group as well. We're very grateful that you took the time to hear from us this morning.

The child action poverty group is a public interest research and advocacy organization that is devoted to working to alleviate child poverty among families, particularly in Ottawa. Our focus this year has been on a number of areas that Dominique and I are going to summarize for you. We're also members of Campaign 2000, which I believe you heard from last week.

Ms Dominique Nouvet: In Ottawa, the latest estimate is that the child poverty rate is 23%; that is, 23% of children are living below the low-income cut-off, and that cut-off is based on a calculation where people below it spend more than 55% of their gross income on food, clothing and shelter. So 23% of children are living in such families and, in addition, 12% of Ottawa families are living on incomes of less than \$20,000.

In Ontario, the poverty rate is also relatively high. It has decreased over the last five years, but in 2002 it was at 14.4%. Considering that the economy has been performing decently for the past few years, and considering that the rate was around 11% in 1989, that's still quite a high number.

Our position, just to set it forth at the onset, is that the Ontario government, like all Canadian governments—provincial, and the federal government—has a duty to eradicate child poverty. That duty arises from a few factors put together.

First of all, no matter what any of you think about the responsibility of an adult for the poverty they might be living in, surely we can all agree that no child is responsible for his or her poverty.

Equally uncontentious should be the fact that all children deserve to grow up in basic dignity, and for this each child requires basic health care, shelter, proper nutrition, a proper education and decent child care services.

The third point, explaining the duty to eliminate child poverty, is the fact that Ontario can afford to do so. We are one of the richest provinces in Canada and we are in one of the wealthiest countries in the world. Surely there is no need for any child in this country to be living in poverty. Those facts together establish the duty of this government, of Ontarians, to fight child poverty.

If you needed another reason, which I don't think you do, there is the fact that child poverty is expensive. There are costs that arise directly from child poverty in the form of greater health care problems in the long run and greater interactions of low-income children with the juvenile justice system and the child welfare system. There is an opportunity cost, of course, because poorer children tend to drop out of school, tend to end up with lower education levels and tend to earn less income and pay less tax in the long run.

Basically, the problem of child poverty means that for a large percentage of our children, we're not laying the groundwork to ensure that they can reach their maximum potential in society, so we're really squandering part of the potential of this province. That's particularly problematic in this day and age, when the economy is driven by the knowledge sectors and professions that require a significant amount of education.

Again, our premise is that child poverty must be eradicated and our submissions are founded on that premise. We hope that you can accept it, along with us.

Ms Marchant: Now we're going to highlight to you current problems and some suggested solutions in a number of areas, the first being the area of income security; and first, income security related to social assistance.

As I'm sure you're aware, back in 1995 the government cut social assistance rates by 21.6%. The net effect of those cuts, with inflation, over the last number of years has been a 30% reduction since 1995. Those cuts have jeopardized, largely, the poorest of the poor. They have jeopardized their ability to move out of poverty and into meaningful work. They have jeopardized the children's abilities to gain a meaningful education and to have a decent quality of experience of education while they are going to school. They've jeopardized their access to housing, to nutrition and so on and so on.

The lack of adequate social assistance has also substantially impacted food bank use. In this booming economy, food bank usage has increased by 97.8% from 1989 to 2001—that's unbelievable—and I believe something like 12% of people using food banks in March last year had jobs.

Coming back to social assistance—I'm aware that the time is short, so I won't go through all of this. Basically, what we're asking you to do is change social assistance rates. Raise the shelter allowance of Ontario Works and ODSP so they cover average rent levels, and increase the basic needs portion of the social assistance rates so they actually cover basic needs. What we're suggesting is 1994 levels. We're also suggesting that the pregnancy supplement be reinstated for pregnant women.

I'll very quickly talk to you about the national child tax benefit and the clawback. Again, as you know, provinces are permitted to claw back the national child benefit supplement from the national child benefit program, giving that to programs that purportedly support low-income families. We believe that clawing back the supplement from the poorest of the poor simply dooms them to living, more and more, forever in poverty. We also believe that it's fundamentally unfair and denies them their right to manage their money, the money to which other levels of government have said they are entitled, that they can make their own decisions.

Our brief outlines the argument that clawing back the supplement encourages people to enter the workforce. Our brief outlines many of the reasons that that's not the case, in our opinion, and we won't go through all of those here, but you can read them at your leisure. We're recommending to you that Ontario follow Manitoba's 2000 decision to rescind the clawback of the NCB supplement and leave that money in the hands of the people who need it the most.

In terms of income supports, the minimum wage, we're recommending that the minimum wage be raised to at least \$7.50 an hour to complement other public policy efforts. We're recommending that because the minimum wage, like social assistance rates, has been frozen since 1995. Minimum wage families, even if they have two earners, are now unable to adequately afford the basics of life: rent, food and so on. As I mentioned, 12% of food bank users are now employed. That says something about the adequacy of those wages for those people.

Finally, I'll briefly talk to you about housing. We're also asking the finance committee to make some recommendations in terms of housing policy in order to better house poor children in Ontario. More than 41% of renters in Ottawa pay over 30% of their incomes on rent. Renters make up 40% of our population, but only 7% of new housing developments have been rental housing. People who can't afford market rents are waiting five to eight years in Ottawa for subsidized housing. On any given night, close to 1,000 people are housed in shelters, and 30% of those are children. Housing is a huge need in Ottawa and it's not being met.

The shelter portion of Ontario Works hasn't increased since 1995. One example here is that a family of four on social assistance would receive about \$600 in a rent supplement. The average market rent for a two- or three-bedroom unit here in Ottawa is between \$877 and \$1,056, far beyond the reach of people either on social assistance or who are earning lower incomes when they are working.

In our brief, we say it's absurd for any child in Canada's richest province to be deprived of the most basic need of decent housing and, as Dominique said, we hope that point is well beyond controversy.

In our brief, we recommend a multi-pronged solution to the housing crisis, including increasing the shelter allowance for social assistance recipients; revising the Tenant Protection Act and reinstating rent controls to

their previous level so that rents stay at affordable levels; and that the Ontario government provide greater funds to municipalities so that the municipalities can continue to build adequate social housing for our residents.

0930

Ms Nouvet: The final focus of our recommendations is child care and education. Child care is vitally important insofar as we want to help parents break out of the cycle of poverty, because if they don't have access to child care through family or other types of informal arrangements, they need to be able to place their child in external care to be able to enter the workforce. Child care is also crucial to the development of children, because it's their first contact with the larger community, the world outside the home. So it does have long-term effects on children's development, as does primary and elementary school.

Unfortunately, though, there are still many barriers—in fact, there are probably more barriers now than there were a few years ago—to external quality child care access in Ontario. Currently there are regulated child care spaces for fewer than 12% of children under the age of 12 in this province. Ontario's spending on regulated child care has declined by \$94 million since 1995 and the annual provincial allocation for each child in regulated care has declined by 18% since 1995. As a result of this, Ontario has the highest monthly fees of all the provinces for full-time, in-centre care in the country. Here in Ottawa, the average cost for licensed preschool daycare is \$637 per month, and it can cost as much as \$1,141 per month for infants and toddlers.

One more important aspect of the problem in Ontario is that the education funding formula for schools doesn't recognize that child care centres in schools also include not only students of the school but members of the broader community. So the funding for child care centres within schools is inadequate.

The problem that results from all these facts is that a lot of parents can't afford quality child care. For some parents in particular—parents of francophone children or children with disabilities—it's particularly difficult to find an adequate child care facility. When many parents find a spot, it's in a very inconvenient location so there's a lot of travelling involved or they have to have one child in one child care centre and another child in another, which involves more travelling for the parent.

The public has realized what the problem is. Ninety per cent of Canadians—and this is a figure released by the Canadian Child Care Federation in January 2003—support having a national child care program and 86% want a publicly funded system, according to the surveys done by Campaign 2000.

Therefore, we recommend that Ontario develop a multi-year plan to provide affordable, high-quality child care services for all parents who require them, and we echo Campaign 2000's recommendation that, as a very modest first step toward this goal, the Ontario government should immediately restore regulated child care funding back to its 1995 levels; just try to catch up a bit

on where we've fallen behind. We also recommend that the education funding formula be revised to recognize the true costs associated with establishing early childhood development programs within schools.

Finally, there's the topic of education, which could easily be the subject of an entirely separate set of public consultations today. There are many symptoms of the problem of underfunding, but the one which affects low-income parents most directly and which I think serves as an adequate example to drive the point home is the problem of school fees. These have been increasing. They are a downloading of the cost of many educational materials, school supplies and school activities. The fees result from the fact that the school boards simply don't have enough money to pay for what they used to. That's especially true for the Ottawa-Carleton District School Board.

Parents have stepped in through some amount of community-wide fundraising to try to fill the gap and, as you're probably aware, teachers have stepped in very generously. Almost all teachers contribute out of their own pocket to help cover costs that used to be funded by the school boards. But it just shouldn't have to be that way. There shouldn't be this need to rely on the charity of school board employees or the communities to run schools.

No matter how limited a role you think government should be playing in society, surely it's beyond controversy that an elementary school education should be available to all at a very high quality level throughout the province. If there is any role that government should be playing in a society, surely this is it.

For example, the fees in schools right now can be upwards of \$25 per month, and for some families it's unaffordable. Some families realize that the schools will step in and cover the cost, but that results in some stigmatization and humiliation for some kids. Other parents don't even realize they could receive a subsidy from the school for that fee and are paying it out of their own pockets. For low-income families, this is a serious strain on an already strained budget.

Regardless of whether families can or cannot afford the school fees, they are problematic because they amount to regressive taxation. It's a fee that's being imposed independently of income, and that is fundamentally contrary to a basic taxation principle in Canada.

We recommend that the education funding formula be revised so that schools receive enough money to fund the programs they are required to provide and so that elementary and high school education is actually universal, of high quality and completely publicly funded. We feel that's quite a basic recommendation.

Ms Marchant: We're going to conclude now by reminding you that back in 2000, Premier Eves said, "Of all the investments we make today, perhaps none is more important for the future of our province than those we make in children." So we urge you in 2003 to prepare a budget that is true to that statement, a budget that responds to many of our recommendations. These recommendations, as we've said, have been echoed by many

other child poverty advocate groups across the province. We urge you to make a budget that will finally cleanse Ontario of the disabling and entirely preventable disease of child poverty that's facing it today.

We thank you for your attention.

The Chair: That leaves us with grand total of about two minutes' time. The rotation is to the NDP, so I'll give Mr Christopherson this two minutes.

Mr Christopherson: Thank you for your presentation. It's interesting that following you is the Ontario Hospital Association, and I would think a significant part of what drives their costs is the lack of appropriate funding and investment in the area of child poverty. I know if Mr MacKinnon were to make that point, it would be helpful.

I note that you underscore the fact that in arguably one of our most wealthy cities, within the wealthiest province, in one of the wealthiest countries in the world, one in five children is in poverty and 12% of the families here live on less than \$20,000 a year.

0940

There are a couple of things in all of this that I find obscene. One of them is the fact that the increase that MPPs are going to get—not their total wage; the increase for the next Parliament—is \$20,000, which is more than 12% of the families in this community are living on. I don't have a problem with that. I think that's a proper reflection of the responsibilities and work that go into this role. What I find obscene is to take that pay and that position and use it to keep even more children in poverty.

The whole notion of keeping the clawback is another obscenity. This whole issue is obscene. It's beyond sad. It's beyond anything negative you can think of. It's just plain obscene that something like this should be happening.

In the good times, we heard the arguments—

The Chair: Is there a question, sir? We're getting down to the time.

Mr Christopherson: I don't have a question. They've made all the points. I just want to make the final point that in the good times, this government said they couldn't afford to raise the minimum wage and they couldn't afford to help poor children because "We don't want to stomp on the good times." In the bad times, they say, "Oh, we can't afford it. It will disrupt the economy and the balance of our budget." What it means is, kids aren't important, and that's a disgrace.

I really appreciate you coming in this morning and underscoring this point for us.

The Chair: That concludes the time. Thank you, ladies, for your presentation. We appreciate it.

ONTARIO HOSPITAL ASSOCIATION

The Chair: Our next presenter is the Ontario Hospital Association. Please state your name clearly for the record. Welcome.

Ms Mary Lapaine: My name is Mary Lapaine, and I am the board chair of the Ontario Hospital Association. It

is a privilege for us to participate in today's pre-budget consultations. With me is David MacKinnon, president and CEO of the Ontario Hospital Association. I will speak to you for a minute or two on an introduction and overview, and David will take five to seven minutes to leave time for questions—and, Mr Christopherson, he certainly will reply to the comments that you just made. We appreciate the opportunity of putting hospital input into the setting of budget priorities for the province. Since the time is limited, my remarks will be brief.

Established in 1924, the OHA represents 160 public hospital corporations operating 225 sites in Ontario. As the voice of Ontario hospitals, we are leaders in health care innovation and reform.

I would like to begin by saying we are at an important crossroads in the national health care debate. As a trustee of the Alexandra Marine and General Hospital in Goderich since 1985, I have seen first hand the challenges facing hospitals, trustees, administrators and front-line providers. Hospitals across the province continue to face serious conditions as they face ever-increasing financial pressures, a growing and aging population, rising demand for new drugs and technology and aging facilities.

While we are pleased that 89% of Ontarians rate hospital care as excellent, what about people who have yet to access health care services? Is it reasonable that 4.3 million Canadians have difficulty accessing primary care services and 1.4 million Canadians have difficulty accessing specialized services? I'm sure you'll agree the answer to that is no.

In closing, with strong momentum and support behind medicare, we, as health care leaders, are ready to embrace change and opportunities that will put health care back on a sustainable track.

Mr MacKinnon will now outline the current situation facing Ontario's hospital sector and present a comprehensive action plan for reform.

Mr David MacKinnon: Thank you very much for the opportunity to be here. As I think any reader of a newspaper anywhere in Canada knows, the current environment for front-line health care institutions is extremely challenging, in Ontario probably particularly so, and I'll explain that in a moment.

In our situation, the hospital system is moving toward a significant solvency crisis. At the moment, we have a working capital deficit of about \$1.3 billion. This problem has built up over perhaps decades, but it is a significant financial problem. It is causing significant erosion within the system of capital assets. The average age of Ontario's hospitals is about 42 years; comparable figures for the United States are about one quarter of that. Perhaps most troubling, the human skills in the system have been significantly eroded, again, over a long period of time. There's nothing new about this. This problem, frankly, has transcended administrations of all types in Ontario, but the human skills in our system are eroding significantly. One statistic is that about 12% of the people who leave the employment of Ontario's hospitals for all reasons do so to go on disability—12%, just a

remarkable percentage. So pressures in the front line are very, very serious and the human impact is considerable.

We also have had a problem all across Canada, and I submit we still have it although we've made huge progress in Ontario, in that the essential ability to be numerate about this huge system has been really deficient. It's quite remarkable that until 1997 no one ever added up the operating plans of Ontario's hospitals. The systemic totals were not possible to describe and there was no publicly available material on what was actually being done for the population through this huge service on a systemic basis.

I think we've corrected that. The report card system that the Ontario Hospital Association started and which the Ontario government has now joined is a world-scale leader in hospital accountability, but unfortunately decades of lack of numeracy have really led to some very serious built-in problems in the system.

Finally, there have been acute shortages of capital to make the new investments, particularly in new technologies. I worked for a bank in the mid-1980s and the technology of the bank when I left 17 years ago was far ahead of the technology employed in much of Canadian health care today, all those years later.

We don't think, though, that simply reciting the problems is going to be hugely useful to you. The problems are well known and I have tried to summarize them with great brevity. In our material—you have a copy of it—there's a very detailed description of all the statistics and the analysis which underlie the comments that Mary and I are making this morning.

In terms of where we want to go, what we think needs to happen, we need to clearly move toward multi-year funding of hospitals. It's amazing perhaps to most people, but in many years hospital presidents and hospital boards, the governance levels, do not know what the budget of the hospital is going to be until the year in question is largely, or sometimes completely, finished. That is just unacceptable, given that these are large, fixed-cost operations that cannot change quickly in the short term.

We also need to promote health and healthy lifestyles. I think a very fundamental point, and we'll see it over the next few days as the national debate plays out, is that you cannot have a health care system that will be sustainable if it's expected to solve all the problems that arise from lifestyle issues in our society. Many of the issues that hospitals are struggling with relate to lack of exercise, poor nutrition, addictions, domestic violence, a whole range of such issues. We need, as a society, to recognize that we have to deal with those issues. Perhaps, Mr Christopherson, that's a good time to deal with your comment that one of those issues is how we get new support to younger families—health care support and educational support on health services.

Not long ago, just to give you an idea of some of the possibilities that might be there for us, a senior businessman told me that from the point of view of our society, every woman giving birth in a hospital should be viewed

as an educational opportunity, and we should seek to keep her there, if we can, for at least a week so that she can explore and learn basic parenting and other issues without having to deal with the pressures of work and the pressures of family at home. With some creativity, some of those ideas should get more currency than they get. In hospitals we also have a real obligation to do that because of the extent to which services are devoted toward the older sections of the population. Probably greater balance is needed and is appropriate.

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One issue in Ontario and Canada in the national debate I'd like you to keep in mind over the next couple of days is that Ontario is unique, along with Alberta. We now have a federation in which only two jurisdictions have a positive net fiscal contribution to the national structure. They are Ontario and Alberta. BC has now become a net recipient of equalization and other assistance. I don't think you can expect Ontario, one of only two donors, to keep contributing to the national structure more than 5% of its GPP, which is more than it grows. We really need to understand that if our system is to be sustainable. In Ontario what that really means is that payments have to come to Ontario on a per capita basis or on some other basis which reflects our size in the structure and, frankly, our challenges, which are every bit as serious as those of the smaller provinces in delivering affordable health care.

We also need to take a different view of the whole partnership possibilities of health care. The problem is big enough that if we can get the partnership with the private sector, our chances of solving it are much greater. It's fair to say that in hospitals we will not achieve what we need for patients unless we're able to develop a much broader sense of partnership with the private sector and unless we're able to shed the ideological divide that currently fractures our public debate, which I submit is an unnecessary divide that impedes the kind of partnership we need.

Finally, I mentioned briefly in my introductory comments the nature of accountability. It is a buzzword that is quite often in use. With significant support from the Ontario government our academic advisers believe that we're leading. We have the most transparent hospital system on the continent and one of the most transparent in the world. Lots to go there, but the national debate on accountability, if I could summarize it in a way that I hope you will not find difficult, is that we have to stop talking about how we get around to implementing accountability tools and simply do it. If every province in Canada adopted our system for hospital report cards, we would be better off because we would have more points of comparison, they would be better off because their public would get a supplement similar to the kind that our public gets, and everything would move forward on a more ordinary basis. There's no good reason why they couldn't do that tomorrow.

Perhaps, Mr Chair, I'll stop there to leave the maximum amount of time for questioning.

The Chair: Very good. That will leave us about two minutes per caucus. We'll begin with the government.

Mr Marcel Beaubien (Lambton-Kent-Middlesex): Thank you very much for your presentation. Let me start on the premise that there will never be enough money for health care the way we're looking at it right now.

We heard from a small hospital administrator yesterday in Thunder Bay, who said—and I'm basically quoting him—"We need action more than money." His point was that there is no coordination, there are too many silos in the health care industries, there is no communication between the different branches, between the different professionals. He said, "For instance, we're a small hospital. I send somebody 200 miles away to get an MRI. The person cannot get the MRI results over the phone. He has to drive 200 miles to go see the doctor to say there's nothing wrong with him."

What's your comment to this? Because that's very costly. When we talk about accountability, I don't think that's being accountable.

Mr MacKinnon: One of the things we have to do has to do with our analysis of the system. We have to be very careful not to elevate anecdotal experience. We in fact polled in our report card how people feel about the continuity of care between hospitals and other institutions, and at the moment 90% of the people of Ontario are entirely satisfied with that continuity. There are all kinds of people who have made a living elevating their own personal anecdotal experience as proof of something, and it is not. I submit to you the proof is, what do the people of Ontario think about continuity; what is their personal experience? At the moment, in a report card that we released about a month ago, 90% of them are happy. I know that view he expressed is a common one, but unfortunately from the point of view of many who argue it, generally speaking the public do not agree with it. The people who access the system feel overwhelmingly that continuity of care is good, and I'll give you the reference to the section of the report card that goes into that question in some detail.

Mr Beaubien: Having sat on a hospital board for nine years myself, and having worked in a hospital setting for two years, I would tend to agree. Yes, I agree that the public, once they access the system, are very satisfied. I can speak from experience with our own son last year. However, the perception—and you mention the media—is not there that 89% to 90% of the people are satisfied with the level of care they're getting. That's not the perception out there.

Mr MacKinnon: That is exactly why we do report cards. Everybody has a personal anecdotal experience. I can't go anywhere without getting to listen to all those anecdotal experiences. One of the reasons we in the Ontario government have partnered on this system is so that we can give the consumers a voice, and that voice is that they're quite satisfied—10% is not good enough; there's much more to do—with the service once they access it. In particular, comments made by that hospital administrator—I don't know who it was—are not reflective of

the general public experience. He may have his personal views, and that's fine, but the public view is different. Ninety per cent of them are quite comfortable with the continuity of care, with the relationship between hospitals and the rest of the community, and they know it's steadily improving.

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

Mr Patten: Good morning. I've read many of these points that you've made before, most of which I agree with. But there is one that I would like to address, and that is when you talk about, for example, healthy lifestyles and disease management and all these kinds of things. As you know, I had a personal experience, which was very enlightening. I'm going to ask you a question about what changes you see being required or necessary in our medical schools because, quite frankly, I find our doctors to be very narrowly trained. They're almost like technicians. They have very little understanding of diet—and this is a generalization; it's not true in many instances. I now have a doctor who is far more aware than the previous doctor I had. But many doctors I speak to are not trained in appreciating the full range of lifestyle, social context, exercise—the things you've identified here.

Where do you start this? Are the medical schools getting with it and saying, "Listen, there's a function"? That's question number one. Number two, quickly, is that I think we have a series of linear treatment-oriented diagnoses that you go through, without having a multiplicity of people who can look at the patient—the patient is in the centre—and say, "OK, here's what's going to happen to you. You're going to take chemo. Now let's sit down with someone else, a social worker or whoever it is, and let's talk about what your situation is like at home," or your diet or whatever it may be; you know what I'm getting at. What's your reaction to that?

Ms Lapaine: I could start with that, Mr Patten. Particularly on the doctor issue, I had a lot of contact. I was fortunate enough to sit on the Peter George panel on health human resources, and we had a lot of contact with the new young doctors. I would agree with what you said about the older generation. I do really feel that medical schools have begun to see the difference. In fact, the big cry of new young doctors coming out is lifestyle and how they're going to live and how they're going to live healthier and how they're going to spend more time with their families. I think if they want to do that in their own personal lives, then they're going to put that forward to their patients.

One of the things I was so pleased to hear is that it's not all marks now that put students into medical school; there are interviews. Obviously, you have to have good marks, but it isn't necessarily the highest marks that get in; it's the people who put forward the right concepts for health care. So I hear you. I think it has definitely been the case. I think we will improve.

As to your second question, and I will certainly let David answer it, I would very quickly say that I agree

that the patient isn't in the centre enough. Even back to Mr Beaubien's remarks, I think technology is one of the places where we're falling down tremendously in health care.

The Chair: We're going to have to move to the NDP.

Mr Christopherson: Thank you for taking a moment to comment on that; I appreciate it. There's all kinds of evidence to support the fact that we pay for it in your system. Mr Sampson and I are both former correctional ministers; we know the price we pay there.

Mr Patten: Me too.

Mr Christopherson: Yes, Mr Patten too. I'm sorry. You weren't here with us during the week when we were making references. So we know the costs across the board.

Interjection.

Mr Christopherson: Yes, we should form a club, eh?

I want to ask, though, the obvious question this morning, and that is, what are your thoughts on the federal-provincial agreement?

Mr MacKinnon: Well, we haven't gone into the numbers in detail. First of all, I think we have to recognize that there was a provision for some funding for the existing system, which, given our solvency challenges, is clearly welcome. We hope there is some flexibility among the various compartments in which this agreement has been reached, to respond to a particular provincial situation. For a lot of reasons, including the one I mentioned, Ontario's situation is unique.

We think, though, that as a society we face a trade-off. We have to get on top of some of the lifestyle issues, including child poverty issues, or there never will be enough money to provide the health care system with the resources to correct all the problems after they've occurred. The issue we see is, how do we engineer that kind of transition? The present agreement probably buys us some time to do that, but it probably doesn't buy the time that many people would think because of the amounts involved. What I hope is that it's an opportunity now to address the more fundamental issues driving health care costs, and those are not how the system is organized or managed; they are in how we live. If they can do that, it would be great.

The Chair: Thank you, Mr MacKinnon and Ms Lapaine. We appreciate your input this morning.

Mr MacKinnon: Thank you for the opportunity to be here.

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RETAIL COUNCIL OF CANADA

The Chair: Our next presenter is the Retail Council of Canada. Please state your name clearly for the purposes of Hansard. As you seem to be aware, I think, you have up to 20 minutes. Any time left over will be for questions. Welcome.

Ms Lisa Marsden: I am; thank you. Good morning. My name is Lisa Marsden and I am the director of government relations, Ontario, for the Retail Council of

Canada. I think most of you are used to seeing my colleague Peter Woolford here delivering the pre-budget submission. Unfortunately, I drew the short straw this year and I'm here instead. Peter is actually wrestling with the feds on some issues like bank mergers and innovation strategies, so I've taken over the Ontario file. It's my pleasure to be here.

The Retail Council of Canada has been the voice of retail in Canada since 1963. Like most associations, we are a not-for-profit association that represents 9,000 members across the country. In Ontario, that represents about 23,000 establishments. Our members embrace all retail formats: department stores, independents, specialty stores, discount stores and on-line merchants. More than 90% of our members are small independent members. As the graph shows, 42% of our membership is based in Ontario.

The retail industry is one of the most competitive and vibrant sectors of the economy. It generates \$100 billion in sales in Ontario annually and is 5% of the GDP. With more than 44,000 storefronts in Ontario, we are the largest industry in Ontario when measured by establishments or outlets.

Employment in the retail sector represents 11.7% of the province's total employment, directly employing over 700,000 Ontarians. We are the second-largest employer in Ontario, behind manufacturing.

Despite our significant size and scope, we are a business of small businesses. The majority of our businesses employ fewer than four people, with less than \$500,000 annually in sales. As graphs 2 and 3 illustrate, more than 19,000 businesses employ between one and four people, and more than 70,000 of our businesses have sales of less than \$500,000 annually. So this is truly a business of small businesses, and yet the contribution made by our industry is felt in every corner of the province.

When we look at the economic review and outlook for this industry, we are faced with significant challenges in consumer confidence, and yet retailers have managed to show a respectable growth in the two most recent years. In 2001, we posted growth of 2.9% in Ontario in the retail sector, and in the first 10 months of 2002, we grew by 5.9%. Nonetheless, these rates were well below the national average of 4.5% in 2001 and 6.5% in 2002 for the retail sector.

The retail outlook for 2003 is uncertain. As the minister noted in her statement to the Legislature in December 2002, "Many uncertainties remain in the global economy as we move toward 2003. Ontario is not immune to external influences." The minister is correct in noting that businesses are cautious about the economic horizon. Global events, such as rising tensions in the Middle East, volatile stock markets and the slumping US economy are indeed on the minds of retailers. Even with these external factors being absent, Ontario's economy will be challenged if the US economy just simply grows slowly.

Set against this uncertainty, however, Ontario has shown a remarkable resilience in its economy, and at

least part of this credit should go to the government's fiscal and economic policies.

We've just completed our first quarter 2003 retail conditions report, and I have some top-line results for you today. Retailers are anticipating a 3% to 4% growth in Ontario; however, comp stores, which are stores that have been open for more than one year, are anticipating a 2% growth. This is a more accurate reflection.

Despite this moderate growth, they anticipate they'll be able to remain profitable, the reason being that they expect to see merchandise prices falling, and as a result they hope to offer lower prices to their customers while at the same time remaining profitable.

We do expect to see additional store openings following the growth in Ontario's population. There are two segments of the market that are doing some interesting things. Home furnishings or anything to do with home renovations is very popular and the growth is strong. However, one of the markets that seem to have a little bit of tension going in them now is what we call consumables—food or packaged goods—and that's mainly related to weather conditions and the price of products as a result of those weather conditions.

Turning to current fiscal policy, while retailers recognize that global influences are beyond the government's control, there are a couple of fiscal policies that the government should adhere to.

First, in tough economic times, the most important role the government must play is to sustain consumer confidence. This needs to be accomplished, in our opinion, by the development of a balanced budget and the completion of promised tax cuts. Retailers do not support a return to deficit budgets. As you can see from graph number 4, 95% of our members, when asked, strongly support a balanced budget.

As retailers who know the bottom line, they expect the government to live within the bottom line. Ontarians have clearly stated that they expect their government to live within its means. Failure to do so would raise concerns and overall economic instability.

Staying the course on tax cuts is equally important to our members. Failure to honour the commitments would have a significant impact on them. They were pleased to hear the minister's announcement earlier in the hearings that she would go forward with those commitments.

Turning to one of our specific policy issues, I want to talk about the employer health tax. This is perhaps the most important issue to our members today. As this committee is aware, the employer health tax is a profit-insensitive tax and has a disproportionate impact on labour-intensive industries. As the second-largest employer, this is a particularly important issue for us.

We supported the government's initiative to eliminate the employer health tax on the first \$400,000 of payroll. That helped our industry create 76,000 new jobs between 1996 and 2001. We now believe that initiative needs to be revisited. Our members, while they support the outright elimination of that EHT level, support increasing it

to the first \$600,000 of payroll to at least lessen the gap between other jurisdictions.

Ontario is currently only one of five provinces, along with Newfoundland, Quebec, Manitoba and the Northwest Territories, that saddles businesses with this type of payroll tax. We believe it's important to address this issue. The benefits would affect employers, employees and the economy in general.

The next issue I briefly want to touch on is WSIB rates. Although it's not a budget issue, we wanted to bring it to this table because it's a significant payroll tax for our members. I'm not sure how many of you are aware, but the WSIB this year proposed a 7.5% overall increase in premium rates. That was completely unacceptable to our members and we objected to it strongly, along with other employer-based organizations.

The WSIB responded by reducing that to 3%, and announcing in an unprecedented fashion that in 2004 there would be another increase of at least 3%. These increases are completely rejected by retailers and, to be quite honest, offensive to retailers, for a number of reasons, and I'm going to tell you why.

First, the increase is not due to accident claim increases. It is due to revenue reductions as a result of market investments and higher health care costs, two issues completely out of the control of employers. While we appreciate these pressures, we do not think that such significant increases as 7.5% should be tied to these issues alone. The WSIB needs to bring forward a plan to deal with those types of issues.

Retailers believe that the Ministry of Finance, together with the Ministry of Labour, should ensure that WSIB rates and premiums are correlated to increases in accident rates and claim costs, not to external factors.

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The second reason retailers object to the rate is because, instead of reviewing its own administration, the WSIB made a conscious decision to pass these rates along to their customers: employers. When looking at the WSIB's administration costs, the WSIB ranks third among all provinces with the highest administration costs per claim. Only New Brunswick and Nova Scotia posted higher administration costs. Administration expenses at the WSIB totalled an alarming \$474 million in 2000. RCC members strongly believe that prior to any further premium increases, the WSIB must bring forward a plan to reduce their administration costs. The Ministry of Finance has played a key role in controlling government expenditures and we now believe they must, along with the Ministry of Labour, turn their attention to the WSIB.

Finally, the rates were increased or announced in the fourth quarter of 2002. Business budgets were already set and business plans were already made. They have no way to account for this rate increase, so we did a survey of our members to see how they would account for it: 64% of our members reported they will absorb the increase in their business, reducing their profit levels; 16.3% reported they will cut the number of hours employees will work; 4.7% reported they will have to cut staffing

levels; and another 15% reported that they would pass the costs along to consumers in the form of higher prices. At the end of the day we are all paying for these premium rate increases and we believe they need to be addressed and examined.

The next issue I want to turn to is environmental levies. Environmental levies are quickly becoming a very popular new revenue source for governments across Canada. Whether you call them a levy or a tax, the result is the same: higher costs for businesses and consumers.

The government of Ontario has created the Waste Diversion Organization. RCC is a voting member on the board and a voting member on the Industry Funding Organization's Stewardship Ontario, which has been tasked to raise 50% of the municipal blue box costs for this year. This year, those costs are \$19.9 million, commencing May 1. In 2004, those costs will be over \$32 million. What this means is that Ontarians will pay \$19.9 million more for products and services in Ontario this year, and in 2004 more than \$32 million.

Retailers support environmental stewardship programs; we're not here lobbying against them. We engage in them across the province in tires, batteries, paint and other programs. What we're asking for is to make sure that any programs that are developed are administratively efficient and meet their objectives. We have a couple of suggestions, of course, on how that can be done.

First, where possible, programs must be harmonized. We believe the Ministry of Finance should get engaged in this process and advocate for harmonization. Second, if programs become too administratively costly to comply with, the Ministry of Finance must become involved to advocate on behalf of business. I'll give you an example. The current blue box program supports a sectoral calculator. The sectoral calculator will be used to help businesses calculate their obligation. Without a sectoral calculator, businesses will have to undertake what are known as packaging audits. Estimates for packaging audits have ranged from \$100,000 to \$250,000 per company annually. This amounts to millions of dollars simply to comply. This is above and beyond the levies. Retailers cannot afford that and want the Ministry of Finance to urge the Ministry of the Environment to accept a sectoral calculator.

Finally, retailers want the ability to display levies on sales receipts. We've heard mixed opinions from the Ministry of Finance and the Ministry of the Environment whether this is available. It is important to us. We believe consumers need to know why the cost of goods has gone up and what programs it is associated with. It's an educational tool and a constant reminder of the program it supports and it will increase compliance. That's all I'm going to say about environment levies at this point in time.

The next issue is energy prices, one that's all near and dear to our hearts. As you all know, the Premier announced on November 11 an action plan to reduce energy prices to all consumers. Unfortunately, all consumers are not benefiting from lower energy prices, the majority of whom are our members. The cap only extended to small

businesses, businesses that had 150,000 kilowatt hours per year. Unfortunately, this cap really isn't catching small businesses. I'll explain in a minute. This apparent change in policy position was done without consultation of our industry. We've since met with the Ministry of Energy and the Ministry of Enterprise, Opportunity and Innovation and are in discussions.

I wanted to draw your attention to a couple of the results of a survey. First, 17% of our members do not get the extended cap outright. Thirty-one per cent of our members did not know whether they get access to the cap. This survey was taken in the second and third weeks of January. When we investigated that 31%, we found that these were small businesses such as hairdressers, convenience stores and tanning salons, so they have high energy usage. Furthermore, they're small businesses that are in shopping malls or in lease or tenant situations, so they're behind the grid and hence not getting access to that cap.

Our position is that we should extend the cap to all businesses, put all businesses back on an equal footing and then move forward with a long-term strategy to address the electricity issues. As you can see from graphs 6 and 7, 79% of the members strongly support access to the 4.3-cent rate by all businesses.

I'm not really going to talk about the last two issues; I just wanted to bring them to the attention of this committee. We're working with ministry officials on them. There are tax simplification issues. Currently, Ontario's tax application on herbals and naturals and bottled water is out of sync with federal application or other provincial jurisdictions.

On bottled water, we're applying PST differently than GST is being applied, which is causing confusion among customers. They're often accusing retailers of applying it incorrectly. In many cases, retailers will just pay it to avoid that situation. So we need that to be cleared up. We're supporting a change in policy position that would make it consistent with the GST.

On herbals and naturals, it's an interesting situation. Marketing is driving tax application. If the herbal or natural makes a claim that it has a health impact, it becomes a drug, and it's taxed. If it doesn't make that claim, it's a food, and it's not taxed. Now that Health Canada has come out with NHP numbers clearly identifying what's an herbal or natural, we're suggesting that the ministry either tax all of them or exempt all of them and end this kind of marketing-driven taxation.

I'm going to close there. Just note that in your package is a copy of our Canadian Retailer magazine in which there is an article on Waste Diversion Ontario and the blue box program. You can read it at your leisure. If anyone wants to be on that subscription list, have your employees contact me, and we'll put you on the subscription list.

The Chair: We have about a minute each. We begin with the official opposition.

Mr Patten: I don't really have a question, but I do appreciate the comprehensiveness of your presentation. I

think you do point out a number of discrepancies, from your point of view—and I really do appreciate that—in terms of the application of the qualifications for the energy uses, which I think is fair enough.

I will ask you one, though. In the States, the pharmaceutical companies are making a big push on vitamins, herbal tonics and things of that nature to force them into going through some of the research they've had to fund, which would have an impact, of course, on their category and sales. What's your response to that?

Ms Marsden: We take a bit of a different position because we're retailers, not manufacturers. For us, it's either all taxed or it's all tax-exempt. We don't advocate a position either way. We just want clarity and simplification so that at the till we're not getting into arguments with our customers about whether this product is taxed or not taxed.

The Chair: We move to the third party.

Mr Christopherson: Thank you very much for your presentation. Please tell Peter I missed him this round. This is my last go-round on these because I'm not running again.

Ms Marsden: I'll let him know.

Mr Christopherson: Please do. We had some engaging discussions over the years.

Ms Marsden: I understand that. He briefed me fully.

Mr Christopherson: I figured he might.

Just to end on that note, I want to pick up on where you were on page 9 when you talk about tax cuts being the priority, to maintain that. We heard earlier from child poverty advocates that one in five children are in poverty. One would ask the question, "Why would you want to have tax cuts if you can't afford a thing?" Your argument would come into the second sentence, which is, "Failure to honour the commitments made would harm consumer confidence and reduce disposable income."

I understand the argument. I said to Peter many years ago, "It's not going to work." It didn't work. We have more children in poverty now than we did before. We've gone through the greatest economic boom we've ever seen in North America. How on earth can you continue to justify that tax cuts are the absolute priority over everything else?

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Ms Marsden: I think what you see us advocating in our position is the completion of the promised tax cuts. Not completing those tax cuts will send a signal to consumers that economic policy and a slumping economy—we're advocating completion of those tax cuts to boost consumer confidence, keep people spending and keep the economy going.

Mr Christopherson: We heard that argument in the good times and it didn't work.

The Chair: We move to the government.

Mr Sampson: We heard early last week—it seems such a long time ago—from the economists who came before us that their assumptions for future growth in the economy were based upon a continuation of the consumer basically driving the economy. One of the econ-

omists—I think it was from Scotia—even said that if it weren't for the consumer, given that there's no growth south of the border on the trade side, we'd be in a real big mess. Those are not his words, those are mine, but it's a summary of them. It ties in very directly to what you've been saying about the retail sector: "That's where the consumer buys the stuff, so if you don't see it through our sector it'll back up somewhere else." I think people need to be mindful of that. It's not appropriate to have child poverty, but it's also not appropriate to have more people unemployed and more people in that situation either.

Mr Christopherson: We've heard that argument; it didn't work.

Mr Sampson: Well, there's a million people—

Mr Christopherson: And there's more kids in poverty than there were when you took office.

The Chair: Do you have a comment, Ms Marsden, to conclude?

Ms Marsden: I'm not sure there was a question.

The Chair: OK, that concludes the presentation. Thank you, Ms Marsden. We appreciate your input.

Mr Christopherson: I hope we didn't let Peter down.

Ms Marsden: I don't think you did.

RAILWAY ASSOCIATION OF CANADA

The Chair: Our next presenter is the Railway Association of Canada. For the purpose of Hansard, we ask that you clearly articulate your name when you speak. Welcome, gentlemen.

Mr Bruce Burrows: Thank you very much. Good morning. My name is Bruce Burrows and I'm vice-president of public affairs and government relations for the Railway Association of Canada. We're pleased to present a brief to the standing committee this morning central to the rail industry and the competitiveness of shippers in Ontario.

Joining me this morning is James Allen. James is general manager of the Ottawa Central Railway here in Ottawa and is a strong representative of the entrepreneurial rail business emerging in this province. Chris Jones is director of provincial government liaison for the Railway Association of Canada. Ron Mason is manager of property taxation for Canadian Pacific Railway and a core member of the RAC's Ontario taxation committee.

Ontario is at a crossroads in transportation. On the one hand, the province of Ontario faces many road congestion, environmental and funding challenges, to the point where the current model is not sustainable going into the future. On the other hand, Ontario's railways are making a significant contribution to the growing Ontario economy. However, if railways are to play an even greater role in addressing those challenges I mentioned, then certain barriers will need to be removed. That's why we are here today: to talk about both levelling the playing field and helping Ontario attain a world-class transportation system that it can showcase to the rest of North America.

We have passed around a brief in front of you. I'll just refer to page 3, to begin with, "Rail: An Economic Engine in Ontario." As an industry, we employ 10,000 people in the province. We have 23 railway members operating in Ontario, as illustrated on the previous page, where we've put a map together for you showing where each of those railway lines is.

Ontario trade gateways handle 65% of Canada's trade with the US, including about 80% of Canada-US rail trade. So Ontario is important for rail, but rail is also important for Ontario; 44% of southbound exports to the US move by rail and 41% of Ontario's goods depend on rail to reach market.

Ontario railways spent over \$200 million on capital project improvements in 2001.

Turning to page 4, as an example of Ontario's contribution to the engine of the economy in the province and our role to try to reduce some of the congestion on the highways, virtually 100% of interprovincial and Canada-US finished auto traffic moves by rail. That covers all the auto companies, including General Motors out of Oshawa. We're moving 90 million tons in total through Ontario annually; that's equivalent to over five million truckloads of traffic. Recent successes include moving quite a bit of Algoma Steel traffic into Hamilton; that reduced traffic on Highway 400 by 10,000 trucks a year. DaimlerChrysler has recently signed on to a new truck/rail system. The equivalent of over 40,000 trucks have been taken off the roads in that Detroit-Toronto corridor. GO Transit, on the passenger side, as I think many of you are aware, is moving a tremendous number of people, equivalent to about 48 highway lanes of traffic in their peak rush hour periods.

So rail is a solution to Ontario's challenges.

Mr Chris Jones: I think it's important that the government recognize the contribution rail makes to addressing the transportation challenges in the province and to Ontario's economic growth. International trade, as you may know, is growing about three times faster than domestic trade, and using rail to help handle this additional freight would produce significant savings in public infrastructure costs, particularly on Ontario's trade corridors.

The other trend that we've noted is the increasing urbanization—the tendency of new immigrants to locate in and around the GTA area; many Canadians moving from rural parts to the urban areas. This is occasioning significant new road usage and a commensurate increase in the consumption of land, environmental impacts, cost to government for repaving highways and so on.

Essentially, if you turn to the next page, it's our belief that the transportation sector, as it's presently set up, is not sustainable in financial terms. The government's transportation ministry, MTO, spent \$1.3 billion in fiscal year 2002-03 on roads; that number will only increase as we go forward. One of our contentions is that there's a lack of full cost accounting and clearly a need for road user charges, initially, in the first instance, on commercial road users, because this is depriving the government

of a revenue stream. Many other jurisdictions around the world have this kind of system; we do not yet have it in Canada.

It's also our belief that the transportation sector is not sustainable in social or quality-of-life terms. There are some significant indications of that. The cost of accidents is huge. Transport Canada estimates that accidents cost the country as a whole \$25 billion annually, massive use of police time, emergency response vehicles, these kinds of things. Gridlock is clearly a big problem in Toronto; the latest numbers indicate that delays in deliveries are costing the Toronto area about \$2 billion alone.

The other issue that isn't brought up as often but about which there is an increasing body of literature now confirming is that all this increase in traffic is decreasing the mobility of children and youth. They're increasingly being driven to work by their parents. They're not walking, as I did when I was kid. So there are a lot of issues that are affecting the ways our society is functioning.

On the environmental side, the rail sector is accounting for only 4% of the total GHG emissions from the transportation sector. Very quickly, I just draw your attention to the fact that we increased the amount of freight that the rail industry hauled by 29% between 1990 and 2000, yet over that same decade fuel consumption fell 3.5%. In other words, we're doing more and consuming less fuel.

Finally, the important thing to note that has come out of the Canadian government's action plan on greenhouse gases is that of the 26-megatonne increase in GHG emissions from the transport sector, two thirds has come from the road freight sector. Clearly, that's the growth sector. We believe rail is part of a solution to that.

1030

Mr James Allen: I'm pleased to say that rail is doing more. Ontario railways continue to work to do more in a significant reduction in rates, considerable productivity improvements, and there's been a dynamic fit between short lines on lower-density lines and class 1s on the higher-density lines. Short-line railroads are providers of high-level, in-your-face local service to shippers in the geographic locations in which they are located. In the case of the Ottawa Central Railway, we own, maintain and operate our freight trains over approximately 125 miles of track and right of way. Additionally, we operate over another 100 miles through succession running rights and interchange traffic with both Canadian National and CP Rail. The Ottawa Central Railway carries a broad range of commodities including finished and scrap steel, fertilizer and grains, propane, wood pulp and paper, OSB and MDF, sand and crushed rock, telephone poles and even computers, serving over 30 customers in eastern Ontario and western Quebec.

The short-line railways are run by entrepreneurial, out-of-the-box thinkers who constantly work at new ways to grow their businesses. An example is the development of trans-load facilities like the one OCR has in Walkley yard. A shipper does not have to invest in expensive

infrastructure. He can simply ship by local truck from his plant to the trans-load centre where his product is loaded onto a rail car and shipped to its final destination. An example of such a move is wood pulp originating in Espanola, shipped by rail to Ottawa, warehoused and shipped to final destination by local truck. This move has resulted in the reduction of 10,000 trucks over a five-year period from our overcrowded highway system.

If I could have you turn to page 7, please. Railways paid over \$119 million in taxes in Ontario in 2001. We feel railways in Ontario are disadvantaged relative to other modes of transportation by a significant margin. A larger part of their costs are fixed provincial and local taxes. In short, short-line railways are low-margin businesses. The viability of our industry is deeply affected by the current level of taxes.

Mr Burrows: To be more specific, on page 8, I want to turn to and bring two issues to your attention, the first being property tax. Railways pay property tax for railway corridors, which they finance and get few services for. We pay approximately \$20 million of property tax in Ontario on our corridors. On the other hand, commercial road users pay no property tax for the benefit of using roads that are publicly funded, often through property taxes, and which are confirmed to be highly subsidized by a number of third-party studies. Privately run toll roads, for example, such as Highway 407, are tax-exempt.

We are very focused in terms of our investments in Ontario on the railway corridors. We're such a heavy capital-intensive business that we have to invest over \$300 million a year in terms of maintaining those corridors. Of course, on top of that, I mentioned earlier the capital project investments of over \$200 million every year in the province.

The government of New York, in contrast, if you look at some of the neighbouring jurisdictions to Ontario, just last week signed into law the Rail Infrastructure Investment Act legislation, which cuts railway property taxes by an average of 45% and exempts capital improvements from local taxation for 10 years. Quebec, on the other side, grants a 75% tax credit for property taxes paid on corridors—again, the focus here on corridors—and also has an infrastructure investment program for the short-line sector. Michigan has a 100% credit on its maintenance-of-way expenses.

On the next page, the second issue being capital taxes, capital tax is a clear disincentive to investing in Ontario's economy. As indicated, as one of the, if not the, most capital-intensive sectors in the economy, we're highly affected. We're paying over \$7 million every year in Ontario in capital taxes.

Finally, just to focus in terms of going forward with the budget 2003, what can be done?—page 10, number one. On property taxes on the rights of way we certainly want to commend the government for undertaking a review of Ontario's property tax regime through MPP Marcel Beaubien. We've tried to make it quite clear that the taxation of rail corridors is inequitable and unfair.

We're planning a more thorough follow-up with the government in terms of digesting and commenting on the Beaubien report recommendations. We have proposed through that process a maintenance-of-way credit as a means of encouraging investment in Ontario's rights of way, and we'll talk a little bit more about that in a second. Second, on capital tax, we certainly commend the government for proposing to eliminate the capital tax in the budget 2001 and would encourage them to move forward on that.

Just a couple of points before we end up, further to the Beaubien report. The entire industry faced significant increases during the late 1980s to mid-1990s on its property taxes, and then with reassessments there was a tremendous shifting of that heavier burden on to the right of way, and they've been frozen in place since 1987 or plan to be frozen in place through a phase-in process which will conclude in 2005. We are looking in essence for a long-term solution, and that's really what we need to do. In the meantime, we feel that we should maintain the current property tax freeze, pending development of that long-term solution; and importantly too, we need to develop a comprehensive definition of short-line railways that is truly reflective of the business environment that we're operating in.

To conclude, last page, Ontario's economy and communities can benefit from more innovative contributions to the supply chain. With the implementation of these policy changes in budget 2003, Ontario could start to effect change by addressing the rail's property tax concerns, maintaining the freeze and then working with the industry, including the short lines, on a long-term solution to the corridor problem. Second, eliminating the capital tax would certainly also go a long way as well.

On that note, I conclude, and perhaps we can open it up to any comments and questions.

The Vice-Chair (Mr Ted Arnott): We have about five minutes in total for questions and answers, and I'm going to be strict with the time again. We'll start with the New Democrats—a brief question and answer.

Mr Christopherson: Thank you for your presentation. Let me say at the outset that I'm a huge fan of railway in terms of its importance to—look at the history of the country. I think that importance has transferred itself to the era where we're now actually getting serious about dealing with pollution.

The points you've made here are solid and, if anything, we should be looking at trying to expand the use, both in terms of freight delivery and passenger movement, right across the board. So I want to say clearly that I'm very supportive of that for society, for our country, in terms of the future.

Having said that, I've been in this government at the provincial level; I've also been in municipal government. I've got to tell you, dealing with railways is quite the undertaking because—I'm just going to say it straight out—with the kind of legislation that you have, you're like a government unto yourselves. I've had huge issues, like trying to move railway yards and trying to initiate

discussions there, but even simple things like trying to get fences mended on corridors where they're abutting roadways—very, very difficult. So I just leave that there. You can comment on it.

The Vice-Chair: Mr Christopherson, could you move to a question?

Mr Christopherson: Well, I may, or I may use my time making a statement.

The money that you want in terms of relief of the property tax—I've got a real problem there. Municipalities are dying right now in terms of all the infrastructure problems and lack of money to do it, and all you're really going to do if you're successful at this, unless this government agrees to give that \$20 million back to municipalities, which is not likely, is you're just going to further impoverish the very municipalities that you service and the businesses therein. You're making money. It's not like the whole thing is ready to collapse.

The Vice-Chair: Thank you, Mr Christopherson. Sorry, I have to move on.

Mr Christopherson: That's fine. I appreciate that. Thanks, gentlemen, for listening.

The Vice-Chair: We turn now to the government side.

Mr Beaubien: Gentlemen, nice to see you again. To take up from Mr Christopherson's comment, and you alluded to New York, to what's happening in the States and Quebec: I know it's a challenge, and property assessment is in constant change, and there's no doubt that further discussion has to occur.

We have to be sensitive also, like he pointed out, to the revenue stream of the municipalities. I think I did discuss this issue with you. There are some issues that were addressed maybe favourably, as I'm sure some of them were not addressed favourably from your point of view. You have to maintain the balance, and when you look at the overall burden of the tax that you pay, whether it's property tax, retail sales tax, capital tax or whatever, you compare quite favourably with many of the other industries in the Ontario economy.

We all have a responsibility, as taxpaying corporate citizens or a private individual, to pay our fair share. I know there is always this debate as to what is the fair share.

1040

The Vice-Chair: Mr Beaubien, do you have a question?

Mr Beaubien: No, I guess just a comment, like Mr Christopherson.

The Vice-Chair: I'll turn now to the Liberal caucus.

Mr Patten: I just want to say thank you for coming. It's good to see my old friend Jim Allen. We went to high school together many, many years ago.

I agree with your analysis of the discrepancy between the trucking business and what they don't have to pay and the damage they cause to much of the roadways. Frankly, I think that is a source of making some adjustments.

I will ask you this. It seems to me that the rail system is hitting a new age, a new day, and more people are seeing the potential of it for environmental reasons, for space reasons, for the advances in new technologies and learning something from other jurisdictions like Europe etc. On the side of investment in capital and equipment, I didn't see anything here on that in terms of subsidies, in terms of incentives or in terms of innovation programs that are available through federal-provincial programs. Can you talk about that, the supports that are there for new developments?

Mr Burrows: Sure. Two quick comments on the previous questions just so I can address those.

I do acknowledge, Mr Christopherson, the issues you raised, which we call proximity issues in terms of our relationships with the neighbouring municipalities that we operate through. We recognize that improvement is needed in terms of how we deal with municipalities. What we've undertaken is a new initiative with the Federation of Canadian Municipalities, and that flows down through the Ontario equivalent. Just in the last few months, we've struck a proximity accord with the federation that lays out step-by-step procedures that should be followed in dealing with municipalities, and an arbitration process if it's not to the satisfaction of municipalities. We're quite encouraged by that and do hope that that will go a long way in addressing the issues you've raised.

Mr Christopherson: I'm glad to hear that.

Mr Burrows: Mr Beaubien, the issue of paying for our fair share of taxes: Ontario is the second-highest, if you look at the entire tax burden jurisdiction in North America, for railway taxes. We feel we're more than paying our fair share. If you look at our competitors that operate on highways—that have been downloaded to the municipalities, I should add—that burden and those costs are now fair and square on the municipalities' shoulders. To the extent that those trucking companies, for example, large commercial outfits, are being subsidized, that's now costing municipalities a lot of money every year.

The Vice-Chair: Thank you very much for your presentation. We really appreciate your advice.

I'll call forward our next scheduled group, the Ottawa-Carleton Elementary Teachers' Federation. Is there a representative in the room of the teachers' association? Seeing none, I'm going to next call upon the Ottawa-Carleton District School Board to see if that group is represented here. Yes, it is.

OTTAWA-CARLETON
DISTRICT SCHOOL BOARD

The Vice-Chair: Are you prepared to make your presentation?

Mr Jim Libbey: Yes, I am.

The Vice-Chair: Thank you. Welcome to the standing committee on finance and economic affairs. You have about 20 minutes for your presentation. Would you intro-

duce yourself for the purposes of our Hansard record, please.

Mr Libbey: Certainly. My name is Jim Libbey. I'm the chair of the Ottawa-Carleton District School Board. I'm ready to go whenever you're ready.

The Vice-Chair: Ready to go. We're in your hands.

Mr Libbey: We are handing out a speech. I intend to just go through it verbatim, and then I'll be very pleased to enter into any discussion or questions that the members may want.

Mr Chair, members of the standing committee, ladies and gentlemen, we thank you for this opportunity to appear once again before this committee as it conducts pre-budget consultations leading up to the next provincial budget. In our fine democracy, this is a very important process.

As the chair of one of the largest school boards in Ontario, my focus will be on the education budget. But the government establishes funding for public education in the context of other major financial decisions, so I will also discuss this broader context. Since recent evidence indicates the need for some longer-term thinking about the costs and funding of public education, I'll explore the need to connect the education portion of this budget to a longer-term plan. In fact, we are essentially challenging all provincial parties to study their education platforms carefully and to update them to reflect the recent evidence that has confirmed the concerns expressed by trustees and others across Ontario in recent years. As we speak, I do not see a platform from anyone that will really meet the needs of our youth and the expectations of the people of Ontario.

So my presentation will be in three brief parts: first, public education as a key to our economic and social success; second, public education at a financial crossroad; and finally, public education beyond 2003.

Last summer the government commissioned Dr Mordechai Rozanski, president of Guelph University, to conduct an independent examination of the education funding formula. I should begin by congratulating and thanking the government, and Minister Elizabeth Witmer in particular, for having launched this review fully one year before they were required to do so by the Education Act. This was an appropriate response to the concerns of trustees, parents, senior administrators and teachers and so on right across the province.

I will refer to the financial results of Rozanski's work later. But as it happens, Dr Rozanski also included in his report a very succinct and powerful summary of what public education is about. On page 14 he states as follows: "Education advances the well-being of individuals in society and of society as a whole. It expands the opportunities available to individuals, enables people to fulfill their potential, underlies economic success, and enhances social cohesion. For those reasons, in democratic societies, universal access to education is a common value and public education is seen as a fundamental responsibility of the state."

This statement speaks to public education both at the level of the individual and at the level of the community. Education advances the well-being of individuals in society, expands the opportunities available to individuals, and enables individuals to fulfill their potential.

Through doing all that for individuals, education advances the well-being of society as a whole, underlies economic success, and enhances social cohesion. When we fail to provide the necessary programs at the necessary levels of service, individuals by the thousands lose benefits immediately; in the short term, they are condemned to underperform in both economic and social terms. Over time, and it will not take long, this underperformance is reflected in the productivity and social cohesion of Ontario society. This is why we often hear that the investment in education is perhaps the most important investment that we can make.

There is a clear link between the lack of resources to provide programs, such as special education and English as a second language, and the cost to individuals. With early assistance, students who need these services can overcome their disabilities or at least learn coping strategies. Without these services, they will at least underperform and in some cases they will become burdens on our social system or even our criminal justice system. This is the ounce-of-prevention perspective on education: \$1 invested now could save \$7 later on.

There is yet another way of looking at this. We know that our prosperity as a province depends in large measure on the quality of our communities. Our cities and towns will be successful in the future to the extent that they are able to attract a competent workforce, which will largely be comprised of knowledge workers. These citizens will come, and they will stay, if and only if they are satisfied with the quality of life. A key aspect of the quality of life for these people is the quality of public education. Simply put, as we improve the reputation of our education system, we will attract and retain more and more workers of the future and we will increase our productivity.

In summary, effective public education is the minimum commitment owed to our young people by those of us—young and old—who are lucky enough to live in this great province. We must deliver to them the highest level of learning, citizenship and usable skills that they are each able to achieve. This ensures that they will be solid, contributing citizens. It is a happy corollary that our economy and our quality of life will continue to be among the finest in the world.

1050

What about public education at a financial crossroad? I assume that all members are thoroughly familiar with the report of Dr Rozanski. In short, he calculated the need for \$1.1 billion, plus the amount required to pay for the yet-to-be-negotiated salary increases related to the current year, which is another \$340,000, more or less, just to adjust the input costs in the funding formula to reflect current values rather than 1997 values. In addition to that he estimated that some \$700,000 is required to

bring programs, such as special education and English as a second language, to an appropriate level of service. The shortfall identified by Rozanski therefore exceeds \$2.1 billion, and even at that he leaves several questions open for further study.

So what have been some of the impacts of this prolonged period of underfunding? I have already noted that students with special needs and ESL students are not able to reach their full potential. We also have a very constrained curriculum, characterized by weaker arts, language, outdoor education, guidance and other programs that make such a difference when they can be offered at the level of service required. Later today you will learn about the value of outdoor education in a system like ours, and I hope you'll all listen intently to that. We have administrative staffs, including principals trying to lead two schools at once, that are stretched beyond any reasonable limit. School buildings themselves are suffering from maintenance backlogs. This is all true, not just in the OCDSB, but in school boards across Ontario, as evidenced by a letter to that effect from all 72 directors of education to the minister in February 2002.

Unfortunately, having gotten so far behind, there are those who believe we must take some time to catch up again. Even Dr Rozanski fell victim to this affordability argument when he suggested that the government take three years to complete the reinvestment in education. Each year that goes by without adequate resources compromises our productivity and our social cohesion, and adds to the mortgage of maintenance on our schools. I encourage the government to act as aggressively as possible to restore the necessary funding to our system of public education.

Beyond 2003, I would like to see many things in a longer-term education platform. I would start with a clear vision for and commitment to public education. I would ask that public education be protected from the vagaries of the economy; it is both bad economics and poor social policy to say, as some have, that the quality of public education must decline in a given period due to a weak economy. It is the job of government, I submit, to manage the financial affairs of state in a way that protects education. Perhaps instead of banning financial deficits, which are necessary evils on some occasions, I suggest, we should ban deficits in the quality of our education systems.

I would like to see regular, timely access to relevant high-quality information, and I would like a ban on the sort of misleading information that has characterized the government's portrayal of its record in education in recent years. For example, governments should not claim to have added resources and increased flexibility when in fact they have barely covered inflationary increases. Let's have truth and frankness in our communications around education.

Governments should stop talking about the power they have—we hear a lot about that—and should start thinking about the responsibilities they have assumed. From that perspective, they can find ways to continuously and

carefully improve public education over time without imposing on it the shocks often caused by change driven by political ideology. The recent audit of Ontario education policies by Dr Michael Fullan and his world-class team of education researchers—it was called *The Schools We Need*, and I hope everyone has read that as well—found that there was an overwhelming volume of new initiatives imposed on the system, a number of distracting and inconsequential policies, poor policy implementation and important policy gaps. To avoid this in the future, perhaps an independent professional organization could be created that would monitor the education system, do useful research, oversee pilot projects and so on. Their job would be to work closely with school boards and independently of government, and to make carefully considered proposals for improvement to government.

The important differences between large urban centres and the northern and rural areas of Ontario should be examined and appropriate funding changes made. The funding formula already provides for some special features of education in northern and rural areas. One needs only to examine the annual rate of immigration in centres like Ottawa and Toronto in order to be convinced that there are important differences in education requirements in these major centres. We must think carefully at the level of individual communities as we retool the funding formula.

Finally, it goes without saying that the real costs of education need to be well understood and fully funded. I call on all parties to review their programs carefully in light of Rozanski and Fullan, and let voters know exactly what they will do in the medium and longer terms to properly fund public education.

Thank you. I would be pleased to respond to some questions.

The Vice-Chair: Thanks, Mr Libbey. We do have some time for questions. I'll turn first to the government caucus. Mr O'Toole, do you have a question?

Mr John O'Toole (Durham): Thank you very much for your presentation. I don't really have any comment.

Mr Christopherson: That's it. You read the newspaper through the whole thing and you don't have a single comment.

The Vice-Chair: Order.

Mr O'Toole: I listened to every word.

Mr Christopherson: That's the first time nobody's had a question of a presenter.

The Vice-Chair: Order.

I'll turn now to the Liberal caucus.

Mr Patten: First of all let me thank you for coming forward in a truly professional fashion, when I know the way your school board in particular has been treated by this government. The cost of the supervisor today is completely absurd, when the Rozanski commission proposals came out and literally suggested that on a per capita basis your school board would probably stand to require about \$75 million. The government took over your school board because you stood fast on saying, "We can cut no further" and there was a \$23-million deficit there.

In terms of the long term, are you suggesting—and there was some talk about this—the school board should have a three-year window of planning so that they can plan adequately, not just a year-to-year thing? In fact, behind the eight ball, you find out what your figures are after you've already opened the year.

Mr Libbey: Actually in my presentation I did not reference the three-year planning window, but it would certainly be very helpful. I'm not sure how that could be accomplished, given the annual budget requirements of the provincial government, but at least perhaps some signals could be given, and that was perhaps implied in my request for a longer-term view of education funding. It is very important for us to know where we're going. I know the government was thinking, to some extent, along those lines when it suggested that we negotiate three-year contracts. Unfortunately, that has proven to be quite difficult in the circumstance.

Mr Christopherson: I should know this but I don't. Are you still under the supervisor's thumb?

Mr Libbey: Yes, our first supervisor recently "resigned," I guess would be the right word, and we now have supervisor Kyle Murray, who we have the pleasure of meeting for the first time, formally I guess, this afternoon.

Mr Christopherson: We're under the same sort of dictatorship in Hamilton, as you know. How did you get rid of the first one? Maybe you could share that with me later.

What kinds of decisions have been made by this supervisor that—let me put it this way: in Hamilton the decisions being made are very consistent with what the government wants—quelle surprise—and it's doing a lot of damage throughout our system. I wonder if you're sharing a similar experience here, or is your supervisor listening more to you than ours is, "you" being trustees?

Mr Libbey: First of all, we didn't do anything, as far as I know, to get rid of the first supervisor. All he said was that he didn't plan to stay around as long as it appeared to be required to do the job that he thought was necessary.

As regards the kinds of actions that the first supervisor, Mr Beckstead, took, you'll remember that last August he made his initial cuts, being \$3.7 million to special education and about \$1 million in so-called savings by twinning schools, hence my reference to principals who have two schools to manage, which is not, in the view of many, a very good way to go about it.

1100

Certainly, the special education cuts were challenged in court and to the extent that the scope of the court case permitted, those cuts are now being reversed, which is a start, but I certainly would like to see the entire cut reversed. Given the funds that the provincial government announced post-Rozanski, one would hope that could be done. In any case, it's a big job for the new supervisor right now, Mr Murray, to figure out what he's going to do in the short term with the current-year budget and then start working on next year's budget.

As regards consultation with us, the terms of reference of the supervisor do require that he or she consult with us and that we advise. We have certainly been publicly recording our advice for the record, but the supervisor has had the very difficult job of trying to balance a budget that was not balanceable, and I guess what the experience has demonstrated is just that. It isn't balanceable, and Rozanski's work has demonstrated why that is the case.

Mr Christopherson: Congratulations on the stand that you've taken. I know the trustees in Hamilton appreciate the solidarity that exists among the boards that stood up for our kids and said, "This isn't right and we're not going to do it any more." I want to give you my personal compliments on that doing that. I commend you. It's a courageous thing to do. It's not easy. You have to weigh not only your own personal future but whether or not you're doing damage to the system and to the kids. At the end of the day, I don't think you are.

I think the reason you saw the one government member who was here to hear your presentation read his newspaper throughout your entire presentation and have no question or comment is because he holds you in total disdain and that's his juvenile way of expressing it.

Thank you very much for coming in here today, and keep on standing up for our kids.

Mr Libbey: Thank you.

The Vice-Chair: Thank you very much.

TOWNSHIP OF NORTH GLENGARRY

The Vice-Chair: The next group I intend to call forward is the Township of North Glengarry. If there are representatives of the Township of North Glengarry in the room, would you please come forward. Welcome to the standing committee on finance and economic affairs. We're looking forward to your presentation.

Mr Bill Franklin: My name is Bill Franklin. I'm the mayor of North Glengarry. I have with me Annie Levac, who is our treasurer.

I hope I don't offend anyone. This is a first experience for me in this kind of forum. I don't want to leave anything out, so I'm going to stick pretty close to the script that we brought with us. I would suggest to you, before I start, that the problems we put before you today are problems that are being experienced by most of the small municipalities that I'm familiar with. We are all facing the same kinds of situations with regard to funding and financing. I guess what I'm asking you to consider is that this is a larger problem than a problem facing one small municipality.

I start by thanking you for the opportunity to address you this morning. As I said, it's our first time. It's not something that happens to us too often. Quite often, we feel that we're confined to our own little bailiwick and nobody gives a damn whether we live or die. So it's an opportunity for us to say something to a broader base of people where possibly some things can be rectified.

Over the past years, the province has quite correctly recognized the importance of small and rural communities in its overall physical and financial health. There appears to be an understanding of the necessity for maintaining infrastructure in the large part of the province that provides food, services and in many cases living space for people in our larger centres. Neither the large centres nor the rural areas can exist independently of one another in any practical way. The Walkerton tragedy and the subsequent inquiry made it abundantly clear that the drinking water for all of us has to be protected at the source, and this means that it has to be protected in the rural areas. As everyone at the table knows, this protection that is being required has costs attached to it.

It is also clear that in a thriving society goods and raw materials must be able to travel efficiently through our system. We've got to get our raw materials in and our product out. It requires an infrastructure of considerable quality to be able to do this.

As a small rural municipality with a population of about 11,000—it's somewhere between 10,500 and 11,000—we agree wholeheartedly with the province on the importance of these items to all of us. We do not disagree with the concept of people paying the real cost of the services they use.

What we would ask you to understand, however, is that costs of these services in the rural areas are often higher than in cities due to our inability to take advantage of economies of scale, while our ability to pay for them is severely curtailed due to our small population base and our significantly larger area. I can tell you that in preparing for this, Annie and I had a number of discussions. We wanted to take a look at the ability of our citizens to pay these costs and we started off by asking the question, "Is there anybody in the municipality who makes \$100,000?" and the answer is, "No." We don't have a single individual in the municipality who earns \$100,000 a year. The economy of rural areas is very limited. The capacity to pay is likewise limited. I can give you an example. We spend about half a million dollars on our garbage pickup. I had an MPP say to me, "When I was mayor of my town, it didn't cost that much. How come it costs you so much?" The answer was, "Did you have 550 kilometres of road to travel?" Our population is scattered over 550 kilometres of road. The population density is very thin. It gets very difficult to service these areas in the same way that Ottawa or Toronto can be serviced, where everything is in close proximity to everything else.

What we would like to show you today is a picture of a municipality that recognizes its responsibilities, knows where it wants to go and has to go and is making every effort to get there. We hope you will agree with us that since the strength of the province is dependent on the strength of its communities, it is in the best interests of all of us if the provincial government helps us to our full potential.

In preparation for this morning, our council identified two major areas. They are our water and sewage system and our bridges. Pages 3 to 7 of our presentation deal

with the attempts we have made to meet our obligations in these fields.

I don't wish to bore you by reading all the details, so what I'm going to do is just touch on the highlights. If it's your pleasure to read this later, feel free to do so; the details are all there.

A brief history of what's happened in our water and sewer system: in 1998 we did sewer upgrades, did a lot of studies, found the leakage, fixed it. Our share of the costs of that upgrade was \$1.4 million. I would ask you to understand that this is being paid for over roughly 1,400 households. It's a user-pay system, so \$1.4 million over 1,400 households.

Our sewage treatment project started with the system being constructed in 1963, modified in 1977, modified in 1990; it underwent the EA process in 1988. The estimated capital cost in 1998 was \$8.9 million. The operation of this system is predicted to run in the range of \$300,000 to \$350,000 a year. Again, keep in mind that this cost is not spread among all of our residents but rather just the residents of the town. It's user-pay.

In 1980, the Ministry of the Environment hit us with a development freeze. We have several developers with land that has been waiting for development since 1980. The growth of the town has been brought to a halt. We have industries that wish to expand. I have delegations in my office asking when the freeze is going to be lifted. They want to bring executive people in; they want to bring workers in. There's no housing, and we can't do anything about it because we can't hook up because of the freeze that is related to our sewage treatment plant.

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So all growth and development is being frozen. We have a brand new official plan that says we want to have any new growth centred around the services. We can't provide any more services, so everything is at a standstill.

We did a study of our water woes. Traditionally, we get our water from three small lakes with a very small drainage basin. In dry years, we have water restrictions; I don't sleep at night, and I keep my fingers crossed. If one thing goes wrong, we have a town with absolutely no water. We've spent quite a bit of money studying what we can do about it.

In 2002, we completed an engineer's report for upgrades to the system in Alexandria and Glen Robertson. The cost of the upgrades is \$250,000 plus OSTAR funding. I understand we are the last municipality in this area to have the funding announced. Since last October, we can't find where the application is. It's somewhere between Toronto and Ottawa, and it bounces back and forth. Quite frankly, I'm getting tired of looking for the cheque.

We have other small hamlets. We did a water and sewer project in Apple Hill, which started in 1989. To complete this, water for this small hamlet with 50-some houses: \$1.9 million for water. We've spent about \$1 million on the studies to get to this point.

The village of Maxville: I don't know if any of you are of Scottish heritage, but in August, Maxville is broad-

cast around the world. Some 800 people put on a show for 25,000 people. Maxville has 68% of its wells contaminated. We just spent \$275,000 finding out there isn't sufficient water available to put in a system for them. There is water outside the area; it would cost us \$8 million to get it there.

The conclusion is that there was no economical source of the water. The long-term solution is a system that would bring water to all of our villages, hamlets and towns; the predicted cost of that was \$24 million. I know that "millions of dollars" rolls easily off the tongue, but when you look at these costs being loaded on to a very small population, they're phenomenal. For those 800 people, their share of this system would be \$11.8 million.

The second item we looked at was, we did a review of our bridges. There are 46 of them on our 550 kilometres of road. The oldest was constructed in 1930. Twenty-six were constructed prior to 1950. Most of them were built for loadings that are less than eight tons. As a matter of fact, when I was growing up there, the sign at our gate said "six tons." We now have two quarries on that road. There are others. There are 19 gravel pits. Those bridges are taking loads of 40 tons at 100 clicks. You don't have to be a rocket scientist to know where we're going; these things are going to have to be replaced. They're showing wear. The cost of these upgrades to the bridges is \$2 million.

So that's the picture we'd like you to have of the situation small municipalities are in. If we are going to be a healthy part of the province, we have to find a way to do things with both the water and the infrastructure. Because of the isolation and the lack of density of both our people and our industries, the costs are something that we cannot reasonably be expected to bear ourselves. My view is that the purpose of a larger government is to share costs more equitably across the population so all of us can have maximum help.

Having said that, I'm going to turn the rest of our presentation over to Annie, who is our treasurer.

Ms Annie Levac: Good morning, everyone. It's a pleasure to be here this morning. If you could turn to page 9 of the information package we presented to you, what I'd like to do is just give you a recap of our 2002 municipal budget so you have an idea of the figures we're looking at.

Our municipal budget: our total revenues for 2002 were \$3,724,294; our total operating expenses were \$5,175,650; less our total capital projects for 2002, which came to \$787,980; our net requirement acquired through our tax base was \$2,239,336, and I'll give you the tax rate on the next page, what that amounts to.

The recap of our 2002 waterworks department budget: our total revenues were \$1,734,083; our total collection and treatment costs came to \$1,972,505. Now, we had a net requirement—last year we didn't borrow; we took the money from our reserves. So each year, depending on how our year has resulted, if we show a deficit, that money has to either come from reserves or we have to borrow and make the payments the following year. So in

our municipality we basically have two sets of budgets: one is tax-based—our net shortage is what we base our tax rate on—and in our waterworks department, we either raise the rates, which is not something we can do at this point, or we borrow or we use some of our reserves. We do have some reserves, but they are limited.

If you proceed to page 10, this just gives you a summary of the estimate of costs of the work that's going to have to be done in the upcoming year, as the mayor has outlined. The Alexandria sewage treatment project, the major upgrades, would cost us \$8.9 million. The Alexandria water supply—this is the construction of the pipeline from the St Lawrence River—that estimate is \$11.732 million. The Apple Hill water and sewage project—that's a communal water system and private sewage correction—would be approximately \$1.9 million. The Maxville water project, which is a regional water supply system that will be required, will come to \$11.8 million. For the repairs or replacement of our bridges we estimate \$2.270 million. That's a total of \$36.602 million.

If we look at that figure, we're definitely going to need some assistance somewhere. With the number of residents we have in our municipality, this is a major concern and it's something we definitely have to deal with; not necessarily all within the next few years but over the next 10, 15, 20 years, it's going to have to be dealt with.

If I can get you to turn to page 11, I want to give you an example of budgeting for capital costs. If our municipality were to finance the Alexandria sewage treatment project for \$8.9 million, the cost would be assessed to the 1,304 users of the system of the Alexandria ward. If financed over a 20-year period at an interest rate of 5%—and I was being very optimistic there—our yearly cost would be \$704,832.72. This would cost each user in Alexandria the amount of \$540.52 per year. If we had to finance it over a 10-year period, at the same interest rate, the cost per user would be \$868.70 per year.

If we add the capital cost to the taxes of a residential household with an assessment of \$100,000, the following would result. Our tax rate for 2002 was 1.595, so if you had a house worth \$100,000, you'd be paying \$1,595.95. On top of that, we charge every residential unit \$125 for garbage and recycling. Their water and sewer charge—basically this is for their operating—is \$409.20; we have a flat-rate fee. Then, of course, if we add on the capital cost, as I've just described above, that would be an additional \$540.52. So for a residential unit in Alexandria, if we were to proceed with the above capital cost, their yearly tax would be \$2,670.67.

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The Chair: You have about a minute left.

Ms Levac: To sum it up, what I wanted to show you here is the cost per residential unit. As the mayor expressed, the wages in North Glengarry are limited, so we just wanted to outline that we will be requiring some assistance for our residents.

The Chair: Thank you very much, Mr Mayor and Ms Levac. We appreciate your input. That pretty well concludes your time. There's barely enough time to even ask a question, let alone get an answer, so we'll take this into consideration in our deliberations. Thank you for coming today.

Mr Franklin: We thank you very much for the opportunity to be here.

Mr Christopherson: While you're leaving, I'd just like to say that it may seem like this is a small number of people and projects—you'd better get going or he'll cut you off. I just want to say to you that it's helpful for us because it does let us put things into perspective. Sometimes when you deal with big budgets and big populations—

The Chair: Thank you.

Mr Christopherson: They're leaving.

CANADIAN MENTAL
HEALTH ASSOCIATION,
OTTAWA-CARLETON BRANCH

The Chair: Our next presenter is the Canadian Mental Health Association, Ottawa-Carleton Branch. Please state your name for Hansard. You have up to 20 minutes. If there's any time left over, then we'll have questions. Proceed, please. Welcome.

Ms Joanne Lowe: Thank you so much for giving us some time today. I'm Joanne Lowe, and I'm the executive director for the Ottawa branch of the Canadian Mental Health Association. For those of you who may not be familiar with the Canadian Mental Health Association, we are a national organization that has provincial divisions, and our provincial division is located in Toronto. In Ontario, there are 35 branches—soon to be 34 branches because of some amalgamations—that provide community mental health services to people who suffer from severe and persistent mental illness.

I'm here today to talk to you about mental health reform and to strongly urge the committee to recommend strong and substantive reinvestments in community mental health. I'd like to present my case on behalf of the Canadian Mental Health Association to you today.

The Canadian Mental Health Association is very committed to assisting the government in mental health reform. Mental health reform is not a new action or direction for this government. Since 1988, there have been many documents—many of those have been launched by this government—toward the goal of reforming mental health services for people in Ontario. We are recommending that the provincial government proceed with the advice of the task forces that have now ended their work, as of December 2002, and particularly we're recommending that the government build on what currently exists in this province.

Our "asks" are very straightforward. We're asking specifically three things.

We're asking that there be a strong reinvestment, in fact a doubling of funding to community mental health

services, to the tune of \$389 million. In the document you have in front of you, we've outlined on page 3 where those reinvestments could go and should go. Those reinvestments would build a greater capacity for community mental health services to respond to the needs of people in our community.

The facts are very straightforward. Very recent research in Ontario, as recent as December 2002, in community mental health, funded by the provincial government, identifies that if somebody is receiving community mental health services in this province, there is up to an 85% reduction in hospital services. That includes the use of emergency services as well as in-patient services. That's a substantive cost savings that needs to be re-directed into community mental health.

We are also strongly urging that the funding be available to enhance self-help groups, including families and people who experience mental illness. Family members are growing in numbers in terms of their burden in providing supports to their family members. We believe they have received very minimal funding over the last 50 years in this province to support them and their family members to improve their quality of life.

We are also looking for an immediate operating budget increase. Community mental health services in this province have not seen a base increase for over 10 years. What that means on a day-to-day or year-to-year basis is that while there have been some reinvestment dollars from the provincial government into community mental health in some parts of this province, when the reinvestments have occurred, some percentage of those reinvestments has had to go to easing the strain on existing services. So the purchasing of new services has been limited by trying to deal with very long-term issues that have come exclusively out of the lack of base budget increases for community mental health services.

This funding will also ease waiting lists. Waiting lists are a hot topic of conversation, following out of the Romanow report and the discussions with the ministers. We have been able to demonstrate in community mental health that waiting times and the number of crises that people will experience are substantially diminished if there is a strong investment in community mental health. Community mental health services, as identified in the Romanow report, are identified specifically as home care case management services. We believe there is substantial evidence to prove that that's a good choice for reinvestment.

We also would like to see a reinvestment in terms of supporting the existing service system. We are not looking for a complete overhaul of health care services in community mental health. What we're looking for is building on what currently exists. For example, there is no mental health services registry. If anyone in Ontario is looking for mental health services, there is no one place to call. The place they often do end up calling is the Canadian Mental Health Association, and they show up at emergency rooms.

We are also looking at having the government reward mental health programs and partnerships that already exist in this province. This isn't rocket science; this is about building on what currently exists, which has been an investment by this government in over 355 programs in this province. We're looking at seeing an investment of \$389 million into very specific areas that have demonstrated through research that they will improve the quality of people's lives in Ontario. We're looking for investment in housing, employment, early intervention, self-help, the operating increases and the service registry so people can have a toll-free number to call when they're in need of information about services. We're looking for an investment in terms of the ability to collect information and data about how people are using services and what in fact they need in order to resolve their mental health problems. We're looking for funding for an innovation fund. We're also looking for money for research. There has been a very limited investment in community mental health research in this province, but Ontario is one of the leading provinces, in fact, in the small reinvestment they have made to date.

In the document I've passed on to you, there are some very strong examples of the kind of investment that needs to happen in this area. There are specific kinds of services that exist in all of the areas for which we're looking for reinvestment.

One final note in terms of really looking to make this a priority: it has been identified as a priority by this government's own task forces throughout the province; it has been identified as a priority in the Romanow report; and we believe that it has been identified as a priority over and over again by community providers, families and, most importantly, people who are suffering from mental illness. Thank you for your time.

The Chair: Thank you, Ms Lowe. That leaves us with two minutes per caucus. We begin, by deferral, to the government. Mr Beaubien?

Mr Beaubien: I'll defer to Mr Sampson.

Mr Sampson: I just want to make sure I understand the chart.

Ms Lowe: The budget?

Mr Sampson: Yes. These are additional amounts each year, then?

Ms Lowe: Yes, over a three-year period.

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Mr Sampson: Let me just pick a line here. So housing started off at X; I don't know what the number is. You're saying, "Make it X plus \$75 million and X plus another \$75 million over the existing \$75 million the next year"?

Ms Lowe: That's right.

Mr Sampson: So these are in fact cumulative numbers.

Ms Lowe: That's right, for the total of \$225 million into housing.

Mr Sampson: Chair, how much time do I have?

The Chair: You have two minutes.

Mr Sampson: In the backgrounder section, you indicated that additional research has shown that community

mental health workers reduce visits to emergency rooms by 60% and hospitalizations by 70%. What's that research?

Ms Lowe: It's 86%, actually.

Mr Sampson: Sorry, 86%.

Ms Lowe: That research was actually funded by the provincial government through the Ministry of Health. It's currently in its fifth year of a five-year study, of which Ottawa is one site. There were different kinds of services, some of which were case management; some of which were crisis services. To give you a few examples: the community mental health evaluation initiative that is operated out of the Clarke Institute for now, the CAMH, the Centre for Addition and Mental Health. What they did is that for the first time in Canada they set up a multi-study site across the province that researched the effectiveness of those services as well as the cost of those services.

Mr Sampson: Now, was any one of these line items—

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

Mr Patten: Hi, Joanne. You mentioned the figure, which I didn't quite catch, of the savings from decommissioning some of the old psych hospitals in Ontario. Do you remember what that was?

Ms Lowe: I don't know that I mentioned an actual figure. Do you mean in terms of the provincial psychiatric hospitals?

Mr Patten: Yes.

Ms Lowe: I have to say that those numbers tend to change over time. I could probably speak mostly from our own area in terms of Brockville Psychiatric Hospital. There's approximately \$60 million in savings that should have been reinvested in this community.

Mr Patten: I recall asking Minister Witmer, when she was health minister. I have it; it's on record. She made a commitment that the money from the decommissioning of any of the older psych hospitals and what have you would stay in the mental health budget. I think the government side should remember that; it's important.

I think you've made the case—and I gather it has been made in other areas as part of the finance committee review here. But there's no doubt that if you just take the money away and try to scrimp and save, it's stupid. It will come back to haunt you and be more expensive in other ways. The examples you use—and I have others too, because I try to stay up on this—show dramatic success in diverting people from being literally incarcerated in some of these older institutions if you have a good, strong community program. So I want to support you on that. But you're sticking to that principle. Make sure you hold the government accountable—we will—to that principle. Do you agree with that?

Ms Lowe: Absolutely.

The Chair: Thank you. We move to the third party.

Mr Christopherson: Thank you for your presentation. We've had a number of your colleagues across the province make similar presentations, pointing out that it's a widespread problem. To pick up where Mr Patten left

off, to be fair, every government is guilty to one degree or another of deinstitutionalization: closing down psych hospitals, closing down the back wards, which was a good thing, and then just keeping the money, rather than reinvesting it in community mental health and in catchment communities like mine and others; Ottawa probably is too. I know Hamilton has a huge problem. We evolved a patchwork of housing and supports that limps us along day by day, but it's really not addressing the problem.

All I want to do is underscore the importance of this and the fact that this cuts across all lines. This is like Walkerton. If you're rich, that's not going to protect you regarding mental health. Michael Wilson, a former federal finance minister, to his credit has come forward and talked about his son and has offered that up as an example. It takes a lot of courage.

I was thinking too, there are about 15 people in this room. I won't ask, but how many people would put up hands if you asked, "How many people have had experience with mental illness in their families to the degree where it has caused any kind of disruption?" I'll bet it's at least half.

The only other thing to add is that in the times we live in, if you want to talk about preparation, if we do end up going into war and that triggers any kind of terrorism, there are an awful lot of people who are just barely hanging on. If we start seeing that kind of mass stress taking place, we had better have those infrastructures in place or we could easily double the amount of people who are on the streets, in our emergency wards, overwhelming our doctors. This is a serious issue, and without the crisis I've mentioned you've still got—I think the numbers are—

The Chair: Question, sir?

Mr Christopherson: I'll ask the question by way of ending. Over the next 10 years, 20 years, what's the proportion of the population that's expected to experience some period of mental illness?

Ms Lowe: The figure we use is one in five who would experience a mental health problem, and that could be anything from a major mental illness to a mental health problem that's more easily resolved in a shorter term. But the number that we use is about 20%.

The Chair: Thank you, Ms Lowe. We appreciate your input today.

Ms Lowe: Thank you for your time.

OTTAWA-CARLETON

ELEMENTARY TEACHERS' FEDERATION

The Chair: The Ottawa-Carleton Elementary Teachers' Federation I guess went to the wrong location, so I require unanimous consent to allow them to come on at this point. Is that agreed?

Mr Christopherson: As long as they're given a detention.

The Chair: I want you to note that it was the NDP that made that comment. Please come forward, gentlemen, and if you'd be kind enough to state your name

clearly for the purpose of Hansard. Up to 20 minutes, and if there's any time left over from your presentation, then we'll have questions. Welcome.

Mr David Wildman: Thank you very much, Chair, and members of the panel. My name is David Wildman. I'm the president of the Ottawa-Carleton Elementary Teachers' Federation. With me is Paul Dewar, who is the vice-president. We appreciate your allowing us this time to present.

The Ottawa-Carleton Elementary Teachers' Federation represents approximately 3,000 teachers. We are affiliated with the Elementary Teachers' Federation of Ontario. All of our members are employed by the Ottawa-Carleton District School Board. As an organization we are dedicated to representing the interests of our members and promoting public education in Ottawa-Carleton.

We come before this committee to speak of the needs of the elementary students and teachers here in Ottawa. This past year has been extremely challenging and difficult for parents, teachers and students with the Ottawa-Carleton District School Board. In August of 2002, before schools were opened, there was a provincially appointed supervisor put in place. That supervisor cut 27 full-time elementary special education teaching positions. That meant 54 schools had a reduction in the staff who identified children with learning difficulties. Those cuts were subsequently reinstated by the courts. The supervisor also cut principals and twinned 22 of our elementary schools, meaning that these principals have to look after two schools at once. There are serious concerns as to the availability or the accessibility of the principal to parents, teachers and students, and there are major concerns regarding safety.

Also in the fall of this year the supervisor went on to close the media centre. This was a consortium of all the local school boards for sharing resources and lending them out like a lending library to teachers in schools. Last year, 6,000 teachers borrowed over 49,000 resources. At the announcement of these cuts the media centre was closed and teachers had to send back their materials right in the middle of their units of study. This is a model, this consortium, that should be expanded, not abandoned. Our outdoor education centres are on the chopping block this year due to cuts imposed by the provincial funding.

While the provincial supervisor has resigned and was not able to balance the board's budget, another supervisor replaced him. The problem, however, is not with the supervisors or the trustees. It is, as Dr Rozanski recently recognized, the underfunding of public education by the provincial government. Therefore, we are recommending that the government immediately implement the recommendations contained in the report by Dr Rozanski. We are also recommending that the government go beyond this report and make a strong commitment to ensuring that elementary students here in Ottawa are provided with the best start to the world of education that is possible and that local needs are addressed. We make these

recommendations knowing that it will require a significant investment, but we strongly believe that this is an investment we cannot afford to put off.

To achieve this we believe the government should reinstate the democratically elected trustees and put the supervisor's salary and expenses back into the classroom. If this community is unhappy with the performance of trustees they will have an opportunity to elect someone else in the municipal elections.

This fall, Dr Rozanski sent a loud and clear message to the government that Ontario's education system is underfunded. A significant amount of money needs to be reinvested in education to reverse years of neglect. The time for action is now. We disagree with Dr Rozanski when he suggests a gradual reinvestment in public education over the next three years. Students are in need now.

To their credit, the Ontario government acted quickly on three key recommendations. They put more money into special education, salaries, and transportation, a total of about \$550 million. This money is for the current year.

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Is the problem of education funding fixed? The answer is no. The government has made an important first step, but we must be clear on this, that it is only a first step.

Dr Rozanski made a number of key recommendations to improve the funding formula. He made it clear that these recommendations are very important to the future of education in Ontario. "I tend to agree with those who say we cannot afford not to provide adequate funding to meet our goals for public education. Our children deserve no less; our economic future requires no less," says Rozanski. In other words, a high-quality education system needs to be well-funded.

One area identified as needing significant attention is updating the funding formula to reflect increases in inflation. Since the funding formula was introduced in 1998, most of the components have not been updated. The amount that boards got in 2002 for such things as textbooks, computers, classroom supplies and various other operating expenditures is the same that they got in 1998. Over those five years, inflation has increased by over 10%.

Rozanski also recommended an additional amount to be invested for salary increases for 2002 and 2003. This does not address the fact that these base amounts originally set did not reflect actual costs. The province must review the base numbers that were inadequate when they were set originally. This is true of all other envelopes. The benchmarks that set the various funding levels were not based on reality and were province-wide and didn't take local needs into account. There is not enough money to clean and repair schools; money must be taken from classroom instruction or schools begin to deteriorate.

Mr Paul Dewar: I'm just going to speak to you about new investments. Dr Rozanski also recommended a number of new investments that we needed to improve the education funding formula, totalling about \$689 million. We urge the government to include this money in the budget immediately and to allow local boards extra

money in some envelopes to address local needs. Ottawa-Carleton does not have enough money, for instance, to provide English as a second language to those who need this assistance. Need should establish funding, not a provincial rule. These new investments include the learning opportunities grant, the funding intended to improve the education opportunities of students from lower socio-economic levels; funding for English-as-a-second-language programs for five years instead of three; adequate funding for school renewal and maintenance; and improved funding for students with special needs.

The government did commit \$250 million in 2002-03 for support for students with special needs, about \$205 million to be allocated for this year. That leaves \$439 million to be allocated. This committee needs to ensure that this money should be in place in 2003-04.

Just to implement the monetary recommendations by Dr Rozanski, the Ontario government would need to invest about \$16.1 billion in education funding for 2003 and 2004. This is a large increase but that is the price to be paid for years of neglect and underfunding.

Dr Rozanski also made a number of other recommendations for further study, and ultimately further funding. For example, he recommends that the Ministry of Education collect and analyze data on programs and services for students at risk to determine the appropriate level of funding of the learning opportunities grant. The panel studying learning opportunities estimated spending in this area in 1997 was \$400 million. In 1998, the Ontario government funded this component at \$185 million, less than half of what was being spent by boards. The government has increased the total funding for this grant to \$293 million in 2002-03, but it has added two major components, for early literacy and for literacy and math for grades 7 to 10. A serious review of the initial intent of this component would undoubtedly recommend more money to ensure that students at risk due to social and economic circumstances do not fall through the cracks.

As previously stated, Dr Rozanski did not validate the original figures used in the funding formula. He simply updated the figures based on increases in costs from 1998 to now. An example of this can be seen in school operations. The funding formula allows for \$5.20 per square foot for operations. This figure, in place since 1998, was based on the cost for the median board prior to the new formula. That is, right from the beginning, the cost for school operations was not enough for half of our school boards. The average, rather than the median, cost per board would have provided \$5.50 per square foot, the amount recommended by the expert panel on the pupil accommodation grant. Updating the \$5.20 per square foot for inflation is an improvement, but it still does not reflect the higher costs in many boards due to such factors as high cost of living in urban areas or the higher cost of maintaining older buildings. Increased funding of school operations should be included in this review of the formula.

Finally, we hope there will be money in the budget to reduce class sizes for the elementary grades. The elemen-

tary teachers of this province can verify that smaller class sizes, particularly in the early grades, is a key step to ensuring a high-quality education for all students.

In our view, the research could not be clearer. Students in small classes in kindergarten through grade 3 performed better in every subject area on all tests administered than their peers in larger classes. The more years students were in small classes, it increased the advantage over students in regular classes. The research also indicates that students who start their education in smaller classes are less likely to drop out, are more likely to graduate on time, taking more challenging courses in high school, and are more likely to attend college than their peers from larger classes. Students in smaller classes participate more in school and have fewer discipline problems. They have more opportunities to work with others to problem-solve and to take on responsibilities within their classrooms. Teachers in smaller classes cover the curriculum faster and in greater depth and provide earlier identification and intervention for learning problems.

It has been estimated that the advantages of small classes in the early years meant savings to the Tennessee education system of US\$3.5 million per year, with fewer students having to repeat grades—a 2.5% lower failure rate for students in smaller classes. The increased earning power for high school graduates could bring another US\$2 million into the economy based on this. Because of this research, about 70% of US states have initiated class size reduction initiatives. Evaluations of these initiatives have found similar results. We believe that our elementary students deserve the benefit of smaller classes.

In addition to the recommendations regarding investing money in our education system, it is our belief that local school boards and teachers should be involved in the manner in which these investments are made. All too often, cuts to funding were made with no pedagogical support and with no regard to the impact on children and their learning or to local needs. We recommend that when provincial funding is insufficient to meet a local need, there should be a mechanism to access additional funds rather than to sacrifice another area of the budget.

In conclusion, after seven years of underfunding, we are now in a position of having to play catch-up. Since the introduction of the student-focused funding formula in 1998, the effects of inflation and cost increases have been ignored. We have maintained all along that this is not sustainable. We have maintained all along that such a short-sighted fiscal policy seriously erodes the quality of education available to the students of Ontario.

The government has indicated a willingness to start on the road to repairing the education funding formula. The education funding announcement for next year will signal the government's commitment to high-quality education for all students. We urge this committee to have the courage to adopt the recommendations set out in this submission. Only then will this government be truly making a commitment to the students of Ontario.

The Chair: That leaves us with about a minute and a half per caucus. We begin with the official opposition.

Mr Patten: Thank you, gentlemen, for coming. I hope you had a nice trip in the marketplace, if that's where you went.

Mr Dewar: There are three Marriotts. We actually called the Marriott and said, "Where is it?" They said, "You're going to be at the Dorchester Room on Laurier." But that's Health Canada, if you're interested.

Mr Patten: A couple of comments: one, my wife is an elementary school teacher, as you probably know, so I get a lot of information first-hand. Your issue on smaller classes is absolutely right on. Before you read it, I was thinking back to that situation in Tennessee which showed quite dramatically the value of all this.

Rozanski has provided a breath of fresh air, obviously. While the government hasn't put forward all of what he has, with an election looming, you can bet there will be other things that will come out on the table. Whether it's enough to continue to shore up the present system, we'll see.

On the issue of the twinning, this is important. That can be perceived as structural, "We'll just go that way, it's great."

The Chair: Question, sir.

Mr Patten: Yes. From what I've observed, it's not working very well. It's hurting quality. What's your experience on the twinning issue?

Mr Wildman: There are many concerns, so, quickly: from the simple fact that the principal isn't available when you need the principal, whether it's a parent coming to the school with an immediate problem they want addressed and the principal is off at the other school, to the situation at the noon hour in the school where you will have no one in the office. You might have a student volunteer from grade 5 in the office for whatever emergency there is. So there are safety concerns there.

The fact that the principal is a teacher-leader in the school and when you, as a teacher, have a difficult situation and need to run it by the principal and the principal is not there today, what do you do? What do you do when somebody needs the assistance of the principal because there's a difficult parent in the school, an unwanted intruder or a difficult situation in your classroom, whether it's a child hurt or a discipline issue, and there's a teacher named to be in charge who is teaching a class as well? How do they leave their class to address this?

Mr Christopherson: Thank you for your presentation. I found it interesting that you mentioned two things that I want to underscore. One is the increased earning power; more high school graduates would bring another \$2 million into the economy. We heard earlier from one of the government members that the only thing keeping the economy alive is the fact that consumers are still spending, and yet when you want to talk about in any way, shape or form people earning more money, suddenly that's an evil that has to be avoided because of competition, yadda, yadda, yadda.

What I want to ask a question about, however, is the Tennessee experience. It's not unusual for people to come in and make the case, rightly so, that you can save money down the road by investing money now. But having been a minister, I can tell you that you don't factor that in very much when you're making decisions because those are virtual dollars and increases on your bottom line are real. Yet, this is to suggest that they actually quantified that in Tennessee and that other states use those projections and arguments as part of their decision-making. Have I got that right?

Mr Wildman: Yes. I've read the reports that they made those decisions in other states because of what happened in Tennessee, and I think New Jersey was one of the original groups to start that.

Historically, we negotiated smaller class sizes through collective agreements. That has stopped. Class sizes have increased with the funding formula and there's an average in the system now, not a cap. There's no cap of 25; there's an average. So if you want to provide a grade 11 class to 15 students, that means there's got to be a larger class down the hall in some other subject.

In early grades, we used to have kindergartens with 18 students with an educational assistant there to help the teacher. Now, at the board office, we are arguing that there should not be 29 kindergarten students. Those are sometimes three- and four-year-old students, 29 of them, some of whom don't speak English, with one teacher and no EA. What kind of education is going on?

Mr Beaubien: Thank you very much for your presentation. I'm glad to see you mentioned that you negotiated smaller class sizes through your negotiated agreements. I know the Lambton board, where I come from, would be different because prior to the funding formula you were negotiating larger class sizes for higher wages.

Mr Wildman: In that area—

Mr Beaubien: In Lambton. So are we unique in that? I've heard from many different boards that prior to the funding formula you were negotiating a larger class size for higher wages. How do you square that round peg when you say smaller class sizes today are good for students but you were negotiating larger class sizes five, six years ago? How do you square that one?

Mr Wildman: I can only speak for myself. In the former Carleton board, historically the class sizes went down for 20 years each year, each new agreement.

Mr Beaubien: OK.

Mr Wildman: In those years the local trustees could address a perceived need with increased local taxation, and they can't do that any more.

The Chair: Thank you very much, gentlemen, for your presentation.

Mr Dewar: Thanks for the accommodation.

The Chair: This committee will recess until 1:20.

The committee recessed from 1155 to 1321.

The Chair: The standing committee on finance and economic affairs will come to order. Before we begin, I just want to confirm the flight time this afternoon for those returning to Toronto. The bus will be leaving the

hotel at 4:15. Flight time will be 5:30 and arrival in Toronto about 10 to 7, for your information.

OUR SCHOOLS, OUR COMMUNITIES

The Chair: Our first presenting group is Our Schools, Our Communities. Please come forward. I'll ask you to state your name clearly for the purpose of Hansard. You'll have up to 20 minutes. Any time left over from your presentation we'll use for questions from the rotation, depending on the amount of time. Please proceed, and welcome.

Ms Bronwyn Funiello: I just want to begin by letting you know—and hopefully it won't interfere with Hansard—I am visually impaired, so at times I might have to hold my speaking notes very close to my face, but I will try and speak clearly.

The Chair: No problem. The microphone will be operated automatically.

Ms Funiello: My name is Bronwyn Funiello. I am chair of Our Schools, Our Communities. Presenting with me is Gail Stuart, vice-chair of OSOC.

We were founded in 1998 in response to serious concerns about the cutbacks to the public education system. OSOC is a voluntary organization made up of parents and other community members who believe in a stable, strong and adequately funded public education system.

The principles of our organization include the belief that communities are better off having well educated children who are able to grow to their full potential. We believe that all children deserve to receive a high-quality education in accordance with their needs. We believe that children should have access to facilities that provide appropriate space for optimum learning within their communities. We also believe that the direction of education should be determined by school boards and the members of the community.

We would like to speak to you this afternoon about the crisis that has been inflicted upon the public education system by the government's policy of chronically underfunding public education. We would also like to offer some practical suggestions for meaningful reinvestment that puts students first.

The crisis in public education has really come to a head in the last five years. We're certain that this committee has heard countless submissions from concerned citizens expressing alarm and illustrating the negative effect of underfunding in public education. We trust that you recognize that this crisis is not unique to Ottawa-Carleton, but in fact affects every school board in every region of the province.

The Ottawa-Carleton school board has been hit particularly hard. The democratically elected trustees of the OCDSB have cut over \$100 million in spending in an effort to conform to a rigid and inadequate funding formula. This amount is greater than any other school board in the province.

There are far too many examples to mention all of them here, but I'd like to illustrate a few examples of how this crisis has affected schools in Ottawa-Carleton. For instance, we have thousands of children in portable classrooms. We have thousands of children on lengthy waiting lists for special education. We have deteriorating facilities and a rapidly growing maintenance backlog. There are insufficient classroom resources, ranging from basics such as paper towels to fundamentals such as curriculum material, textbooks and other essential learning materials.

In addition, there has been an incredible strain put on teachers, parents and school councils to subsidize the classroom in an effort to mitigate the negative effects of this shortfall. These valiant efforts cannot be sustained over the long haul.

Over the past few years, trustees have worked tirelessly to protect our students from the devastating effects of this underfunding. They have presented evidence to the provincial government in a desperate effort to obtain sufficient resources so they can continue to meet their obligations under the Education Act.

OCDSB trustees are not alone in their efforts. Their concerns have been echoed throughout the province by organizations such as the Council of Ontario Directors of Education, representing all 72 directors of education, the Ontario Public School Boards' Association, along with numerous provincially mandated special education advisory committees, parent groups, teacher and other staff federations, community groups and other stakeholders. Unfortunately this government chose not to respond in a meaningful and responsible way, which resulted in greater turmoil and uncertainty for the public education system.

In June 2002, recognizing that provincial funding levels would not allow them to meet all of their legal obligations under the Education Act, the democratically elected trustees of the Ottawa-Carleton District School Board were forced to make a very difficult decision. They ultimately chose to put children's rights over the requirement for them to produce a balanced budget, resulting in a \$23-million deficit.

At this point, both the Premier and the Minister of Education had begun to publicly acknowledge that there were serious concerns with the funding formula. This point was demonstrated by the decision to appoint the Education Equality Task Force to review this highly criticized formula. In spite of this, rather than accepting responsibility for the crisis created by the government's own policies, the Eves cabinet chose to take the most draconian measure possible, vesting control of the Ottawa-Carleton District School Board in the Minister of Education, who promptly appointed a supervisor.

Ultimately, the crisis in public education created by this government has had a profound effect on the Ottawa-Carleton District School Board. It has resulted in program deficits, fiscal deficits and now, sadly, a deficit in local democracy.

Ms Gail Stuart: Given the dire state of public education in Ottawa-Carleton, the community anxiously awaited the report of the Education Equality Task Force. Although we welcomed Dr Rozanski's recommendations, the findings of the funding formula review came as no surprise. After all, our democratically elected trustees, along with countless other education experts from across the province, have been making these same points for years. It is most unfortunate that the government refused to seriously consider the concerns raised by these experts, but rather chose to ignore the warnings, resulting in a full-blown crisis in the public education sector. Let me underline this point: the crisis in public education could have been avoided if the government had responded to our concerns in a timely manner.

1330

In his report, Dr Rozanski recommended that, "The Ministry of Education update the benchmark costs for all components of the funding formula (the foundation grant, the special purpose grants, and the pupil accommodation grant) to reflect costs through August 2003, and that funding that reflects these updated benchmark costs be phased in over three years, starting in 2003-04, as part of a multi-year funding plan."

Although we strongly support the recommendations of Dr Rozanski, we do have some very serious concerns with the suggestion that his recommendations should be implemented over the next three years. Our children cannot afford to wait any longer for the facilities, programs, services and learning resources they need.

To some, Rozanski's recommendation to reinvest \$2 billion in the public education system seems to be over-ambitious and unrealistic. The reality is that this is money which has been depleted from our schools over the past five years.

Again, although we acknowledge that Dr Rozanski's report has made some valuable recommendations that must be implemented immediately, it is important to note that the report does fall short in some key areas. An example of this is evident in the area of adjusting benchmarks for facilities operations and maintenance. In the report, Dr Rozanski examined only inflation factors but not the current or historic real costs of facilities operations and maintenance. In fact, original benchmarks in this area fell far below actual costs. Therefore, simply adjusting these inadequate benchmarks to only reflect inflation will simply perpetuate underfunding in this area.

We also strongly support Dr Rozanski's recommendations in the area of employee salaries and benefits. Salaries in the OCDSB alone are underfunded by at least \$24 million. This problem has been substantiated in a report by the Hay Group consultants which was commissioned by the democratically elected trustees of the OCDSB. In addition, Al Rosen, the auditor appointed to investigate the financial position of the Ottawa school board after they submitted a deficit budget, and Merv Beckstead, the first provincially appointed supervisor in the Ottawa public board, have acknowledged that the salary gap is a significant problem for the OCDSB. In

light of all the compelling evidence supporting increased funding in this area, we were extremely disappointed that Premier Eves had not taken adequate steps to remedy the situation created by his own government.

Mr Eves's government needs to realize that you cannot standardize salaries across the province. Individual boards are as unique and distinct in their needs as the children they serve. Putting all school boards together under the same standardized salary scale defies market reality, and it financially handicaps schools in larger centres such as Ottawa, Toronto and Hamilton. The current provincial government claims to champion market-driven policies, yet their current policies for teachers' salaries under the existing funding formula ignore economic market realities. Whether you are a cab driver, construction worker or cook, salaries are higher in cities like Ottawa. There is no valid reason for this government to consider teachers to be immune from this reality in market economics.

Transportation funding is another area that needs immediate attention at the OCDSB. The Education Act requires governments to fund coterminous school boards in a fair and equitable manner. The Harris-Eves government has failed to meet this requirement as it applies to the Ottawa-Carleton area. For the past five years, the Ottawa-Carleton Catholic School Board has received significantly larger grants for transportation than the Ottawa-Carleton District School Board. This discrepancy, approximately \$13 million annually over the past five years, is a significant sum of money, and it is in direct contravention of their own provincial regulations, resulting in the OCDSB being at a significant disadvantage with regard to services and delivery, and inevitably affecting their market share. It has also resulted in a reluctance by the Ottawa-Carleton Catholic School Board to share transportation services with the OCDSB.

Special education is an essential component of the public school system. This area has been under considerable strain as school boards struggle to meet their legal and moral obligations to their most needy students while in receipt of highly inadequate funding. At the OCDSB, waiting lists for special education assessments, programs and services have often exceeded 3,500 students. The Ottawa board has a large proportion of very-high-need students. It is widely felt that as a direct result of provincial underfunding, the OCDSB is no longer able to adequately meet the needs of its most vulnerable students. Failure to do so inevitably affects all students in all classrooms.

We were very pleased that in December the Premier finally announced the government's intention to increase spending for special education. However, it is important to note that funding for special education is still far below what is required. The funding that was announced in December only applies to the intensive support amount, or ISA, grants. In order to qualify for these grants, school boards have to go through a very rigorous and resource-draining process. The most frustrating part of this government-initiated process is that in order to

qualify for ISA grants, you must first prove that you are already providing the intensive support. Obviously, without money in hand to provide the support, this can be quite challenging.

At the OCDSB this dilemma has often been referred to as the “Cash-22.” It is for that reason that, although relieved to hear more money was on its way, we were also quite disappointed that the amount is being pro-rated for the January through June period. We clearly qualify for an additional \$10.4 million, and yet the OCDSB will only receive \$6.7 million for 2002-03 years. However, the students who made us eligible for these grants have been in our board since at least last September, and quite likely longer than that. As dictated by the grant rules, we have been providing the costly supports to these students without the appropriate funding from the government. At the very least, the government should be providing the full entitlement for the 2002-03 school year—it is desperately needed.

In addition, we strongly support Dr Rozanski’s recommendation to increase the special education per pupil amount, or SEPPA grant. Again, I underline the urgency: these children cannot afford to wait.

Over the past several years, the Ontario government has introduced several new initiatives that school boards are expected to carry out. These initiatives include EQAO testing, ISA documentation, criminal background checks, teacher testing, code of conduct resulting in increased suspension and expulsion hearings, and the Ontarians with Disabilities Act.

Although many of these initiatives are quite worthwhile, they are all extremely costly. In spite of this, the government insists that school boards fulfill these new requirements but they have failed to provide funding for them. These initiatives must be fully funded by the provincial government.

The provincial government must recognize that balancing a budget is not difficult, and that any grade 6 student would be able to do the arithmetic. What truly requires skill and expertise, however, is the ability to distinguish between a rationalization that would produce sustainable cost savings and improve efficiencies from cuts or underfunding that save money today only to cost society much more in the future. Public education in Ontario must be regarded as an investment in the future of the province.

Until this government ensures that all children in Ontario grow to their full potential by providing the services that meet their individual needs, this province will be condemned to face dire economic consequences in the decades to come. The long-term fallout on society will include an increased burden on all social support systems, welfare, and unemployment services, not to mention crime. However, investing now will ensure a strong work force and taxpayers in Ontario’s future for many years to come. We must work together as communities and government to ensure that no child is left behind.

The provincial government can ensure a bright future for Ontario’s youth by acting on the following:

Implement all of Dr Rozanski’s recommendations immediately.

Compensate all school boards for the large gap between the standard provincial salary scale and the real costs of teachers’ salaries, an estimated \$500 million province-wide.

Transportation must be funded in a fair and equitable manner between coterminous school boards, as identified in the Education Act.

Reimburse the OCDSB for the \$13-million discrepancy that has existed annually for the past five years between themselves and the Ottawa-Carleton Catholic District School Board.

Pay the real costs for special education in order to ensure that the most vulnerable students have their needs adequately met.

All new government-mandated initiatives for school boards must be accompanied by appropriate and full funding.

We would like to thank you for the opportunity to present to you today, and hope that you leave here with a commitment to put our children first, because they truly are our future.

The Chair: Thank you. That leaves us with about a minute and a half. We’re going to take the single rotation, and it will go to the government.

Mr Ted Arnott (Waterloo-Wellington): Thank you very much for your presentation. We appreciate your suggestions, your advice, your observations and your comments.

In your introduction you talked about some of the fundamental principles that led you to develop your organization. You said that you want to promote an understanding “that communities as a whole are better off with well-educated children who can grow to their full potential; that all children deserve the opportunity of receiving high-quality education in accordance with their needs; that school facilities provide all children with appropriate space for optimum learning; and that the provision and direction of education is the shared responsibility of school boards and the members of the community.”

There is nothing there that I would in any way disagree with. I think the government would embrace, support and endorse all of those principles.

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The Chair: Question, please.

Mr Arnott: We also have a requirement to live within our means, as a government, as a society and as school boards. I know that the Minister of Education, when she was working with the school boards in the province before the appointment of the supervisors in the three areas where supervisors were actually appointed—those decisions were not taken lightly. We certainly have a commitment to work with school boards in the years ahead to deliver on these objectives in a fiscally responsible manner.

The Chair: Thank you, Mr Arnott; that'll conclude your time. Thank you, ladies, for your presentation. We appreciate your input today.

OTTAWA EAST FAITH-BASED GROUP ON AFFORDABLE HOUSING

The Chair: Our next group is the Ottawa East Faith-Based Group on Affordable Housing. Please come forward. We would ask that you state your name clearly for the purpose of Hansard and the record. Welcome.

Sister Maureen Killoran: I'm Sister Maureen Killoran. I'm a retired teacher with a passion for adequate housing for people. I know it's a very tiring time right after lunch. In my class, anyone who fell asleep got a detention, so you'd better listen up.

Mr Mark Ziegler: My name is Mark Ziegler. I'm here as a member of Wesley United Church in Ottawa.

Mr Mike Bulthuis: My name is Mike Bulthuis. I'm here as a member of the Church of the Ascension, an Anglican parish here in Ottawa.

Sister Killoran: As the Ottawa East Faith-Based Group on Affordable Housing, we are driven by a social mission where social justice is key to community. We believe that communities and relationships thrive when there is justice and respect. While individuals contribute their skills and resources to community, an inclusive and compassionate community supports an individual's activities. We want to speak to each person's dignity, and for their being treated with compassion and fiscal fairness. Our Canadian collective well-being needs to be shared within, including the poor and the unemployed.

Within our own faith communities, we found significant numbers were having difficulty finding affordable and adequate places to live. Our survey of our communities, intended to match people in need with space available, found 24 out of 104 respondents who had either affordability or adequacy problems.

Although there are many facets to providing affordable housing, we'd like to address three today: (1) supply, (2) the shelter component in social assistance, and (3) rent supplements.

Supply: we're all aware in this room that in 1993 the federal government froze contributions to social housing and cancelled funds for new units, except on reserves. Non-profit housing production was passed on to the provincial government in 1994, and passed on to the municipalities in 1995. Unfortunately, there were no resources allocated to the municipalities to accompany these responsibilities. Municipal revenue is limited, and with a limited tax base that is legislated by provincial and federal governments, it is unrealistic to expect municipalities to be a major funding source for new social housing.

As a result, since 1996, rental housing units have accounted for only 5% of total new housing units in the city of Ottawa, while 40% of households in the city are renter households. According to the Ontario Non-Profit Housing Association, 144 rental units are lost across this province due to demolition and conversion for every 100

new rental units built. Meanwhile, the number of households seeking rental housing is growing. Locally, the Ottawa Social Housing Network reports that there are nearly 15,000 households on the social housing waiting list, with an average waiting time of five to eight years. We believe that provincial withdrawal from funding new construction is partially responsible for this situation.

In November 2001 the federal government initiated the affordable housing program, and it signed a bilateral agreement with Ontario in May 2002. Under the agreement, the federal government is committing \$25,000 per unit, for a total contribution in Ontario of \$244.7 million over five years, while requiring provincial cost-matching. In stark contrast to the province of Quebec, Ontario has refused to match fully the federal contributions, offering only \$2,000 per unit and leaving the remaining \$23,000 to municipalities, non-profits or other charities.

The city of Ottawa will likely provide this amount through forgoing traditional tax and development fees revenue and by contributing land. However, provincial cost-matching would have allowed this city to do much more. We call on the provincial government to fully cost-match the federal contribution at \$50 million annually for the next five years. Such capital subsidies, coupled with federal and municipal contributions, will reduce development costs even further, extending the effectiveness of the program and making rents even more affordable for lower-income households.

As a result of provincial non-funding, the subsidies made available through this program do not go deep enough to make housing truly affordable. For the purposes of the agreement, the province defines "affordable" as average market rents. In October 2002, the Canada Mortgage and Housing Corp reported that the average rent for a two-bedroom apartment in Ottawa was \$930. A renter would have to be grossing about \$46,000 per year in order to make this an affordable rent, when in fact half the renter households in Ontario make only \$23,000, and even this affordability is only guaranteed for 15 to 20 years.

According to the Co-operative Housing Federation, the affordable housing program in Ontario will not take a single household off the municipal social housing waiting lists. In December 2002, then-Minister of Municipal Affairs Chris Hodgson stated, "All governments—federal, provincial and municipal—must work in partnership to remove barriers and encourage investment in affordable housing." The municipality and non-profit groups such as our own are already making efforts. We have to wonder where the provincial role is currently being played.

According to Stats Canada, low-income tenants spent almost half their income on housing. Those living in non-subsidized housing spent 48%, while those in government-subsidized housing spent only 31%. We agree with David Hulchanski that, "The only way to produce low-rent housing for people in serious need and to keep the rents on those units low is to subsidize construction and protect this public investment by keeping the housing off

the market; that is, non-profit and non-equity co-op forms of ownership.”

Our second point deals with affordability. Affordability is a major concern for many households in Ontario, and while homelessness and housing need arise from a number of issues, it is largely an income-based problem in Ontario.

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Since reducing social assistance by 21% in 1995, Ontario has not adjusted rates to reflect inflation or changes in housing costs. However, the Ontario Ministry of Community, Family and Children's Services refers to the shelter allowance as, “The sum of the actual cost of shelter and the cost of fuel for heat, up to a maximum based on family size.” This is very difficult to support. The maximum shelter component a single parent with one child can receive through social assistance is a mere \$511 monthly. The median rent for a two-bedroom apartment in Ottawa, however, as noted earlier, is \$930. In another example, while a single person receives a maximum monthly shelter allowance of \$325, average rent for a one-bedroom apartment in the city of Ottawa is \$767. Clearly, social assistance recipients paying these rents will have few resources for non-shelter necessities such as food, clothing and transportation. The remaining basic needs allowance is insufficient, making a nutritious diet, even according to the Ontario Ministry of Health's nutritious food basket, difficult to achieve.

The province needs to help with housing affordability by increasing social assistance and disability rates, including their housing component, to realistic levels. Once that is achieved, they must be maintained through periodic cost-of-living adjustments. Families need to be able to both pay the rent and feed the kids. Currently, the financial assistance under Ontario Works is out of line with real-life costs.

Rent supplements: affordability problems are not confined to those in receipt of social assistance. It also is a problem for the working poor. Vacancy rates in the city of Ottawa reached 1.9% in October 2002, up from a tight 0.2% in October 2000. While on the rise, the rate is still below the 3% to 4% that is considered healthy or that of a balanced market. Further, it has been found that there is no correlation between vacancy rates and the extent of affordability problems in different municipalities. Even where a plentiful supply of rental housing exists, high numbers of tenants are paying 50% of their income on rent. To be sure, homelessness and housing need is not simply a question of the demand for rental housing outweighing supply. It is a problem of inadequate income to cover housing costs, especially for families with children. Therefore, an income- and needs-based shelter supplement is crucial.

There is a huge and widening gap between the cost of housing and the income of many Canadians. Ontario's minimum wage has been frozen since 1994, while rent levels in the city of Ottawa have increased by 25% between October 1995 and October 2001, often increasing at twice the rate of inflation. As a result, many low-

income households are pushed into undesirable yet over-priced accommodation. Many cannot access apartments at average rent levels. Landlords renting relatively affordable apartments regularly turn away prospective tenants who receive social assistance, or they may use minimum income requirements to screen out tenants on social assistance. According to Stats Canada, roughly one in four tenants, often lone-parent families and lowest-income households, are housed in inadequate conditions yet still spend approximately a third of their income on housing.

With market mechanisms as the main provider and allocator of housing and with the price structure of residential land driven by the ownership market, we need to look for ways to house people with moderate and low incomes. We call upon the Ontario government to invest additional resources in a more far-reaching rent supplement program for households whose earnings from employment leave them unable to afford adequate housing. The contractual arrangements between landlords and the Ontario government through rent supplements make quality housing available to lower-income households while maintaining reasonable rent levels and while guaranteeing landlords tenants for their units.

The province, using surplus federal housing dollars, did announce funding for new rent supplement units in 1999. About 2,000 of those units have yet to be allocated, according to ministry officials. The recently announced rent supplement program is limited to only 5,000 subsidies right across the province—far less than the comprehensive approach indicated by this government years earlier.

Given the province's poor response to the recently announced federal-provincial affordable housing program, we call on the Ontario government to initiate rent supplements for each of the new units being developed, to make the units more accessible to households with lower incomes, making them truly affordable.

Finally, our recommendations:

(1) Ontario should fully match the federal contributions under the affordable housing program announced in November 2001.

(2) Ontario should increase the shelter component of social assistance to levels that reflect the actual cost of housing in the province. It should then maintain these levels through annual indexing to housing costs.

(3) Finally, Ontario should initiate a comprehensive system of income and needs-based rent supplements for the working poor.

In addition, we'd like you to take into consideration some more innovative approaches:

Ontario should offer incentives to encourage the construction of secondary suites through conversion assistance, similar to the federal residential rehabilitation and assistance program. According to the city of Ottawa, the cost of creating a new rental unit would be close to \$100,000. It would be much cheaper to add a suite in an existing house; it could be accomplished for much less.

Ontario should set targets for housing, such as those set out by the Federation of Canadian Municipalities. Their 10-year national plan calls for annual targets of 20,000 new rental housing units, 10,000 units for rehabilitation and/or affordable ownership and 40,000 additional rent supplement spaces.

Ontario should introduce a tax credit for affordable housing development. Elimination of the capital tax would be beneficial.

Ontario should work with all non-profit organizations, including faith-based groups such as our own, which present a tremendous pool of resources and want to work with others.

The Chair: We just have a little under two minutes, so I'm going to take the single question again in rotation. It will be to the Liberals.

Mr Patten: Thank you very much. That was a very comprehensive presentation. It's an area of great concern to some of us.

One point you made was that there has been an increase in the rental stock in Ottawa but it's not at the level where those most in need can afford it, so that hasn't been helpful. Your recommendation is the subsidy route. Also, the province, I agree with you, has totally copped out on playing a partnership role with the feds or even the municipalities. So now we have a situation where you've got municipalities playing more of a role than the provincial government, which is an absolute crime. We're one of the few western nations that hasn't got—and I'd even offer some criticism of my federal friends—a national housing policy that all jurisdictions can participate in.

The Chair: Question, sir?

Mr Patten: I have to ask a question with this Chair.

I support what you say. I would ask you, though—in terms of builders, it seems to me most jurisdictions won't move on the lower-income rental stock unless there is some kind of subsidy. They're just saying, "We can't make money." What is your recommendation vis-à-vis that—you mentioned some incentives—in terms of actually putting some cash on the table or buying the land or whatever the hell it is? Pardon my language.

Mr Bulthuis: I think if Ontario would contribute more in the affordable housing program, the subsidies for development would be that much greater, meaning more developers might be attracted to the program. I think offering benefits on things like the land transfer tax and the capital tax would make developers more interested in building affordable housing.

We were saying the rental stock has increased, but only by about 5%, when rental households are about 40% of the population. So the rental stock is not increasing as fast as it should, as fast as it needs to. Tax benefits like we were mentioning would be a positive way to start, let alone the affordable housing program.

The Chair: Thank you. We appreciate your input to us today.

1400

OTTAWA-CARLETON CREDIT UNION
OTTAWA-CARLETON
POLICE CREDIT UNION

The Chair: Our next group is the Ottawa-Carleton Credit Union Ltd. Please step forward and state your name clearly for the purpose of Hansard. Welcome.

Mr John Ebsary: My name is John Ebsary. I'm the CEO of the Ottawa-Carleton Credit Union.

Mr Ron Harrison: My name is Ron Harrison. I'm the general manager of the Ottawa-Carleton Police Credit Union Ltd.

Mr Ebsary: Ron and I are here today to represent both of our credit unions, our boards of directors and members. Also, Ron and I are co-chairs on an association of credit unions here in eastern Ontario. We have about 15 credit unions, from Port Hope to Ottawa up to Deep River, that are basically an association. We have about 150,000 members and about \$1.5 billion in assets.

My credit union, the Ottawa-Carleton Credit Union, is based primarily here in Ottawa. We do have a branch down in Cornwall. We currently have about seven branches, \$125 million in assets, and we're very involved in our local community. Last year, as an example, in terms of community and economic development and charitable involvement, we spent over 5% of our net income on charitable donations and so on.

As you know, credit unions are very different from banks. We're member-owned and our members actually like dealing with their financial institution. Throughout eastern Ontario, we are involved in a lot of small communities and employer communities as well.

For credit unions, we are currently involved in a very competitive environment, competing with all the banks and other financial institutions that are trying to serve our members as well. We're always looking for efficiencies and opportunities for saving money and passing on the benefits to our members and providing them with additional products and services.

We are looking for some changes to legislation that will help us become more competitive and provide these additional services to our members. These changes that we're asking for will not cost the government any money.

In the packages we gave you, there is a five-page submission that has more details, which I believe you've received from some other credit unions previously.

The first issue we're looking at is that for a few years now we have been trying to make our credit union system more efficient. Today we have what's called a three-tier system: we have a national credit union organization, we have a provincial association and then we have our credit unions at the local level. To be more efficient, we are trying to boil this down to a two-tier system. After many tries, we've been very successful in discussions with BC and we have put together a package

where we're trying to consolidate our central here in Ontario and in BC. At a special general meeting last fall, 98% of the members at our association here in Ontario voted in support of proceeding with this deal, and I think 99% supported the deal out in BC.

Our business case for this proposed merger is very positive for our credit union system and for our credit union here locally. So it is something that we really do want to see proceed. Again, we do know that we'll save money, which we'll be able to pass on to our members in terms of better services, more services, and better rates or lower rates on loans and so on.

We have been discussing this issue with the Ministry of Finance for I think over a year or two years now. I'm not sure what the reason is as to why we don't have the legislation, but time is of the essence in terms of proceeding with the deal. We had initially hoped to have the amalgamation occur by June of this year, so that's why we're hoping for the amendments to the budget.

That was the first item we wanted to talk about.

Mr Harrison: I just want to give a little background on who I am. Our credit union is very small—\$17 million, and only 1,200 members—and we're located in Ottawa. So why am I here? We like to consider our credit union unique. Credit unions always think they serve their members in a unique way, and all credit unions in Ontario, just because of their size, share the same issues.

With our specific membership bond and our location, we are very focused on serving our members, and a lot of credit unions are. In small communities, our credit unions are focused on industrial groups. They know their members. Our relatively small size as compared to other FIs allows us to serve our members in a truly individual way. We do know our members, and not just because we know their name and get it off a database; we do know our members.

Because our credit union is part of a bigger group of credit unions, because of our size, we are able to offer the services that large financial institutions can offer, like state-of-the-art banking systems, Internet banking and access to ATMs. Our credit union doesn't even own an ATM, and our members can go to any ATM and use it. Because we have worked so hard to develop an extensive group of network partners, our size is not a barrier to offering a large list of services to our members, enabling us to compete with other FIs on a level playing field.

However, there is one area I'd like to speak about that I know close to heart. It's called collateral mortgages. Currently, banks can secure a personal loan over \$25,000 with a collateral mortgage on a residential property if the loan, together with all prior encumbrances, exceeds 75% of the value of that mortgaged property, as long as the loan is not used to purchase or improve the property. Credit unions would like the act changed to allow them the same opportunities the banks have. Credit unions thought we'd always had that. I've been in the credit union system for 20 years and I always thought we could do this thing. We just found out we can't.

Credit unions in other provinces do not face the same restrictions. Because of this disadvantage, credit unions assume greater lending risks than they would otherwise assume in order to compete. That's true. We find that the banks can do this—they can do the collateral mortgage on a piece of property—and the credit unions can't. Our members are asking for that and we can't, so they move on to other financial institutions. Very simply, an amendment to section 57 of the Credit Unions and Caisses Populaires Act is requested.

That's all I have to say.

Mr Ebsary: One final item we wanted to talk about was our DICO premiums. DICO is our deposit insurer based here in Ontario. Our premiums are a very expensive cost for all of our credit unions, and they are much higher than what the banks pay through CDIC. In order to be competitive, we would like to have the costs reduced. We believe they can be reduced and still enable DICO to build up sufficient reserves to provide adequate security for the system. That is something else that we would like you to have a look at, and I know we have been talking with the Ministry of Finance on that.

Those are all our points. I know you've received this input from our association, Credit Union Central of Ontario, and you have heard some other credit unions. We're here today basically because these issues are extremely important to us and our members and we wanted to let you know that. Thank you.

The Chair: That leaves us with just about two minutes for each party. We begin the rotation in that regard with the NDP.

Mr Christopherson: Thank you, gentlemen. Yes, indeed, we've heard from I think every credit union in every community we've been in, and I would like to think you're in here today sealing the deal. Whether the parliamentary assistant—is Mr Beaubien the PA? I don't know whether he's had a chance to communicate with the minister's office.

If anybody's following these hearings and if they take any time at all to read the Hansards or listen to anybody who was here, they have to hear—there are always themes, and if there are half a dozen motherhood issues, yours is in there for sure, especially when it doesn't cost money. Governments of all stripes love to do things that people like and that don't cost money. So if it doesn't happen, it's certainly not through lack of trying. I have no indication, but I've got to believe you've got a really good chance of getting this. It's certainly necessary. We want the credit unions. Regardless of one's political stripe, I think everybody believes the notion of alternative financial institutions is in the best interests of community and in the best interests of competition.

All I can say is, you've done a very effective job of coordinating your efforts, and I congratulate all of you and all the credit unions for the job you've done in these last couple of weeks.

The Chair: We move to the government side.

1410

Mr Sampson: I agree with Mr Christopherson, but I want to talk to you about the deposit insurance premium. That's been an issue for some time with the credit union movement and the credit union institutions, their fee relative to the deposit insurance fee that CIBC would pay for a deposit.

I think, though, one has to realize that some of that additional cost is based upon some statistical, actuarial calculation of the risk. The reality is that if a credit union were to fail—and Mr Kwinter might speak to this as well; I don't know—it would end up on the provincial coffers. That's the reality of the problem. So on behalf of the taxpayer I think it's prudent for us to make sure that there are reserves that have been built up by the institution itself and the movement in general to help carry that freight in the event that there is a problem with any one institution. You know, and I have some experience with this, that when an institution fails, it goes fast, and before you know it, you're left with very little but depositors saying, "And what about my deposit account?" So is there a better way to calculate the financial risk? Is that the point you're making? Are we doing it wrong now? Is there a better way to spread that risk among other members?

Mr Ebsary: Actually, we've been debating this for quite a few years. I know DICO has actuaries, we've had actuaries, and there isn't an easy answer to it. We have had studies and looked at what they're doing in other provinces. In other provinces, a lot of the premiums they're paying are much lower than what we're paying. You can't pick one answer. Again, you have actuaries looking at it. When I look at it as a user, I know we are building reserves quickly now and there is a large pool of income coming in on an ongoing basis to protect against losses. So my belief is that the amount can be lower and still be sufficient to build a reserve that will build enough for our members' protection.

The Chair: We go to the official opposition.

Mr Kwinter: Thank you very much for your presentation. As Mr Christopherson said, every community we've gone to, we've heard from the credit unions, so we're very well aware of the issue. We have discussed this several times. Just as a bit of advice, I would change a sentence you have in the fourth paragraph, where you say, "Credit unions consistently score high marks in terms of customer service and are given top marks for delivering the lowest service fees and the highest interest rates." I would think that you should clarify that you're talking about deposits and not loans. That's just a piece of gratuitous advice.

I'd like to follow up, as Mr Sampson said, on the premiums. There's no question that the premiums reflect the level of risk. I think one of the ways you could make it more equitable—and I don't know what the levels are for category 1 in the banks and category 1 in the credit unions. But I know that HEPSCO, which is one of the largest credit unions in Ontario—and I used this example with some of the other groups—is as close to a bank as

you're going to get because of their sheer volume. I would think that their premiums should reflect that particular low risk. If HEPSCO goes down, every credit union in Ontario will go down because of their sheer strength. To have a 21-cent-per-\$1,000 rate for a category 1 bank and a 90-cent-per-\$1,000 rate for a category 1 credit union seems to me to be a little bit of an inequity. When you get farther down the line, and I think it's reflected in the fact that there are five categories for credit unions and only four for banks, I could see the discrepancy. So I take your point, but there's no question that the rate is determined by the risk. I don't know whether you have any comment.

The Chair: Is there a question there, sir?

Mr Kwinter: I just want to know whether you have any comments.

Mr Ebsary: Probably just a quick comment that our rates are higher than the banks' rates, and they probably do need to be higher, given the size and so on. Again, we've had actuaries debate on both sides, and there isn't one right answer. But as an operating credit union, we pay a large sum every year, and I see it coming off my bottom line. I do believe that the system is fairly secure and that we can meet both requirements of lowering the total premium that's being paid to DICO and still achieving an adequate level of security so that the government doesn't need to worry about having to back up losses in the credit union system.

The Chair: Thank you, gentlemen. We appreciate your input.

CITY VIEW CENTRE FOR CHILD AND FAMILY SERVICES

The Chair: Our next group is the City View Centre for Child and Family Services. Please come forward. Please state your name clearly for the record, madam.

Ms Kathy Yach: My name is Kathy Yach. I'm director of City View Centre for Child and Family Services. Thank you very much for allowing me to present this document to you today.

Background: City View Centre for Child and Family Services has been providing child care services to families in Nepean since 1974 through City View Day Care Centre and City View Family Day Care. Currently we provide an Early Years centre, home child care for 350 children aged six weeks to 12 years, group care for 48 children aged two to five years, a summer camp program for 60 children aged five to 12 years, workshops and training for parents and caregivers, and placements for ECE and nursing students and Ontario Works.

City View Centre for Child and Family Services is now building a new facility at the corner of Longfields and Strandherd Drive. The new centre will house a daycare for 63 preschool children aged 18 months to five years, home child care for 350 children aged six weeks to 12 years, 24 kindergarten and school-age programs for children aged five years to 12 years, a summer camp program for 60 children aged five years to 12 years, a

resource centre serving families and caregivers, a toy-lending library serving families and caregivers and other community partners, plus our Early Years centre located on Greenbank Road.

Issues: the new centre will be located in the south Nepean area, which is one of the fastest-growing communities in the city of Ottawa. By the year 2006, it is estimated that the population of south Ottawa will have grown from 22,000 to 52,000. Access to child care services is one of the quality-of-life factors that influence the decisions of potential residents.

This new centre will enable us to increase the number of families we serve, provide access to physically challenged children and give us the ability to increase our spaces for children with special needs. In the daycare centre, we now have four children with special needs. We are also looking at the option of extending the hours to 11 pm to accommodate parents who work various shifts.

The city of Ottawa provided us with \$2.9 million toward the new centre. The total cost to build and equip the new centre is \$3.5 million. As a result, we have started a fundraising campaign to raise the balance of funds needed for our centre.

Our Early Years centre is a very busy place. We opened the centre in the fall. We provide services to children aged zero to six years of age in both English and French, offering early learning activities, parent resources and training, a toy-lending library, pre- and post-natal information, a link to other Early Years services, outreach services, a speakers' bureau, volunteer coordination, early literacy, data gathering and monitoring.

Because south Nepean is predominately young families, many people are using the services. They are parents who have taken the one-year maternity leave or parents who are staying at home.

Pay equity legislation was put in place a number of years ago. Over the past few years we have not received the provincial share of the pay equity monies.

Current regulations and standards: currently, the Day Nurseries Act—the DNA—regulates child care, home care and nursery school programs. At the present time, the requirement for staffing is one ECE diploma or equivalent in a room. I feel very strongly that all staff working in licensed group care programs should be required to have the ECE diploma or equivalent in order to have high-quality programs.

Recommendations:

(1) That Ontario work with the federal government and the municipalities to find a comprehensive and cohesive early childhood education and care program that moves away from a targeted system to a publicly funded, integrated and accessible system which includes 100% capital funding;

(2) That Ontario continue to fund Early Years centres across the province at the current level of funding;

(3) That Ontario restore the pay equity funding to all early childhood educators working in regulated education and care; and

(4) That Ontario require that all staff working in group care have the ECE diploma or equivalent.

Thank you.

The Vice-Chair: I will look first to the government side for a question.

Mr Sampson: What's the time, Chair?

The Vice-Chair: You have enough time to ask a question.

Mr Sampson: The Early Years centre: it's just an Early Years centre that you're running?

Ms Yach: Yes, it's one of the new ones across the province.

Mr Sampson: I think you mean to say this positively, as opposed to any other way. You say the parents are primarily those who have either taken mat leave or are staying at home to care for their kids. I'm assuming from that statement that you mean that's a good thing.

Ms Yach: Yes. I'm saying it's good that we have the Early Years for the parents who are taking the maternity leave or choose to stay at home.

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Mr Sampson: But the suggestion that we forward to “a targeted system to a publicly funded, integrated, accessible system which includes 100% capital funding” is something over and above the Early Years.

Ms Yach: That's right.

Mr Sampson: You're saying, “Don't get rid of the Early Years centres concept”—

Ms Yach: No.

Mr Sampson: But add to it for those who are working and don't stay at home. Is that the message?

Ms Yach: I think the current stats—I'm not sure, but I think as of a year ago 68% of the women and men were in the workforce. I think we have moved to a point in our lives where parents need to have options. The parents who want to stay home or the parents who want to access the Early Years is one; the others, who have to work or choose to work or are at school, should be able to access daycare.

Mr Sampson: I think your point is, then, do both. Is that what I'm getting?

Ms Yach: Yes.

Mr Sampson: Not, one takes over the other.

Ms Yach: No. I feel very strongly about that. Just to add to that, I think parents should be allowed options. I think there should be daycares in schools as well, and after-four programs.

The Vice-Chair: Are you done?

Mr Sampson: Yes.

The Vice-Chair: I'll turn now to the Liberal caucus. Mr Patten, do you have a question?

Mr Patten: Yes. It has shrunk by 50%. Good afternoon, Kathy. How are you?

Ms Yach: Hi, Richard.

Mr Patten: I guess you've been following some of the discussions at the federal level for supporting child care and all that. What's your read on that?

Ms Yach: I just hope that the province of Ontario looks at discussions with the federal government to look

at some type of daycare system available to parents across the province. I know people are going to say it's going to be costly, but the flip side of it is, if you don't have access to daycare, then what are parents going to do about their children?

I really, really strongly believe this. I've been in the field for 35 years. I sat on the Ottawa Board of Education and introduced child care in the schools in the Ottawa board. I know the implications. But I really feel strongly that the province should be discussing with the federal government and the municipalities, because it's a three-way street, as to how you can deliver this.

Mr Patten: I'm glad to hear you encourage the provincial government, because my read is that Ontario is one of the blocks in terms of participating in the sense in which I think some of us would like to see the province participate.

I agree with you: you're going to pay here or you're going to pay a hell of a lot more over there. That's probably true. We hear from medical experts and we hear from educators and one thing or another and very often it all comes down to how significant your contribution and investment was in the early years. No matter how you cut it, it will be a bigger payoff down the line. I don't think the present government is there yet. I know you are because I've known you for many years.

Ms Yach: I just want to say that I want parents to have options and I want parents to be able to access what they want. Some choose to use their own relatives; some choose to use nannies—some of you here maybe even use nannies; others may choose to have a home visitor. I just think parents should have a number of options. They're not all going to use daycare; that's a given.

The Vice-Chair: Turning now to the New Democrats, Mr Christopherson. We still have maybe one more question. Don't go away.

Mr Christopherson: It's only me, but don't forget us.

Ms Yach: Sorry, David. I thought I was finished.

Mr Christopherson: That's all right. You could almost label what we've been doing for two weeks "The Tour for Children." Credits unions were everywhere, but I think in terms of the pre-eminence of issues, next to business groups coming in, wanting more damn tax cuts, I would say that children's issues have been probably the biggest issues. They've intersected everything we've talked about, whether it's health care, obviously education and child care, poverty—they run the whole gamut. I was quite taken to see that the city of Ottawa has been able to come up with \$2.9 million toward your new centre.

Ms Yach: Just a quick background. We were to do a partnership with JDS. We were to build a daycare centre on-site at JDS. That fell through three years ago when JDS merged with Uniphase. On October 7 they informed us that it was a no-go, so we had to restart. With the city of Ottawa, we decided to relocate in south Barrhaven. The city has been very supportive because there's such a need out there. In retrospect, as many say, I guess it's

good we didn't go with JDS, so somebody up there was looking out for us.

Mr Christopherson: I'm thrilled that the city of Ottawa has got the flexibility to be able to provide that, because I can tell you, not every community can. I know that in Hamilton they're struggling right now with the budget trying to find money to repair the water mains; it's that tight.

Mr O'Toole: They could raise taxes, Dave.

Mr Christopherson: Do you want to take the floor, John? You don't want to talk when it's your turn, but when it's everybody else's turn, you've got lots to say. Why don't you just shut up?

The Vice-Chair: Order.

Mr Christopherson: I think it's important to put on the record again that people who receive their education and get an ECE diploma make how much a year as a starting wage?

Ms Yach: Ottawa is the highest in the province and right now our staff start at \$30,000.

Mr Christopherson: That's pretty high, actually. Most of what I've heard is around \$21,000, \$22,000.

Ms Yach: Ottawa is the highest.

Mr Christopherson: That's after what? How do you get to ECE?

Ms Yach: Two years at a local college or a four-year program at Ryerson.

Mr Christopherson: I still have great admiration for people who are prepared to commit their lives to children and that kind of profession knowing that the money is not there. It's got to be one of the most selfless decisions anyone can make, but I wouldn't expect O'Toole to understand that.

Ms Yach: Thank you very much.

Mr O'Toole: Mr Chair, could you have him withdraw? He's been nickel-and-diming all day long. That's not acceptable.

The Vice-Chair: Thank you very much for your presentation. I appreciate your presentation.

Mr O'Toole: Take it back.

Mr Christopherson: I'm asking you to please stop mumbling.

The Vice-Chair: Order.

Interjections.

The Vice-Chair: Order, guys.

TASK FORCE ON OUTDOOR EDUCATION FOR THE OTTAWA-CARLETON DISTRICT SCHOOL BOARD

The Vice-Chair: I'd like to call forward our next group scheduled to make a presentation—I'm sure all members will want to hear it—the Task Force on Outdoor Education. Welcome to the standing committee on finance and economic affairs. Would you, first of all, identify yourself for the purposes of our Hansard record?

Mr Ray Ostiguy: My name is Ray Ostiguy. I'm a volunteer on the task force, which was established by the Ottawa-Carleton District School Board, concerned with

the future for outdoor education in Ottawa-Carleton, now the city of Ottawa.

I believe Mr Libbey was here this morning and made a presentation. I happened to read his material and I recall he said, "Listen intently." I don't know if you repeated that line during the course. I have no material to hand out because part of our concern is for the environment, and I think we do a whole lot to the environment by reproducing multiple pages of reports. I hope I'll leave an impression but I won't leave you any paper.

The outdoor education centres in Ottawa are the focus of outdoor education. Perhaps a little bit of background—Mr Patten will know about them, but for those of you not from Ottawa, we have two centres. One is the Mac-Skimming Outdoor Education Centre, which is in the east part of our jurisdiction. It was established in 1966. It has been in service for 36 continuous years and has served close to a million students during that time. It's located on 400 acres with 50 buildings and five distinct learning areas. The philosophy of the school since it was opened was that the land is the school and the outdoor learning areas are the classrooms. That pretty much typifies the philosophy.

At the west end of our jurisdiction is the Bill Mason outdoor education centre. It was established in 1988. It has been in continuous operation for 14 years and has 77 acres, including a class 1 wetland.

The combined budgets in 1992—which was really the heyday of education for both centres—was \$1.5 million. They had 28 staff, and over 30,000 students a year visited both centres. At that time, the board had its own school buses and provided transportation. As you know, that has changed dramatically.

1430

In 1996 at MacSkimming, user fees were introduced for the first time, and likewise at Bill Mason in 1998. It's still not enough, unfortunately, and the risk that the outdoor centres in Ottawa face is to come up with a \$350,000 deficit. That's pretty small on the scale of what you're looking at in a provincial budget, but it's not small to the over 17,000 who were served last year. What's at risk is not only those people but their children, and their children after that, we hope.

The positive news is that the use has increased. One of the things the task force was looking at was to convince the school board, before it was taken over by a supervisor, that if we could continue to grow the numbers and continue to grow the revenue from user fees, the board should consider not closing them.

It might also be useful to compare the statistics to what Toronto has spent on outdoor education. They have five day centres, which last year had visits of 65,000 students, and seven residential centres, which had 20,000 visits last year, but they spent \$8.4 million on the program; no user fees. So consider 17,000 users and the \$350,000 overall cost; I think it says a lot for the way we've tried to do things here in Ottawa.

The other problem we have is that we no longer have a school board; we have a supervisor. So it's not the elect-

ed officials who will make the decision about whether or not these centres will close; it will be a supervisor appointed by the province—another special risk.

It started in Toronto. Toronto has a supervisor as well, and on January 28, three outdoor education centres were closed, allegedly to save \$1 million in their budget. As I mentioned, they were spending \$8.4 million. So it has started. Fortunately, it hasn't happened yet in Ottawa, but it's likely to unless there is some special recognition of the importance of outdoor education in the overall system of education. It's not just about curriculum; it's also about a way of life, and I think that was clearly demonstrated.

The government of Canada, the Minister of the Environment in particular, two years ago commissioned a Canada-wide consultation, which involved 5,500 participants. As the minister said in the introduction to a report that was filed at the World Summit on Sustainable Development in Johannesburg in 2002, "The level of participation among educators and learners from across Canada was unprecedented." That shows its importance, I think. He also indicated in his introduction, "It is clear that environmental learning will be key to help Canadians make the decisions required to ensure a sustainable society."

That's where environmental learning leads: to sustain a society. It's not just a process of education. It's a lot more than that and it's something that's suffering because the curriculum in the schools is suffering because of inadequate funding.

Clearly, one of the ideas for action that was brought forward in the report was that more resources be devoted to environmental education programs at all levels of formal education, leading to an increase in the number and breadth of K to 12 course modules, post-secondary courses and degree programs, and post-graduate programs with environmental education specialties. So the emphasis is from K to post-graduate importance in the learning process, a learning process that has to be subsidized, I believe, with public funding. Those are the areas where outdoor education fits in the context.

What to do? I think one of the things you can do is to stop the cycle of defunding and refunding. Defunding cuts only have to turn around and refund it properly. A perfect example is the Walkerton situation, where allegedly cuts in the environmental ministry led to the Walkerton situation. We've seen the cost of just the investigation and study of that, where it will lead to and the costs that flow from a consequence of perhaps a minor reduction in program spending.

Secondly, stop treating education as an expense. It's an investment, and that's clearly recognized from the government's own study, Mr Mordechai Rozanski's Education Equality Task Force, which has as its title Investing in Public Education. Investing in public education is what's important. He suggests two things: first, stabilize funding that has been too low and that has created problems, one of which led to the appointment of the

supervisor in Ottawa. Stabilize funding and, as he puts it, you foster stability in the education system.

What else does he recommend? He recommends sustaining funding at appropriate levels or what he describes as multi-year plans. Multi-year plans make a lot of sense. Where does it leave us in terms of education? Specifically for outdoor centres, you want to know where we can identify it in the recommendations. Recommendations 17 and 18: "The Ministry of Education reconstitute the local priorities amount as 5% of the basic amount of school boards' foundation grants (updated as per recommendations 1 and 2)," which means bringing them up where they should have been, "and that the boards apply the local priorities amount to locally established priorities, programs and services aimed at the continuous improvement of student learning and achievement." How? By consulting with principals, school councils, parents and so on.

"Local priorities"—outdoor education in Ottawa has been a local priority, the kind of commitment that was made to it in MacSkimming's case going back 36 years. That's the kind of thing even Rozanski has recognized, which I think clearly would support the role that local priorities, not just outdoor education but others, have to play.

Finally, some conclusions: think globally, act locally. Environmental education proceeds from awareness to knowledge to action. So encourage action, recognize efforts and celebrate successes.

The Vice-Chair: Thank you very much for your presentation. Time for questions and comments. I'll turn first to the Liberal caucus.

Mr Patten: Thank you very much for zeroing in on this particular aspect. I thought that one of the superlords had already identified outdoor education as one of the things to be cut from the budget.

Mr Ostiguy: The Ottawa supervisor?

Mr Patten: Yes.

Mr Ostiguy: He's served notices to the staff that they may be redundant.

Mr Patten: He made a few other decisions that parents took to court and he lost. Of course, he has left now.

Getting across the idea of utilizing an outdoor education site as conceptually a classroom, a lot of people see it as just recreation. It's time off, it's out of the classroom, it's not learning, which is of course silly because it is one of the most profound ways in which our youngsters do learn. Their full senses are there: they can see, they can touch, they can smell, they can observe. It's a very powerful instrument of learning about nature, of learning about the environment and the interrelationship and integrity of our environment.

What studies do you have that show that? Surely we must have some pretty powerful studies that support this kind of learning as being an extremely valuable context for value education and environmental sensitivity.

Mr Ostiguy: Two things: first of all, it's not a field trip, because the interpreters, the staff, actually teach curriculum. It's related to curriculum studies within the

school system. Second, yes, all kinds of statistics indicate clearly the childhood learning experience, particularly in environmental situations such as this. Also, we have new Canadians; we have people who live in cities who never communicate with nature. Definitely the indications are that having this opportunity, not only from a learning process but from a sustainable society process, which I mentioned in the study that Environment Canada did, clearly establishes that link.

1440

The Vice-Chair: I'll turn to the New Democrats.

Mr Christopherson: Thank you for your presentation. Again, to pick up where my friend left off, do you know what? Even if some of the kids do think it's time off and it's a bit of leisure, when I think about some of the lifestyles that children in the inner city in Hamilton face, a sunny afternoon spent out in nature in a structured environment where they're safe and learning, whether they know it or not, is a phenomenal thing for them. If nothing else, it shows them that there are other ways to think about the future and to grasp hope without looking for the diversion of drugs or alcohol or other things that take them away from some of the sadness in their lives. If you look at some of the challenges that are facing some children, it's very, very sad what they're facing. I think this is just a wonderful thing.

On a positive note, let me just say that I think we're succeeding with the younger people. I think about my own 10-year-old daughter, and when she talks to me about the environment, it's not a big deal to talk about it. It's as much a part of her as learning how to safely cross the street.

Lastly, I thought you gave a great example with Walkerton, a perfect example: not enough money to deal with the environment until it's a political crisis. It became a political crisis because innocent citizens died, and suddenly blank cheques were written to do everything humanly possible to deal with that. Wouldn't we have saved a whole lot more and been a lot further off as a province if we had taken that money and kept it invested in the environment ministry in the first place?

So thank you very much for your presentation, sir.

The Vice-Chair: I'll turn now to the government caucus.

Mr Beaubien: Thank you very much for your presentation. Since we've talked about Walkerton, this is public water, I think, from the Ottawa public utilities, run by public employees. I don't know if it has been inspected. I have to have an element of trust that somebody has treated this water, that it has been treated and been reported properly. So before we point the finger at somebody else, I think maybe we should always look at the fact that there are three pointing at us.

I do agree with the value of outdoor education. You mention the fact that it's a way of life; I agree. But you also mention that in Ottawa you service 17,000 people at a cost of \$350,000. Toronto does about 85,000 at a cost of \$8.4 million. If I do the quick math, Ottawa does it on \$20 per capita; Toronto does it on \$100 per capita. Yet

through negotiation, the salary for the teacher who's providing the education, the training, is probably the same in Toronto as it is in Ottawa, or pretty close. Why would there be an \$80 per capita difference between the two programs?

Mr Ostiguy: I can't answer your question. I can only tell you how we do it in Ottawa and how efficient it has been. In part, I suppose, there are a lot of volunteers.

Mr Beaubien: So how do you instill accountability into the system?

Interjection.

Mr Beaubien: No. He told me \$350,000.

Mr Ostiguy: Yes, \$350,000 is the gap.

Mr Beaubien: But how do you instill accountability into the system?

Mr Ostiguy: In our case, the accountability is that if there's something more important, like textbooks, it gets cut.

Mr Beaubien: But who makes the decision?

Mr Ostiguy: In our case, the supervisor, not the elected trustees.

Mr Beaubien: But prior to 1997, there were a lot of people complaining about the rising costs of property taxes. Am I right or am I wrong?

Mr Ostiguy: Ottawa was fortunate. In Ottawa we had a very strong tax base. The taxpayers here didn't mind 10% per year increases because we had a very good education system, part of which was the outdoor learning centres.

Mr Beaubien: So it was fair for your students, because you have a very strong tax base, to spend, let's say, \$9,000 per student, and yet in my area, because we don't have a strong tax base, we're spending half of that. Is that fair and equitable to all the students in the province of Ontario?

Mr Ostiguy: What the government has done is it has introduced a lowest common denominator. Everybody gets the same amount.

Mr Beaubien: Yes, but many boards are benefiting from it. The funding in my area has gone up by \$2,200 per student.

Mr Ostiguy: I think that's wonderful. All I'm saying is that there should be recognition in the local initiatives aspect. I don't know what board you're from, sir, but I'll bet you there are some things in your board that could benefit from a local initiatives aspect.

Mr Beaubien: We develop doctors and lawyers and teachers and all kinds of other—our citizens are tax-paying citizens. They've done very well in the community. And yet we're spending a third or two thirds of what you are spending here. So the end results were there.

Mr Ostiguy: Well, I don't know what you were spending on special education.

The Vice-Chair: Thank you very much for your presentation.

Our next scheduled group is Community Legal Services of Ottawa. Are they present? It appears not.

NEPEAN COMMUNITY RESOURCE CENTRE

The Vice-Chair: I'll call forward the next group, the Nepean community residential centre.

Mr Sampson: Are you going up to 3:20 now, Chair?

The Vice-Chair: Yes.

Mr Sampson: The 3 o'clock group's not here?

The Vice-Chair: Not yet.

If you'd like to come forward and take a seat, we look forward to hearing your presentation. Welcome.

Ms Kim Bulger: Thanks for allowing us to speak this afternoon. I think we're a little bit early. One of my board members, Mrs YuQing Shaw, was supposed to be here at 3:20, so she'll join us if she does come.

Mr Christopherson: You have the right to wait if you'd like.

The Vice-Chair: Would you prefer to?

Ms Bulger: It's to show support, so as long as you know that there's support there. I have another board member, Mr Arya Rahmatullah, so we can proceed. I know it's a long day for you.

Just a little correction: it's the Nepean Community Resource Centre, not residential centre. It's one of 14 community resource centres across Ottawa that are funded by the city of Ottawa.

The Vice-Chair: I apologize.

Ms Bulger: That's OK. We'd like to talk today about issues around primary care reform and community health, and bringing health services to Nepean. We serve Nepean, but we also serve two former rural municipalities, Rideau and Osgoode, which became part of the city of Ottawa with the recent amalgamation.

Just so you have a sense of the territory we cover, this is a City of Ottawa People Services map, which they have divided up into quadrants. Our service area is the orange part, so this part is the urban part of the city. Then there's the suburban part; that's Barrhaven-south Nepean. It's a vastly growing area. A lot of high-tech and new families have moved into there. The far part are the two former rural municipalities of Osgoode and Rideau. That just gives you a sense of the territory and the vastness of the territory that we cover.

We were established in 1989 to facilitate the delivery of social services in Nepean. I think a lot of you have community health centres; I know Mr Patten has been an ardent supporter of community health centres. I think some of the people on the panel have supported their communities in establishing them and advocating for nurse practitioners—from what I've read in Hansard, anyway. I won't belabour this point, but I think people are onside in terms of the value they add to the community and the underlying philosophy of community-governed and the coordinated services and that it's integrated. I think the primary issues of community health centres are those of accessibility, coordinated services, comprehensive services, and building community capacity.

Works in partnership: one of the value-added of community health centres is the way that health centres work in partnership with various other groups in the community, whether it be churches or schools or YMCAs. There's a lot of value added by the tentacles, the breadth and depth that we have into the broader community.

For Nepean, each community health centre would prioritize the groups based on where they reside. For some communities, it would be native communities or aboriginal communities. For our community, because of the demographics—I'll get to that—we would prioritize based on the background and the composition of our own specific community. The navy blue part is what additional services we could offer should we become a health centre.

1450

Again, health centres are accessible to the whole community, but within that, various community centres will prioritize. Because of our demographics, it would be the rural community, seniors. The 1996 census indicated that we had the highest number of seniors in our community, with the exception of Victoria. When the new census comes out that might change, but for now we use that stat. There are lots of youth in our community and lots of young families in the Barrhaven area.

The value of community health centres: I know this has been a priority of your government, the issue of salaried doctors—the cost containment, knowing that, say, for the next five years a doctor's salary or a physician's salary will be a certain amount of money. The use of nurse practitioners can alleviate some of the less complex cases that a physician doesn't necessarily need to see. There's been research that has indicated a reduction in emergency room visits if you're listed or registered with a community health centre. The prevention aspect: a Saskatchewan study indicated there was a 13% to 17% saving by using community health centres versus the fee-for-service approach.

Why now for the Nepean Community Resource Centre? The Ministry of Health has indicated a commitment to primary care reform. I think the news that the minister was in town last night bodes well for the whole issue of community primary care reform.

The Ministry of Health ordered a strategic review to look at the effectiveness of community health centres which was supposed to come out in the spring of 2001, but was released this past July. It was a very positive outcome in terms of the effectiveness, the cost effectiveness and the outcomes of community health centres. That really bolstered the cause for establishing new centres, so we were thrilled to see the release of that report.

This model dovetails with the Romanow and Kirby reports, which really talk about primary care and investing in health promotion and injury prevention. Our community is totally underserved. Like I say, the census isn't out, but we have between 160,000 and 170,000 people with no community-based health services at all, so we're terribly underserved.

There was a process in the spring of 2001 where they short-listed community health centres—I think there might have been 100 at that time—and Nepean was one of 13 that was short-listed, so we were ready to go yesterday. I know there's a lot of frustration in the community about health services and I think it's an opportunity for the ministry to dovetail its strategy with centres like ours that are ready to go and offer services.

Just a little bit more information about our community: it's extremely culturally diverse. We've completed one needs assessment in a little portion of our community, and there are more than 55 nationalities in that community. We have a really high number of Mandarin-speaking seniors in our community—and a Mandarin-speaking community as well—who are unable to access many services downtown, because for most of them their language is Cantonese. There are many sole-support parents residing in our community as well.

That's kind of a quick and dirty background on the issue of the community health centre for our community. We'd welcome any questions you might have.

The Vice-Chair: I'll turn first of all the New Democrats for questions.

Mr Christopherson: Thank you for your presentation. I was quite struck by figure 4, the one where you had the navy blue piece. Normally they start from scratch, with just a group of interested citizens pulling things together. You've got everything in place except that last, most important piece. I was very impressed with that.

I really only have one question and then you can respond in whatever way you wish. The funding requirement was \$3.7 million. Are you able to identify with a great deal of certainty where you would be relieving the health care system of other expenditures? I say that because it would seem to me that some of this money should not be seen as new money but rather as redirected money.

Ms Bulger: Exactly; it is. Much of the primary care cost would be redirected from the OHIP budget over into the community health budget. So that's a bit false or a bit misleading. We'd have to tally it up, but it would be redirected money for physician wages and nurses from the OHIP purse. So some of that is marginal costs. I think that's the beauty of it; it's building on existing infrastructures. We're not starting from scratch. We have some admin support, we have a board, we have the governance policies and procedures in place. So it's kind of tagging on or augmenting pre-existing services. As well, we've got those partnerships already in the community, so we're ready to go.

Mr Christopherson: Yes, that's the way it would look. If anybody is ready, you're ready.

The Chair: I have to apologize to you. I didn't ask you to introduce yourself at the outset, and we need you to do that.

Ms Bulger: I'm sorry. I'm Kim Bulger. I'm the executive director for the Nepean Community Resource Centre.

The Vice-Chair: I'll turn now to the government side for a question.

Mr Beaubien: Thank you very much for your presentation. I totally agree with you; I think the community care health centre is the wave of the future to provide accessible, affordable, quality primary health care for the residents of Ontario. I have three in my riding and we're working on another one. Hopefully we'll be successful in getting some funding, and getting this one started also.

Yesterday we had a presentation in Thunder Bay from a hospital administrator from a small community of about 5,000 people. I think we have to be cautious also that the primary health centres may not be the be-all and end-all and the answer for everybody. He pointed out that they have the infrastructure, with the small hospital, already in place. They could expand the services they're providing as a hospital to have some primary health care. So they do have some different challenges that you may not have or we may not have in our ridings.

But I totally agree with the content of your presentation because, even though there are an awful lot of barriers—I think you know the frictions between the nurse practitioners and the OMA, that it's not always a happy marriage. That presents some difficulties. But if we can remove some of the silos and lower them a little bit, at the end of the day I think people will be fairly well served with the community health centres.

I don't really have any questions of you.

The Vice-Chair: I'll turn now to the Liberal caucus.

Mr Patten: It's good to see you again. As you know, I'm quite familiar with the concept. I'm trying to think of anything I would support more, and I'd be hard-pressed.

You used the stat that there was a 13% to 17% less costly effort versus fee for service. Are you including hospitals in that? When you say fee for service, are you talking about a private clinic?

Ms Bulger: No, I think that was a private practitioner or clinic. That was the Saskatchewan study that was completed.

Mr Patten: I think from one of the studies that was done out of the Somerset West Community Health Centre, they felt they were able to divert 90% of the people who came in for medical consultations of one form or another from going to emergency on the weekends. Now, there's a massive savings. That, in and of itself, is worth the budget of the whole centre, because there's nothing more expensive than the ER in a hospital, emergency, and off you go on your round of tests. So that was fairly significant.

The strongest point, in my opinion, is that it's community corporate memory, and relationships with people who know the community better than a big hospital does. The big hospital is there for tertiary care and all that sort of thing, but I think the wave of the future, which quite frankly I thought 30 years ago should be this, is now coming, and it's community-based. The biggest change in primary care will be, one way or another, dragging doctors and governments screaming and kicking in spite of themselves. It will happen because it is a far more

efficient and effective way to go. You're community-based, and that relationship is extremely important. Would you disagree with me?

1500

Ms Bulger: I wouldn't. Shelley Martel has been a wonderful advocate for it, the Liberals have been wonderful and Mr Guzzo as well as. I think we've had good support from all three parties. I don't know if it's the OMA that's—I don't know if that there's any enemy, and I think there's room for everybody to operate with different models along the continuum. I just hope that, with the primary care reform, community health centres will be seen as a centrepiece and will be able to do the job in an effective way. I hope there's some room for compromise in that.

Mr Patten: The OMA is still not too keen on supporting you—

Ms Bulger: It's interesting because we've had calls, and I have some names of doctors who want to work in a community health centre, and I have names of nurse practitioners, so people do want to work in community health centres because of the hours, because of working with a team and because the referrals are very efficient within the agency; there's not the shuttling around. So people feel very satisfied about it.

One doctor said to me last week, "The OMA doesn't always represent our opinions accurately," so who knows? But they must have to vote and go through a democratic process, for sure. I just hope there's some give there so that the residents and the community are the beneficiaries of health care and health services.

The Vice-Chair: Thank you very much.

COMMUNITY LEGAL SERVICES, OTTAWA CENTRE

The Vice-Chair: Our next group I would like to call forward is Community Legal Services, Ottawa Centre. Please have a seat and accept our welcome to the standing committee on finance and economic affairs. I would ask that you introduce yourself for the purposes of our Hansard record.

Ms Jane Hueston: Good afternoon. Thank you very much for the opportunity to speak to you. My name is Jane Hueston. I'm a lawyer at one of the legal clinics in Ottawa, one of three community legal services. We're located in the downtown area. I have been working there for 20 years this year, primarily representing people in the area of social assistance, meaning all issues related to welfare—what's now Ontario Works—and, in particular, representing persons who have applied for the Ontario disability support program.

I want to introduce my colleague Lisa Jamieson, who is from the Ottawa Canadian Mental Health Association. She'll be available to answer questions.

Essentially, we want to speak to you today about our constituents, the poor people of Ottawa, and in particular those who are required to access social assistance, either Ontario Works or ODSP. What I have seen in particular

over the years since the rates were reduced for Ontario Works is really a dramatic difference in that clients coming into the office are hungry; they're not eating. I think it's important to raise that. They absolutely must rely on the food banks and the different meal programs on a regular basis, so they're in very straitened circumstances. With parents, certainly the way they cope is that they go without meals themselves so their children do not, and that's a significant change since 1995. The rates were not stellar, but I think people managed much better.

In the paper I've given you, I just wanted to illustrate this by pointing out in particular the shelter allowances and how inadequate those are, to show you what I think is a coming crisis. It's there already for persons on Ontario Works and it's coming for those on the disability program because we haven't had rate increases for the disability program in 10 years, and we've had cost-of-living increases over those years of about 18%. So where the shelter allowance, even on ODSP, was not going to cover the average cost of an apartment back in 1993, 1995, that is still the rate that prevails. I just gave you the average cost of apartments, one-bedroom, two-bedroom, from the Canadian Mortgage and Housing Corp for 2002 to show you that the average cost in Ottawa is far above the shelter allowance that is payable under the disability support program and is completely prohibitive to someone on welfare.

We know that probably the majority of persons, if they're not in subsidized housing, if they're on Ontario Works, are paying a very high percentage of their assistance for shelter, and that is becoming more and more the case for persons on disability support. So with that program intended to provide more adequately because of the additional costs of disabilities, that is really being eroded by the rise in rental costs. We know that the rate of evictions is increasing; people can't afford the apartments. They're being evicted because they can't pay their rent, and then because of vacancy decontrol, of course the landlords can raise the rent. There's also the built-in annual increase. Every year that outpaces the shelter allowances. Increasingly I'm talking to persons who are on the higher rate of assistance but their rents are \$600, \$700 and their total income is \$930. So it's happening.

We feel that it is really critical at this point to stop that erosion. Certainly we'd love to see increases in the rates, significant increases, but at the very least we think it's important to build in a cost-of-living increase that in some way keeps pace and prevents falling further behind.

The second issue we wanted to talk to you about is the way the disability support program operates and what has resulted from the way the adjudications are conducted. From the moment that the ODSP came into effect there was a very high number of applications and a very high denial rate. Consistently year to year, the disability adjudication unit denies half of the applications. That means there is a very large number of people having to appeal. That created a big demand on the legal clinics across the province and we had to, in our clinic, certainly the one I work in, double the resources that we were

committing to these appeals. There was a very striking change. There's an internal appeal level but only 11% of people are granted at that point. So the largest number must proceed to the tribunal to succeed. The interesting contrast is that though there's a very high denial rate at the application stage, there's a very high success rate on appeals, and we're presenting the same evidence at the tribunal. It raises the question: why is that happening? It forces persons who have real disabilities, who are vulnerable—their personal resources are very stressed. They have to have the tenacity to go through being actually denied by letter twice, get a legal representative and persevere for a year before they will get a decision from the tribunal and see benefits.

1510

Our experience before the tribunal is that we have an extremely high success rate in Ottawa, certainly in excess of 80%. So our advice to clients is always, "You'll almost certainly be denied ODSP. We'll appeal and you will likely win, so take heart. Once you get to the appeals stage, you have hope."

We've been seeing trends. We think the problem is really with the decision-making at the disability adjudication unit. They really seem to be digging in their heels more and more, not accepting doctors' opinions. In particular, if it's a family physician who has submitted the applications, they will deny because there is no specialist opinion, even though the family physician may have treated this person for 10 or 20 years and is obviously in the best position to describe the impact of the disability. So because of that approach of distrust in the opinion of the primary care physician and requiring more specialist opinion, that requires representatives to get more specialist opinions and assessments, and it's expensive. Our disbursements costs tripled from 1998 to 2001. That happened across the clinic system, so that Legal Aid Ontario last year said, "Whoa, we've got a problem here," and they've put a cap on our disbursements.

Essentially we're having to spend that money because the disability adjudication unit ignores the evidence that is in front of them. They do that in particular with mental illnesses. So if a family physician says this person has a serious mental illness, the application is denied because there's no psychiatric opinion. The problem with that is that it doesn't take account of the reality in our communities, which is that psychiatrists are not available to most people. Family physicians are treating persons with mental illness, as are social workers and counsellors in community agencies. So they're not looking at what the reality is in our communities, and as I say, they disregard the opinion of family physicians.

It used to be that if there was no psychiatric opinion, we would request an assessment by a psychiatrist, send in that report, and the DAU used to grant the person. After a while, they decided no. Now they say, "This report was requested by a legal representative. It's therefore of no value." They don't even comment on the content most of

the time. So we have to proceed to an appeal and we generally win the appeal.

So you have this specialist medicalization approach requiring a lot of resources to go into more and more medical evidence, which means a lot of physicians' time. Family physicians are filling out applications that are extremely complex. They take a lot of time to fill out and they get a grand total of \$70 for two of these that probably take at least an hour. They then receive a request from the legal clinic for a detailed report. Then we go back to them with the DAU's decision and say, "What do you think of that?" We're still denied and still go to an appeal.

The doctors are just inundated with these requests for medical reports, and I want you to know about that. I think that it's a serious problem for our scarce health resources and we want to ask you to consider whether that's a wise expenditure of our money. The ODSP was announced with great pride as being a big improvement for persons with disabilities and it is designed to effectively serve those persons. From our point of view and those persons caught in that system, it is not effective.

What has happened, of course, is we have a tribunal whose appeals load is overwhelmingly these disability issues; the same in the clinics: it's now 72% or more of our caseload. So we're limited in being able to represent people on other issues. It's clearly a big need in our community. We've had to come to the conclusion that this is happening because the disability adjudication unit is trained to deny applications. It's very evident in their adjudication summaries. They selectively leave out doctors' comments about a substantial problem; they focus on any tiny comment and they ignore very significant parts of the opinions. We think that's a culture that ought to change and that they should be relying more on the expertise of the physicians and on their integrity and giving appropriate weight to reports that address the issue squarely.

Those are my comments. Thank you very much.

The Chair: We have a little over a minute per caucus. The government side first.

Mr Sampson: I think we heard this in London, and my comment or question then was the same as to you. There are a number of disability assessment systems, if you will. There's the one that you just talked about; there's one for private disability insurance; there's auto insurance; the DAC system is one; there's one for workers' comp. Everyone does it differently. It seems to me that it's not very well coordinated, but they're actually trying to assess the same thing, and the problems are the same. The people making the eventual decisions are generally not health practitioners, so you have case file after case file being built on both sides of the equation—are you or are you not disabled?—by various practitioners.

There needs to be a way to simplify this, I think is your message, and I would agree with you. I'm not too sure how it is that you do this, whether you adopt one system or the other, or you try to merge them all together.

But they're all trying to do the same thing: assess the nature of a disability and the extent of disability. We need to find a smarter way to do that somehow. I would agree with you that the current one just doesn't seem to be doing it right.

The Chair: Did you have a response before we move on?

Ms Hueston: I think what we're looking for is reasonable decisions. I was at a hearing this morning with a man who had his leg amputated below the knee in 1998 and his left foot reconstructed. He has had continuous problems. He was accepted for ODSP in 1998; they reassessed him and the decision was, "You are no longer a person with a disability." He replied, "I look down, and my leg is not there, and I don't think it's going to grow back." I'm sure we're going to win that appeal. The family physician wrote a very strong letter. There was no comment about the content from the adjudication unit. There needs to be a reasoned adjudication. I think that's offensive to everybody.

The Chair: We move to the official opposition.

Mr Patten: Is Al Rosen the supervisor of this? The adjudication unit—who are these people?

Ms Hueston: I don't know. They're number 20 and number 39. They're not doctors, as far as I know.

Mr Patten: Are they professional social workers or appointees or what?

Ms Hueston: I have no idea. We hear rumours; we don't know. We know there's a doctor at the head of the disability adjudication unit. Their qualifications are not specified on these summaries. We can address that in an appeal, but we think there's a culture there that is biased in favour of skepticism. We can understand that in many cases it's uncertain, but where the evidence is very definite—

Mr Patten: There's a stringency that—

The Chair: Thank you, sir. We have a very short time. Sorry. Mr Christopherson.

Mr Christopherson: Thank you for your presentation. I would say to you without any hesitancy that if you had appeal rates upwards of 80%—

Ms Hueston: That's our experience in Ottawa.

Mr Christopherson: And we had similar presentations, as Mr Sampson pointed out. You mentioned just the application forms are very complex. We were told that the paperwork has increased five- or sixfold since its inception. I would just say to you that if you were a corporation coming in here, then you would have got the attention of the government backbench make-work project known as the Red Tape Commission and this would have been straightened out a long time ago, I assure you. Because if any small business group came in here and said, "Look, on appeal we're winning these things eight out of 10 times," that would get fixed, and rightly so. Somehow, because it's on that side of our social equation, it doesn't seem to get addressed.

I don't know whether you have a response or not. As soon as I saw that, I thought, "If that was business stuff and they came in and said, 'Our paperwork has gone up

five times, and on appeal we win eight times out of 10,' that would get fixed pronto."

The Chair: Thank you, sir. Did you have a final comment in the last few seconds?

Ms Hueston: I think it's back to my point of asking you, is this a wise expenditure of our money?

Interjection: Good question.

The Chair: Thank you. I think we got the point. We appreciate your input today.

Our final presenter is the Alliance to End Homelessness in Ottawa. Is the presenter in the audience? They are not scheduled until 3:40, so at this point we have no choice but to recess until 3:40.

The committee recessed from 1522 to 1540.

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

ALLIANCE TO END HOMELESSNESS

The Chair: Our last presenter is the Alliance to End Homelessness in Ottawa. Please come forward and state your name clearly for the record. Welcome, and please proceed.

Ms Maura Volante: My name is Maura Volante. I'm the coordinator of the Alliance to End Homelessness in Ottawa.

The Alliance to End Homelessness exists to coordinate strategies and services to put an end to homelessness in Ottawa. Our number one goal is to promote more affordable housing, but we also recognize that varying kinds of support are needed for people to keep housing: to prevent becoming homeless in the first place, to stay in housing once they have found it and to use that base to move ahead with personal and financial goals and dreams.

Our vision statement illustrates very clearly the breadth of the task that confronts our community in ending homelessness. The Alliance to End Homelessness envisions an inclusive community that takes responsibility for ending homelessness by ensuring that everyone has the right and support to define, access and sustain housing of their choice.

The key words in this statement are "right" and "support." Neither of these concepts drive the housing market now, and without direct involvement from the government, there is no way to ensure these basic building blocks to a healthy life. Therefore we advocate for the continuance and enlargement of programs that address both supply of housing and support services to help people maintain housing.

We believe there is a role for each level of government in this project, but within Confederation the province is directly responsible for housing and therefore must take the lead to weave this crucial thread back into the social safety net, to mend the gaping holes resulting from years of neglect.

Children: the fastest growing segment in the homeless population is now families. In Ottawa the current average

for shelter users on any given night is 961 people. Approximately 30% of these people are children. These numbers are alarming enough in themselves, but they only count children staying with their families in family shelters. The numbers are actually much higher. Some families stay temporarily with family members or friends, some are staying in transition houses for victims of familial abuse and many mothers find their children somewhere else to stay, such as a grandmother or another family member, when they lose the family home. All these children suffer the impacts of homelessness: emotional stress; obstacles to good, consistent parenting; and very often the effects of poverty—lack of basic nutrition and other material supports.

All levels of government have repeatedly assured the Canadian public that their prime commitment is to the children, who represent the future prosperity of this country. Reversing the Real Brain Drain, the final report of the Early Years Study by J. Fraser Mustard and Margaret McCain, makes it clear that Ontario children are not doing as well as they might. Graph after graph shows the clear correlation between health and achievement indicators and low family incomes.

In their argument for acting now to help young children overcome economic and social disadvantages, they write, "We can turn away from this challenge and hope that our helping systems (the schools, social and health services) will be able to cope, even though they tell us they are having increasing difficulty meeting the demand. We can hope that children will 'grow out of' behaviour and learning problems that were set in early life, even though evidence suggests that many of them will have great difficulty doing so and will not reach their full potential. We can put more money into policing and correctional systems and other special services, although that will be expensive and unlikely to make a big difference."

The authors of this report are speaking of children in low-income families generally. But the negative impacts of homelessness compound the problems of low-income families. As a result of this report, the government of Ontario has set up a network of Early Years centres, and we applaud this. But no supplemental program can replace a stable home environment for the growth and development of healthy children.

Jane Jenson writes in *Housing is a Children's Issue*, "Poor housing means poor health. It is more likely to harbour mould, lead, and asbestos, all of which contribute to high rates of respiratory disease. Dust mites and cockroaches increase the risk of asthma. We know lead is associated with neuro-behavioural disorders. And lead is more readily absorbed by children suffering from poor nutrition, common among those who are poorly housed.

"Crowded housing, where several families share a unit meant for one, can subvert the positive effects of investment in pre-school programs. There is, for example, no space or quiet time for reading to pre-school children—the kind of nurturing that studies of brain development teach us is crucial to school readiness by age 6. Crowding

also makes it difficult for school-aged children and their parents to ensure that homework gets done.

“And the lack of affordable housing means children are going hungry. A major reason families give for using a food bank is that, once the rent is paid, there is not enough money for food. Poor nutrition affects health and school achievement. And there is certainly not enough money for the recreational and cultural activities so important to social engagement and health.

“Parents who struggle to pay the rent are parents who are working long hours, stressed by time crunch and anxiety. They may be parents living in constant fear of homelessness, one bad month away from eviction. We know the consequences of stress for good parenting.”

The CMHC has undertaken a study of family homelessness in Canada, which is not yet complete, but its preliminary findings point to a long list of negative impacts of homelessness on children: disruption of everyday living patterns, education, family relationships, personal development, social relationships, health, long-term emotional and behavioural issues.

While those interviewed agreed that service agencies are working hard to help these families, most respondents said that homeless families’ needs are not being adequately met by available services. They list the following as gaps in services noted by respondents: safe and affordable housing, ethnocultural-specific services, coordination of access to services, enhanced health services, mental health services, services for families with boys over 12, prevention, support for communities and emergency facilities for families if not victims of abuse.

These responses show the range of solutions to family homelessness, including specific kinds of social services, but the number one solution is safe and affordable housing. This is also the number one goal of the Alliance to End Homelessness. Until the issue of supply of affordable housing is addressed by the provincial government, all the social supports that are humanly possible will not end homelessness.

The need for a huge increase in affordable rental housing stock is undeniable. According to estimates by the Centre for Urban and Community Studies at the University of Toronto, Ontario needs about 18,000 new rental units annually over the next 20 years. This figure is based on Ontario Ministry of Finance population projections.

The province suffered a net loss of 7,413 private rental units between 1991 and 2001. This loss has been the result of demolitions and conversions to ownership of 24,298 units, while only 16,855 new units were built.

The vacancy rate increases reported last fall by the CMHC do not tell the whole story, because the units that sit vacant are unaffordable to low-income tenants. Average rents in Ottawa have increased by 25% from 1995 to 2001. Currently the Ontario Rental Housing Tribunal has 120 applications for above-guideline rent increases, covering 12,910 apartments in the city of Ottawa.

I’d like to turn to the affordable housing program. The affordable housing program announced in December will

not address the need across Ontario for affordable housing for individuals and families currently in shelters, doubling up with friends and relatives or staying in inadequate accommodation that takes a major portion of their total incomes. There are several serious flaws in the program that could have been avoided with better consultation prior to its design.

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Inadequate provincial contribution: the original idea in the framework agreement of 2001 was to subsidize the building of rental housing with matching federal and provincial contributions of \$25,000 per unit, for a total of \$50,000 per unit. Under the new program, the federal government is still expected to contribute \$25,000 per unit, but outside of an Ontario contribution of \$2,000 per unit, developers must secure matching funds, not from the government of Ontario, but from the municipality and other sources. This does not indicate support for affordable housing by the government of Ontario.

Non-affordability: by using the CMHC average rent as the ceiling for affordability, the provincial program is guaranteed to fail in providing affordable housing to people who are homeless and at risk of homelessness. Average rents in Ottawa are prohibitively expensive for low-income people, whether in low-paying jobs or on pensions or government assistance.

Time limit for affordability: the homelessness crisis is not going to disappear on its own, nor will people who need affordable housing disappear in 15 years. To place a time limit on affordability for the units subsidized under the affordable housing program does not house the citizens but, instead, provides profit for the developers.

Shelter allowance: the provincial government is not only responsible for housing, but also for the provision of financial assistance to those in need, including thousands of children growing up in poverty. The level of that financial support is also a key factor in addressing the crisis of homelessness. As long as the OW shelter rates remain at their current low levels, no one living in private rental housing can avoid using a significant portion of their support allowance to pay their rent. This is difficult enough for single people trying to make \$325 stretch to cover rent for a room, let alone an apartment, but for families it is completely impossible to find private rentals in the one-, two- or three-bedroom range that come anywhere close to the shelter allowance for families with one, two or more children. Try paying the average rent for a two-bedroom apartment in Ottawa—\$939—while your shelter allowance as a single parent is \$554.

As noted earlier, the lack of affordable housing is the key factor in family homelessness. In addition to increasing the supply of rental housing at reasonable rents, the government of Ontario can help to ease family homelessness by increasing the shelter portion of OW payments. We call for shelter allowances indexed to the CMHC average rents in each specific municipality.

Reweaving the net: Ontario is the richest province in one of the richest nations in the world and is therefore in a position to set an example to the world of a caring and

humane jurisdiction. It is a disgrace that under the current government the poor have become poorer and the homelessness crisis has been allowed to worsen, especially as the economic indicators in the province continue to rise.

Not only is helping people solve their housing problems the right thing to do as a caring society, it also makes good economic sense to invest tax dollars in ending homelessness. The consequences of allowing the crisis to deepen are much more expensive in the long run. It will be much more cost-effective to mend the social safety net now than to continually retrieve the lost ones who fall out the holes. Please join the Alliance to End Homelessness in its vision of a society in which each citizen has a home of his or her choice. Thank you.

The Chair: Thank you, Ms Volante. We have about a minute and a half each. We begin with the official opposition.

Mr Patten: Thank you very much for joining us today. I see you continue to advocate the perceived constitutional responsibilities of the province in the field of housing.

Ms Volante: Yes.

Mr Patten: We do have a minister called the Minister of Municipal Affairs and Housing. Unfortunately, the housing side is quite bankrupt, because there is very little the government does do. It has operated on the theory that if you just leave everything alone, the private sector will take care of building all the housing that we need and this will be the best for everyone—the trickle-down theory of development. It doesn't work in any society that I'm aware of, and we are probably one of the worst in the western world. I don't just say that provincially; I'm saying it federally and provincially, although the feds put more on the table than we do provincially. But the province has passed on its responsibilities to the municipalities—unfortunately, because I deal with this every day as an MPP, and I'm sure each of the members does. I think everyone here would share your objectives. Nobody wants to see anybody homeless. We're talking about how we address it. We have a different view than the government has. What would you recommend to them right now for providing the supply of housing?

Ms Volante: If they're going to pass on the responsibility for housing to the municipalities, I would like them to pass on both the power to design the programs and the money to do it, because right now the municipalities don't have enough money.

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

Mr Christopherson: Thank you for your presentation. I was in the House the day that former Municipal Affairs and Housing Minister Al Leach stood up and said—I'm paraphrasing—that his government was now totally withdrawing from the building and provision of housing, and that he was proud of the fact that his government was doing that. That was the last nail in the coffin. As you probably know, under the previous government, we were the last province, the last jurisdiction in North America, to provide affordable housing directly so it would be there for generations. Al Leach promised

that his reform and red tape cutting and all the other tax cuts and all of that were going to stimulate the private sector—we all know the mantra—and it was going to produce all the housing that we needed. It didn't.

Ms Volante: It didn't.

Mr Christopherson: It didn't. We have a bigger crisis now than we've ever had in our history. We have more kids in poverty. We have all kinds of social upheaval. A certain few have done very well. The rich have gotten a lot richer with this crowd, but the people who were promised affordable housing didn't get it.

The only question I would have for you is that a couple of times now the 15 years has come up. Can you just explain to me what that is?

Ms Volante: The affordable housing program stipulates that rental housing built under the subsidy remain affordable for a minimum of 15 years. They are allowed to set the rents at whatever they want after 15 years.

The Chair: Thank you. Mr Beaubien on the government side.

Mr Beaubien: Thank you very much for your presentation. At 1:40 we were given a presentation by a group that felt the federal, provincial and municipal governments had a responsibility with regard to providing affordable housing. However, I want to make a statement here, because after two weeks of hearings I haven't heard from the typical constituents in my constituency. I'll give you an example of a guy who makes \$27,000 a year, has a wife, two kids, an old house that he has bought and an old car; a stay-at-home mom looks after the kids. He probably pays \$5,000 to \$6,000 in taxes. According to the figures we were given by the previous presenter, under the ODSP a single parent with two children under 13 receives \$1,589. That works out to about \$529 per person. If I do the math, the young constituent in my riding making \$27,000 with his wife and two kids is probably making \$21,000 in net income. If I divide that by four, that's \$525. Where is the representative for that individual?

Ms Volante: I believe that everyone has a right to housing, but certainly those people you're speaking of somehow managed to get the money for a down payment and they bought a house. They are more fortunate than many people who will never have the money, the capital, that is necessary to pull together a down payment, particularly in the city of Ottawa.

The Chair: Thank you, Ms Volante. We appreciate your input.

That concludes the road trip of this committee this week.

Mr Sampson: On a point of order, Chair: I just want to put a couple of things on the record. One, I want to congratulate you and thank you and the clerk for the work you've done over the last week. The week before, of course, was in Toronto. This week, with the various tours we've done, it has been very efficiently managed. We've been able to get to our scheduled appointments on time, no matter what the weather was. They have provided supports to us as we go through this process.

You've done an admirable job. I want to put on record that they have done that and, on behalf of certainly this side of the committee, thank them for that effort.

The Chair: Thank you to the clerk and the staff. I applaud that.

Mr Christopherson: I would like the record to show that I think the two other opposition parties would join in that. Well done. A great job. Thank you. You made it a lot easier. Highly sophisticated too.

The Chair: That being said, as was agreed by the subcommittee and authorized by the full committee, the research officer will provide a summary of the presentations to the committee members in the week of February 10—that's not necessarily on the Monday but that week. The research officer will provide a draft report to committee members for their consideration by noon Monday, February 17. The committee will meet under the authorization of the Legislative Assembly on Thursday, February 20 for report writing.

I would say to the public that the deadline for dissenting opinions—actually the opposition parties—if any, is Tuesday, February 25 at 5 pm.

For public consumption, the deadline for written submissions is today at 5 o'clock, if anyone has not had a chance to appear directly.

Mr Sampson: On another point of order, Chair: I believe yesterday we asked the research officers to do two other items. Dave, can you remember what they were? One was around the roads—

Mr Larry Johnston: Federal obligations for the Trans-Canada Highway, and grow north bonds.

The Chair: Grow north bonds, is that correct?

Mr Sampson: Well, the Manitoba thing. Grow Bonds North.

The Chair: And the federal contribution to the highway system.

Mr Christopherson: Maybe Larry can send that out to us ahead of time. Once you've got it, you'll just fire it out?

Mr Johnston: Yes.

The Chair: Is there any other business? Then this committee will adjourn to Thursday, February 20, at Queen's Park.

The committee adjourned at 1602.

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