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Official Report of Debates (Hansard)

Thursday 20 November 2008

Journal des débats (Hansard)

Jeudi 20 novembre 2008

**Standing Committee on
Finance and Economic Affairs**

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

Pre-budget consultations

Consultations prébudgétaires

Chair: Pat Hoy
Clerk: William Short

Président : Pat Hoy
Greffier : William Short

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Thursday 20 November 2008

Jeudi 20 novembre 2008

The committee met at 0848 in room 151.

SUBCOMMITTEE REPORT

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order. Our first bit of business this morning would have the subcommittee report read into the record. Mr. Arthurs.

Mr. Wayne Arthurs: Your subcommittee met on Thursday, October 30, 2008, to consider the method of proceeding on pre-budget consultations, 2009, and recommends the following:

(1) That the committee hold pre-budget consultations in Toronto on Thursday, November 20, 2008; Thursday, December 4, 2008; and Thursday, December 11, 2008.

(2) That the committee request authorization from the House leaders to meet during the week of December 15, 2008.

(3) That the committee hold pre-budget consultations in Niagara Falls, Windsor, Sudbury, Thunder Bay and Ottawa during the week of December 15, 2008.

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

(5) That the committee clerk, in consultation with the Chair, place an advertisement, no later than the week of November 3, 2008, in a major newspaper of each of the cities in which the committee intends to meet, and that the advertisements be placed in both English and French papers where possible.

(6) That each party provide the committee clerk with the name of one expert witness and one alternate no later than November 27, 2008.

(7) That expert witnesses be offered 15 minutes for their presentation, and be given five minutes of questioning from each political party.

(8) That expert witnesses be scheduled to appear before the committee in Toronto on Thursday, December 4, 2008, or Thursday, December 11, 2008, subject to their availability.

(9) That interested people who wish to be considered to make an oral presentation in Toronto contact the committee clerk by 5 p.m. on Monday, November 17, 2008.

(10) That, if necessary, the members of the subcommittee prioritize the list of requests to appear and return it to the committee clerk by 12 noon on Tuesday, November 18, 2008.

(11) That interested people who wish to be considered to make an oral presentation in Niagara Falls, Windsor, Sudbury, Thunder Bay and Ottawa contact the committee clerk by 5 p.m. on Friday, December 5, 2008.

(12) That, if necessary, the members of the subcommittee prioritize the list of requests to appear and return it to the committee clerk by 4 p.m. on Monday, December 8, 2008.

(13) That if all requests to appear can be scheduled in any location, the committee clerk can proceed to schedule all witnesses and no prioritized list will be required for that location.

(14) That the minimum number of requests to appear to warrant travel to a location be eight.

(15) That all witnesses be offered 10 minutes for their presentation, and that witnesses be scheduled in 15-minute intervals to allow for questions from committee members if necessary.

(16) That the deadline for written submissions be 5 p.m. on Friday, January 16, 2009.

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

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

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

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

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

(18) That the research officer provide a summary of the presentations by 12 noon on Monday, February 9, 2009.

(19) That the research officer provide a draft report to the committee members by 12 noon on Monday, February 16, 2009.

(20) That, in order to facilitate the committee's work during report writing, proposed recommendations should

be filed with the clerk of the committee by 12 noon on Friday, February 13, 2009.

(21) That the committee meet for the purpose of report writing on Thursday, February 19, 2009.

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

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

Mr. Chair, that's your subcommittee report.

The Chair (Mr. Pat Hoy): Any discussion? All in favour? Carried. Very good.

PRE-BUDGET CONSULTATIONS

GEORGE BROWN COLLEGE

The Chair (Mr. Pat Hoy): Now we'll begin with our first presentation of our pre-budget consultations, 2009. I would ask George Brown College to come forward, please.

Ms. Anne Sado: Good morning.

The Chair (Mr. Pat Hoy): Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would just ask you to identify yourself for the purposes of our Hansard reporter.

Ms. Anne Sado: My name is Anne Sado, and I am president of George Brown College in Toronto. I am also currently the chair of the board of Colleges Ontario, representing Ontario's 24 colleges.

My presentation this morning will focus on Reaching Higher; operating funds and the outcomes an investment in post-secondary education will support; the opportunity to invest in innovation by supporting applied research at colleges; and the need for capital for our sector.

I have a keen interest in supporting Ontario's economy—as a citizen, as a former senior business executive, which I did for over 25 years; as president of George Brown College, a role I have held for almost five years; and as a devoted advocate of the college system.

I'd like to start by telling you a little bit about George Brown College. We are located in the heart of the city of Toronto and, as such, reflect the rich diversity of the city and the province. We serve approximately 20,000 full-time students each year and almost 65,000 continuing education registrants. We graduate over 5,000 students per year with a range of credentials from certificates to degrees. We represent just over 8% of the college system in Ontario and are currently the third-largest college in our province.

Our student population grew by 8.6% this year over last, and we have grown just over 32% in the last five years. On average, we have seven applicants for every student we can accept, and in some programs, this ratio is as high as 25 to 1.

Our focus is on preparing graduates to meet industry needs—leading to meaningful employment—and we do so in partnership with industry and the community. Nine out of 10 of our graduates get a job within six months of graduation.

We understand the current fiscal challenges facing our province. We heard the message in the fall economic statement and applaud the government's commitment to fiscal responsibility. We fully support the need to be smart and focused in how the province's resources are spent. We support accountability and are willing to take responsibility for achieving the outcomes we commit to.

I'd like to start by addressing Reaching Higher and operating funding. This government has shown leadership in supporting post-secondary education. The Reaching Higher plan announced in the 2005 budget was a much-needed investment in the system. The Reaching Higher fund enabled colleges to implement new access and outreach initiatives, improve student services, expand learner supports, invest in learning facilities and resources and renew and establish new programs. Colleges launched 200 new programs in response to employer and community demand for graduates to meet shifting labour market needs. There is a consistent improvement in graduation rates and satisfaction ratings from students, graduates and employers.

At George Brown, thanks to the Reaching Higher investment, we increased enrolment of under-represented groups, with a focus on first-generation, aboriginal students and students with disabilities; we hired almost 40 new full-time faculty over the last two years; we implemented a student success strategy that, this fall, is supporting 1,500 students in 16 programs; and we improved student retention and satisfaction metrics across the board.

While we appreciated the Reaching Higher investment, it was the first injection of new money into a system that had been frozen for almost 15 years. Our per-student operating grant, in constant dollars, is now back to the levels of the mid-1990s. Ontario continues to receive less funding per student than any other province in Canada and we receive, as a college system, significantly less per-student funding than either high schools or universities.

I noted at the outset that we are committed to being accountable to outcomes for the operating funds we are granted. I'd like to outline key ways in which George Brown contributes to the economy and the knowledge and skills agenda of our province.

George Brown develops workplace-ready graduates to be the skilled workforce needed to keep our economy going. We educate students in sectors where there is a clearly identified market need for new graduates. Just a couple of examples follow.

We recently expanded our Centre for Hospitality and Culinary Arts to support the forecast shortage of 300,000 workers across Canada in the hospitality industry. We have already grown our enrolment in this area by 20% in the last two years, and we will be growing an additional 20% over the next two years.

We introduced a bachelor of construction management program in response to an identified need in the construction industry. The development of this unique program in Ontario—and I believe there is only one other in Canada—was financially supported by the Toronto Construction Association, which currently also provides grants to cover half the tuition for all first-year students enrolling in the program; they have done this every year since we introduced it.

George Brown has been active in supporting the Second Career strategy.

We have introduced several bridging programs for internationally educated professionals, from construction management to our college teacher training program to a new graduate certificate in research, commercialization and innovation, which is launching in January 2009.

We have a strong commitment to access and outreach initiatives. We partner with Regent Park on Pathways to Education. We offer dual credits through the school-to-college-to-work initiative. We offer augmented education programs in partnership with the Centre for Addiction and Mental Health to people who have had mental health or addiction histories.

I'm just going to pause on that one for a minute. Our assistant cook extended training program and our construction craft worker programs are two we've developed in partnership with CAMH. We've been running the assistant cook program for four years, and I'm pleased that the employment outcomes are excellent. For the 2006-07 graduates, 55% are still employed after two years of completing the program. This program has a significant and measurable impact on reducing social support costs for this population and can play a key role in supporting the government's poverty reduction agenda.

We've been playing an active role in applied research. We work with industry, often small and medium enterprises, to help solve industry problems or to help bring new products to the next stage towards commercialization. We are involved in a range of projects. Again a couple of examples: We're assisting in the development of a patient education information system to help manage chronic disease, and we're helping to develop organic candies as a healthy alternative to sugary snacks for a Toronto-based confections company. We secured external funding of $225,000 last year to support six projects, and in addition we supported 20 faculty projects with seed funds that in turn leveraged $300,000 of additional funding from industry and community partners.

0900

So what do we need in order to continue offering these programs to our students and the community and to accept the increasing numbers of students who want and need a post-secondary education? We need additional and continued investment. Considering the role colleges play in economic development, we need to cover our costs. System costs are estimated to increase by about $120 million next year. After tuition, an investment of $75 million in operating funds for 2009-10 is an efficient investment in our economy. The $198 million identified for 2009-10 in the Reaching Higher plan could support this investment.

We need capital—and our system is recommending $50 million—for renewal and maintenance of our facilities. Without up-to-date equipment, facilities and technology, we cannot train and educate the students to the standard which employers expect.

For the longer term, it is critical that the government include college infrastructure funding in the infrastructure program. By investing in college infrastructure, the government could deliver quick wins for the economy and its skills agenda. We also expect that infrastructure spending will be used by government to support the economy during this transition period. This will require skilled workers to implement the infrastructure programs.

We must also remember that, with the growth in the GTA, we are expected to be short at least 45,000 student spaces by 2015. In order to compete in the global marketplace, it is essential that we innovate and create the next generation of jobs. This is where applied research at Ontario's colleges is key. A modest investment will help us continue to build this capability for the benefit of the Ontario economy.

In summary, colleges have the strategies and tools, industry partners, faculty, staff and students that contribute to the strengthening of Ontario's economy. An investment in colleges is the right FIT for Ontario: "F" stands for flexibility and adaptability—colleges can and do react quickly to the changing needs of our economy; "I" stands for industry and labour and the partnerships the college sector has developed and utilized so effectively, and "T" stands for technology and tools to support the retooling of our economy.

Thank you. I'd be happy to answer any questions.

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

Mr. Toby Barrett: Thank you, Ms. Sado. I hear what you're saying on supporting applied research. Given the changing economic climate right now, one question I have is, to what extent is George Brown in a position to reach out—you are a community college—beyond teaching students or doing research, with respect to economic issues, whether it's within the industry that you support?

One example I think of—I think it was up Sydney way. I visited University College of Cape Breton. They do teaching, obviously, they do research, but they had a very comprehensive community economic development program. The faculty were literally out in the field; they rolled up their sleeves and were trying to bring along an area that was in dire economic circumstances. Is there any room for a community college to change direction and try to help out that way?

Ms. Anne Sado: There's lots of room. In fact, it's not a change of direction; it's a continuation of a direction we're already taking. I could give you a couple of examples on that—

Bells ringing.

Ms. Anne Sado: I don't know if we're supposed to stop during the bell. No?

The Chair (Mr. Pat Hoy): We'll continue.

Ms. Anne Sado: Okay. We have a few initiatives. Number one, we've created an office of community partnerships, and we actually reach out and create new opportunities for the community. We're especially supporting a number of at-risk groups. For example, we do computer training for the people who use the Fred Victor mission, which is just up the street, on Jarvis, from us. We work with the Toronto East Community Initiative. We have partnerships with Goodwill, where we actually provide training and help develop job opportunities for some of the people supported by Goodwill Industries. There's an organization called ACE, Advancing Canadian Entrepreneurship, which is part of a global organization called SIFE, Students in Free Enterprise. These are student clubs, and they're supported by faculty in universities and colleges. For the second year in a row, we have created a program where students have created something called Start-Up, a new business training program. They take our United Way Toronto partners through a training program to help them get businesses going for their agencies. So we take them through a four-week training module and we provide consulting services to get their businesses going. Then we've developed another program called Stay-Up, which actually supports them in sustaining the business once it's under way.

The other part of it is the applied research, which we're already doing and which I mentioned, where we have our faculty involved in working mostly with small and medium enterprises, because they don't have the facilities to do that kind of research. For one of the circuit board manufacturers last year, because we have an industry-supported production environment for micro-electronic technology, we were able to solve a manufacturing problem for them in terms of the way they soldered these microchips onto those boards. We could use the facility, something that the small business would never have been able to support. We solved their manufacturing problem, enabled them to continue manufacturing and solve their reject problem so they had a much higher standard of quality and could continue their business enterprise. They paid us a small amount of money that covered some of our costs, and it gave students and faculty a great opportunity to support the economy.

Mr. Toby Barrett: You mentioned—

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

Mr. Toby Barrett: —that you have students with disabilities: What services or structure do you provide for people with disabilities?

Ms. Anne Sado: We have a student centre with counsellors who support these students. We have the largest contingent of students who are deaf and hard of hearing. We provide sign language interpreters and note-takers to help them. We have peer tutoring opportunities that we make available for students with different issues. The student success strategy I've mentioned, where we have counsellors and faculties who meet with students to identify early in their education if they're going to have problems in keeping up with their learning or if they need different types of learning supports; we identify early if they have an issue and we create an opportunity for them to be tutored or mentored or peer mentored. We have increased our success rates with those students, I'd say, probably between 8% and 10% over the last two years since we introduced the program.

Mr. Toby Barrett: Thank you very much.

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

COLLEGES ONTARIO

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

Ms. Linda Franklin: Super. I'm Linda Franklin. I'm the president and CEO of Colleges Ontario.

Mr. Bill Summers: Bill Summers, vice-president, research and policy.

Ms. Linda Franklin: Thank you very much for the opportunity to address you folks today and share with you our ideas on the essential role that we think colleges have to play, particularly in this economy, and the immediate and long-term challenges we face as a result of these pressures.

Our 24 colleges, we believe, will be central to the province's efforts to manage this difficult economy. Colleges, of course, are key in labour market activity. We have the skilled workforce we need to support innovations in industry and other sectors because of college training, and we provide education and training to greater and greater numbers of people each year so that people can break free from the poverty trap and more people from under-represented groups have an opportunity to make a meaningful contribution to the workforce.

It's interesting. When you look at college enrolment numbers, we draw students from every economic bracket in the province. It doesn't matter what your family income is; you are able to access college, if you have an interest, in this province.

Best of all, I think a good message for this committee is that in this current climate we don't need to create new funding pressures for the government to achieve these goals with us in the next few years. By simply realigning existing funds and making small, targeted investments in the right place, the government can position colleges to play an even greater part in putting our province back on the road to recovery.

0910

As I think all of you here know—we've worked with all of you and all your parties—colleges have been good partners in the province. The partnership between government and colleges has produced real results for the province, the economy, and of course our students.

The government has asked us all to partner again, this time to find ways to maintain and build upon the gains we've made in the face of a difficult economy and the need for restraint, things like Second Career, for example. Once again we are prepared to do our part, and we're prepared to do it in a restrained spending environment, as we've been doing for many years. But we think, importantly, Queen's Park also has to do its part.

Ontario's colleges have always been asked to do work more efficiently than other education partners. As you probably know, per-student funding to colleges in Ontario is less than university levels and less than high school education levels in the province. In Ontario today, we provide $12,000 in grants and tuition revenues for a typical student at university. A typical high school student in Ontario is funded at a level of $10,000 per student. Funding for a typical college student, and this calculation includes both provincial grants and regulated tuition fees, is only $8,000 per student. Similarly, when operating funds are distributed for post-secondary education, colleges have traditionally, historically received a third of these funds while universities receive two thirds of the funds.

I can't imagine anyone in this room believes it's less costly to educate a student in college than at high school or that our costs are significantly different in education than universities'. But we have consistently had to manage with less, so we are a very, very efficient system and a very good use of government's money because of that.

We're not here today asking to resolve this inequity, only to draw it to your attention as a means of indicating how well we've managed over time. It's important to recognize that we are terribly efficient and have had to find more efficiencies than our other education partners, so for our sector, further efforts to find efficiencies can only be achieved through significant programs cuts and staffing reductions, probably not in the best interests of the province at this point in time when we need to be encouraging more and more folks to get post-secondary education and upgrade their skills.

We have to acknowledge as well that as a result of these historic funding inequities, the fiscal situation at most colleges is at a critical point. There has been a lot of support and help through Reaching Higher. Nonetheless, because of where we started before that program began and because of the distribution of funding, more than half of Ontario's colleges will be running a deficit in 2009 as the reserve funds they've been relying on to make up the difference over the past few years run out. These deficits, because of accounting rules, are going to show up on the province's books. We're going to be part of your larger problem, I'm afraid.

Colleges are in deficit positions because there has been a $100-million funding shortfall for the sector, due to pressures such as enrolment increases and salary increases, particularly an arbitrated settlement with our faculty a couple of years ago. Operating funding, because it was flat-lined last year, has left us in a bit of a hole.

The Reaching Higher investments, on the other hand, we think have produced terrific results for the province: higher student and graduate satisfaction rates, improved graduation rates, improved student services, as Anne was describing a moment ago, and expanded opportunities for lots of new individuals to get an education. These are important gains that the province has to build upon, but we're a bit concerned that these gains are at risk.

We've recently been informed by the ministry that the colleges' share of the last year of Reaching Higher operating funds will be significantly less than the traditional one third allocation, maybe as low as one fifth. That's unprecedented historically. Apparently, as we understand it, the ministry has decided to direct half of those operating funds to university graduate studies and medical school enrolments before distributing the remainder between colleges and universities.

I think a key message from us to you is that we're certainly supportive of the need for more graduate education. It's an important priority; it has to be funded. But we think, frankly, emphatically, we shouldn't be sacrificing college programs to pay for graduate spaces. In the current economy, we think that kind of trade-off just doesn't make any sense whatsoever.

In fact, when you look at the data, a recent survey by the Canadian Federation of Independent Business found that businesses are saying to us that they are going to need college graduates at a ratio of six to one over university graduates in the coming years to fill their workforce demands. For that reason, we think that the government has to go back to the more traditional allocation of these resources.

The Reaching Higher fiscal plan for next year provides for an increase of $198 million in operating grants for colleges and universities. We need to ensure that colleges receive about 30% of that funding so we can continue to do what the government has asked us to do. This would still, even with that division, give universities 70% of that fund, or $139 million of the $198 million in operating.

We think we all have to tighten our belts in difficult times, but we don't think that any one sector should be asked to share a disproportionate part of the burden. In the current modelling, that's what we believe colleges are being asked to do.

Looking at other areas of investment that can help produce some positive results for the economy, as Anne has pointed out, one of the things we really do need to focus on is applied research. Colleges are active in applied research in areas like manufacturing technologies, health and life sciences, and environmental technologies.

Our focus is very much on small and mid-sized businesses. We go out and help them solve immediate industry problems. We don't do long-term, decades-long research that solves fundamental problems. We're on the ground working with your small and mid-sized businesses in your ridings to solve their problems. Frankly, to compete in the global marketplace, it's really vital that we continue this work and that our small and mid-sized enterprises continue to innovate. Right now, though, our efforts are being done without any dedicated funding, and it's being done by college staff working on their own time and often funded by the colleges themselves and whatever partnerships they can arrange with business.

A few years ago, a pilot project provided a modest investment in college applied research, but this funding ends in the coming year. Without it continuing, there will be no funding for research at Ontario colleges whatsoever on a provincial level.

We believe a relatively small investment of $3 million would pay great dividends to the economy and to individual small and mid-sized businesses. When you compare it to the billions of dollars that go into university research every year, we think this would be a very, very modest investment with enormous potential for gain overall.

We've talked about the fact that we support graduate education but that it produces a big funding shortfall in the current model for colleges. In fact, we don't believe that's necessary. We believe there is money available for some of these modest investments. We should remember that in the 2007 federal budget, $800 million in new money was allocated nationally for post-secondary education; $300 million of that has come to the province. In addition, there's a 3% annual increase in those funds guaranteed. With these new funds in the provincial treasury, we don't think there's any reason why the government can't fully implement Reaching Higher, provide colleges with a fair share of the funding we require to do our work, and also manage to support the graduate education and medical school spaces that are so critical going forward.

Just before we end, I'd like to add one other issue today so folks can bear it in mind. The recently approved Colleges Collective Bargaining Act, which gives part-time employees the right to organize, is something we're all going to have to keep in mind going forward. As we know, we fast-tracked the approval of that legislation and it has received royal assent.

Colleges respect employees' rights to organize, but we're publicly funded institutions. At the end of the day, there is potentially going to be a very big price tag—as high as $200 million—to implement this legislation when it's fully in place. Those are cost pressures that colleges have absolutely no way of absorbing, so as this issue moves forward, we will need a very clear commitment from Queen's Park that the province will fund all of the costs associated with this legislation, because there simply isn't any other way to fund it.

In closing, let me just say that our colleges are very proud of the achievements we've made in recent years and the way we've helped governments support and advance the economy through education. We've used the additional resources we've had in the past few years to provide new opportunities, develop new programs and respond to the economy's needs. We don't think that now is the time to abandon those gains and take us back.

We're asking the committee to support the education and training of the province's workforce and to work with us to ensure that everybody has the opportunity to fulfil their potential and to fill the labour market shortages that we know are coming not that many years down the road.

Again, to reiterate, this doesn't require new funding in a tough year; it only requires the government to allocate the funds that are already earmarked for post-secondary education, as they have in the past, so as to ensure that the college sector is not asked to bear a disproportionate share of the burden of these difficult times. Only in that way, we think, will our economy come out of this difficult period strong and with a workforce able, willing and trained for the skills shortages that are coming.

Thank you for your time. We'd be pleased to answer any questions.

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

Mr. Michael Prue: A couple of questions. You talked about how the fiscal situation at most colleges is at a critical point and went on to say, "More than half of Ontario's colleges will be running a deficit in 2009 as reserve funds run out." How much were the reserve funds? How much have you used?

Ms. Linda Franklin: It depends, college to college. I don't have the individual college numbers in front of me. A very small number of colleges have had healthy reserves, and many of them have been running their reserves out for several years now, so that's how we've ended up in this situation. Whatever they were, most of the colleges today would have reserves of zero.

0920

Mr. Michael Prue: So the ministry obviously has not, over the last number of years, provided adequate funds, if the colleges have been forced to go to their reserves. I think that statement is probably true. Would you agree?

Ms. Linda Franklin: Well, I think part of the trouble is historic. We were in such a big hole in the early 1990s that—there has been a huge investment in the system, as you know, over the past four years. Of $6.2 billion, about $300 million or so has come to colleges. So it's been a big investment, but we started out in a very difficult place. In addition to that, last year there were no operating funds forwarded to the system. Between that historic place, where we were, with staff salary settlements and other cost pressures we've managed to worsen the situation a little bit over the past year.

Mr. Michael Prue: Who was it in the ministry who gave you the information that the funding that is supposed to go to colleges will be redirected towards graduate programs in universities?

Ms. Linda Franklin: The folks in the college finance branch.

Mr. Bill Summers: In the finance unit of the post-secondary division.

Mr. Michael Prue: So they gave you a heads-up that starting in March, I guess, that's the plan?

Ms. Linda Franklin: We're not sure they gave us a heads-up so much as stated something that had been in ministry projections for some time but which nobody had thought to inform the college system of. I think they were surprised that we were surprised.

Mr. Michael Prue: All right. Wow. But the government obviously is planning to put the resources into graduate programs. It appears logical to me. What you're saying is that this is not good economics?

Ms. Linda Franklin: No. I think what we're saying is that there absolutely needs to be money dedicated to graduate programs. We do need more graduate education, no question.

Mr. Michael Prue: But if the money is finite?

Ms. Linda Franklin: Well, the money is finite, but it isn't all in that Reaching Higher pot. That one pot we're talking about is simply the operating dollars that have been scheduled for many years to come to colleges and universities. There's $800 million in transfers from the federal government that we think would easily make up the difference, even if we split the difference a little bit. We think there is a way forward. We think that perhaps one of the messages to the universities also has to be, "If we're going to pour a lot of money into graduate education, then you folks need to tighten your belt in other places as well." Over the last four years, because of this two-thirds/one-third funding formula, universities have received a great deal more additional funding than colleges. Again, they are in difficult straits as well; everybody is, I think, in this economy. But we think we have to share the burden a little bit more equally.

Mr. Michael Prue: University students come here quite often to complain about the costs of education and the debt that many of them end up with at the end of four years of study. What are the costs—I know that courses and colleges will differ, but what do average costs for programs run?

Ms. Linda Franklin: College? Much less. About $2,000 is the average tuition cost. We are third-lowest in Canada in tuition fees in the college system. In these difficult economic times, we've thought a lot about opportunities around tuition, but frankly, for the college system, the most important goal we have is access for students. For us, getting those students through the door and making sure they don't feel burdened is critically important. Many times, even though our tuition rates are so low, when we ask students who have applied to college and have been granted a space but haven't come, "Why didn't you come?" it's mostly financial.

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

Mr. Tim Hudak: Chair, before the next presentation—thank you very much, Ms. Franklin, for the excellent presentation on behalf of Colleges Ontario. Ms. Franklin's presentation brought up some important points that I'd like research to look into as we do with this committee. I'll give a written copy of this, but I want to read it into the record.

Is it the Minister of Finance's intention to maintain a 30% designation of the Reaching Higher funding for the colleges sector for 2009-10, as has been the tradition? If they're planning on changing the ratio, what is the planned change?

Secondly, is it the Ministry of Finance's intention to fully allocate the federal funding of approximately $300 million plus growth funding for post-secondary education to the post-secondary sector and then implement the Reaching Higher plan in 2009-10, as promised?

Lastly, she brought up a very important point about the recent act that was passed in the Legislature, with respect to collective bargaining of the part-time staff. I'd ask if research could also ask if the Ministry of Finance has calculated the increased cost to colleges from the Colleges Collective Bargaining Act? Thank you, Chair.

The Chair (Mr. Pat Hoy): If you'd provide that in writing for the researcher it would be very helpful.

CANADIAN CHEMICAL PRODUCERS' ASSOCIATION

The Chair (Mr. Pat Hoy): I understand that the Canadian Chemical Producers' Association is ready to give their submission, if they'd come forward. Thank you for being prompt this morning and being able to fill a vacancy in the work we're doing here; the committee appreciates it very much. You have 10 minutes for your presentation. If you'd identify yourself for Hansard, we can begin.

Mr. David Podruzny: Dave Podruzny, vice-president of business and economics, Canadian Chemical Producers' Association.

Ms. Fiona Cook: Fiona Cook, director of business and economics.

Mr. David Podruzny: I believe you have our submission with you now, and also a synopsis of our competitiveness score card, a full version of our score card on competitiveness analysis and also a supporting text that identifies issues and offers joint-managed solutions.

Ontario's chemical sector is a keystone sector, providing high-value input into virtually all components of the Ontario economy and nearby regions. From necessary products to process and finish the production of paper and forest products, or extraction of minerals on the resources side, right through to plastics used in auto parts, food packaging and medical devices, chemicals are an integral part of our economy. Whether it's CD disks and their containers, computers, phone consoles, pens or toothpaste, chemistry is directly involved. Fifteen per cent of a car is chemicals, 15% of a house is chemicals, and 15% of your shopping cart is chemicals.

The chemicals sector provides solutions as societal demands change. One of our members extracts sulphur from the oil sands; instead of sulphur dioxide going into the air, they produce a key fertilizer ingredient. Another company takes the barrels of fat and grease from out back of fast food outlets and converts that material into cosmetics. It sounds a little gruesome, but that's recycling.

Our industry takes a small portion of energy products and converts that into value-added products, adding 10 times to the value of the energy and providing an alternative to only burning that energy. Chemistry is part of sustainable solutions.

With the highest level of university graduates of any manufacturing sector, the chemical sector is at work, through our responsible care ethic, seeking sustainability solutions for society. Our members have recently resolved to raise the bar in reducing our net footprint while providing good careers for Ontarians, finding ways to help other sectors to lower energy consumption, whether it's through light-weighting of auto parts, insulating homes or lubricating to reduce friction. Our life cycle products produce solutions that represent net absolute energy reductions.

But—and there had to be a "but" or we probably wouldn't be here—we need more investment in the sector. You heard that earlier from others. If we're going to ensure continued productivity, if we're going to enhance our competitiveness, particularly with emerging economies where standards might not be as high as they are here in Ontario, we need to have new investments to bring the latest technologies that improve ever more our environmental performance and energy efficiency. Attracting new commercialization of the latest technologies—and I want to emphasize commercialization—must be job one for this government.

Manufacturing is a cornerstone of adding wealth to Ontario's rich resource endowment. Our economy depends on the underpinning of a solid and growing manufacturing sector. Providing the competitiveness fundamentals for a thriving industry is the job of government. Now, more than ever, we need to collectively focus on that job.

Our very best innovators, some of those technicians and scientists that you were hearing about earlier, are going to gravitate to where their talents are realized. That's where commercialization is an integral part of that innovation-to-application continuum.

Manufacturing is one of three ways in which an economy creates wealth. You can grow it, like we do in our agriculture sector; you can extract it, as we do in our minerals and forestry sectors; or you can value-add manufacture it. Everything else in an economy is moving wealth around. So we need to pay attention to manufacturing. It's a critical component of a balanced and growing economy. We can't take it for granted. We need to make certain that new replacement investments are taking place: that's to replace what needs to be replaced. There's going to be closure of older facilities of dated technologies, but we want to replace and not move.

0930

The key emerging economies of the world are growing for many reasons. For Ontario, there's one essential reason why our economy today is not growing, and that's because our manufacturing sector is not growing. We need to find the formula to grow manufacturing that will pay dividends across the entire economy. We're the biggest buyer of services.

Our goal today is to convince this government to undertake the measures necessary to win new investments. We need to convince our federal government to extend and ideally leave in place an accelerated capital cost allowance for investment in new machinery and equipment that will bring Ontario back to the front of the pack; then Ontario would need to match that. In yesterday's federal government speech from the throne there was some language supporting our overall efforts in that direction. We appreciated seeing that and our press release yesterday supported that. Working alone, Ontario could introduce an investment tax credit, but frankly, the accelerated capital cost allowance approach would be better. It only defers when taxes are collected: it's revenue-neutral over the life of an investment.

A second thing is to eliminate retail sales tax on manufacturing inputs, like site infrastructure for new investments. Tax the outputs of our work, not our inputs, which risks moving our project to another location, like China.

A smart re-industrialization strategy, policy support for resource upgrading and value-added manufacturing, supporting the building of infrastructure that facilitates getting our products to global markets, and the elimination of regulatory duplication and delays—not reduction but the elimination of regulatory duplication and delays: That's what it's going to take to get Ontario back to work in manufacturing. Ontario needs to focus on developing and reviving a thriving and competitive value-added sector. Frankly, "have-not" is not an option.

I'd like to thank you, and I'll be pleased to take any questions.

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

Mr. Wayne Arthurs: Is "David" good, as opposed to getting too formal? Okay.

I'm going to focus on one area. In your last set of comments, you cited the elimination of regulatory duplication and delays, not just reducing them but eliminating them entirely. One that strikes me as being of particular interest is the matter of environmental assessments. I see the federal processes for environmental assessments and the provincial processes for environmental assessments to a large extent to be duplication. There may be—I'm not an expert in the area—elements of each that the other doesn't fully cover. At the same time, it would appear, from a regulatory standpoint, from a public process standpoint, from a consultative process, from the consulting and expertise required, that often businesses that require environmental assessment processes are burdened not only with a single process, which is burdensome enough on many occasions, but burdened beyond that with what appears in many instances to be a clear duplication of process at the two levels of government. I'm wondering if you would take a couple of minutes to talk about that from your experiences or your organizational take: the matter of environmental assessment and the element of duplication and/or the overburdensomeness of this in attempting to move industry along?

Mr. David Podruzny: I'm probably not the regulatory specialist in our organization, but I believe there is a clear opportunity for the two levels of government—at least the two levels of government.

There's an institutional agreement to harmonize and work together and have a single environmental assessment review. What happens is that individual ministries each have a very unique portion of what they see as unable to be covered in the umbrella. We need to push past that. Our companies have had to push past certain kinds of competitiveness realities. We think that in the business of public service, we're going to have to push past. The two levels of government, at the institutional level, are going to have to work together and agree to do one review rather than two. I appreciate that each department has something unique and something that they bring to the table that's different. That's okay, but just do it once. Don't do it twice.

There's another side to this, and that is, when we introduce something to net reduce our footprint, we have to go through regulatory process, certificates of approval and whatnot in this province that can run up to two years. That prevents us from introducing something that net reduces our environmental impact. We don't have permission to do that. So when I talk about eliminating, where we introduce something to net reduce, why don't we just go ahead and do it? Why are we going through a process where somebody re-engineers, where someone looks at our process again and says, "Well, you could tinker with it here and there"? Let's just get on with it.

Our regulatory process in Ontario has been identified as more onerous than the same process in certain states and regions of Germany. We're not in any way going to compromise our health/safety/environmental standards, but in this particular case, it comes down to officials being instructed to work together. We know that you believe this is the right thing to do, to work together. It has to be made to work at the ground level, where we—I mean, we don't deal with you on that environmental assessment project; we deal with officials. They need to be instructed to make it work so there's one process.

The Chair (Mr. Pat Hoy): Your time has expired. Thank you for your presentation before the committee.

Mr. David Podruzny: Thank you.

CATHY DANDY

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

Ms. Cathy Dandy: I'm happy to. Good morning. My name is Cathy Dandy. I'm a trustee with the Toronto District School Board. I represent Ward 15, Toronto–Danforth. I want to start by saying it's my son's birthday today.

Mr. Tim Hudak: Happy birthday to him. How old is he?

Ms. Cathy Dandy: He's turning 19. I got involved in education activism when he was five and I have appeared before the standing committee numerous times. It's a great day for him, but it's kind of a sad day that I'm still doing this.

I have spent the last 14 years as an activist. I started with People for Education. I then represented, as the spokesperson and coordinator, the Toronto Parent Network. We became famous, or infamous, for our health and safety reports, and really put the condition of schools on the map in Ontario.

I have three children. I have Daniel, who's 19, a daughter who is 14, and another daughter who is 11. Through being their mother and being an activist, I also went to OISE and now, as a school trustee, I've really become very familiar with the basics around education: curriculum, funding and governance. Now, as a trustee, I see things from the insider perspective.

In my day job, I work in children's mental health. I work for a very large children's mental health agency, and it has been very interesting, working the past two and a half years there.

I've handed you something today which is about integrated service delivery and I'm just going to speak to that. The first page is really so that you guys don't have to go off and do a whole bunch of independent homework, but there is a significant amount of work being done in the western world on integrating services for children and youth.

The reason I'm talking about this in the context of education is that you may have seen the most recent report, the Review of the Roots of Youth Violence, which came out just this week or last week. Before that, it was A Road to Health, by Julian Falconer and his panel. Before that, we can go back pretty well 40 years; I don't know if any of you remember the Hall-Dennis report of 1968. Over and over again, we have had reports from partisan places: from institutions like OISE; from the Conservative government with the Rozanski report; we have Full Service Schools.

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For 40 years, we've heard from independent and partisan sources that we need to coordinate our services for children and youth. Has that happened in Ontario? Not even a little. Now, we are facing a tidal wave of need. I realize we're facing an economic downturn, but what is of far more significance is that we're facing a tidal wave of child and youth need. Children are presenting at the door of schools and mental health agencies with increasingly complex needs. It is reaching crisis proportions.

On top of that, we have the great gift of incredible research that has been done over the last while so that we know much more about autism. We are increasingly gaining in knowledge around fetal alcohol spectrum disorder, which is the next wave of difficulties that we'll have to face.

We are not equipped to deal with this. Over the last few years, under the Liberal government, we have seen more money flow back into education, but it has always been targeted to campaign promises.

The reason I'm here today talking about this is because the budget is a political exercise, and really at this point, I think we have to move off from it being a political exercise. Three quarters of the money that has been invested in public education over the last five or six years has been targeted to class caps, teachers' salaries and capital repair, all things that are legitimate, but nothing or little has gone into youth counsellors, guidance, all the supports that our students need in the schools.

Children's mental health has received one cost-of-living increase in the last 13 years. That means 20% of our kids—that's 50,000 kids—in the Toronto District School Board have a mental illness, and one sixth of them are getting help, if they can find it. It doesn't necessarily have to be delivered by education. If we had coordinated policy and coordinated funding from the most senior levels of government, we would be able to do a much better job.

I'll give you an example. I think every single children's mental health agency that I'm aware of rents corporate space. They should be embedded in our schools. They could be renting our school space. That money could then be plowed into our systems. It could be plowed into mental health, and it could be plowed into education to serve these kids.

In the Toronto District School Board, we have psych and social work staff, but we have one social worker for 10,000 students. I ask you, what could you possibly think that social worker could do for those students? Pretty much just damage control—shuttling them; hopefully somehow catching the most marginalized, the most deeply distressed, the ones on the verge of suicide, the ones that have oppositional defiant disorder. We're all about bullying, but we're doing nothing to treat the mental illness that triggers much of this activity.

We have to invest in children and youth now, and we have to decide that this is going to pay dividends big time.

Most of the kids in the youth justice system are either special-needs kids or have a mental illness or autism or FASD. They do not need to be there. They could have been caught at the front end. We could be doing massive amounts of prevention in our schools, as hubs. We could be doing so much better.

So a lot of the stuff in here is talking about how that happens. The project that's attached to that front page is something that I am working on in the Toronto District School Board. We are trying to begin to show how to change systems. There are lots of places in Ontario where they are doing good work, working together in a collaborative model, but the government gets in the way of that happening, because policies at the most senior level determine outcomes that are sometimes in conflict with each other and funding is working at cross purposes.

We have to have a coordinated strategy, and this has been called for for decades. We need this government to invest in children and youth with a coordinated strategy, starting at the cabinet level, starting with our ministries coming together. There's talk about partnerships, but that's not what we're talking about.

If you go through these references, you will see that Ontario is so far behind, compared to other jurisdictions: in the United Kingdom; there's lots of amazing stuff happening in the United States; Saskatchewan, for goodness' sake, is way ahead of us. They have established a coordinated cabinet-level policy-making and funding-driven initiative around children and youth.

In closing, I want to say that this budget is an opportunity to not just deliver on promises, but a bigger promise, a promise to children and youth, where we coordinate policy and we drive funding in a way that is effective and efficient. This would save government, if we were to do it effectively. So I'm hoping that in this budget we will see a coordinated children and youth strategy—not more pilots, not more stopgaps, where you're going to deposit 10 more youth counsellors here or whatever there—where funding flows from the top in a way that really helps people on the ground, that helps mental health, helps education, helps children's nutrition, helps children's recreation. We do not want piecemeal solutions. We need a big solution and we need it now, because we are facing a crisis.

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

This round of questioning goes to the official opposition. Mr. Hudak.

Mr. Tim Hudak: Thank you very much for the very passionate presentation.

As you noted earlier in your remarks, the government boasts that its funding for education has increased. When the minister is asked these questions in the Legislature, she says the Toronto District School Board in particular has received increased funding. You have concerns that that funding has been allocated to specific areas and not in areas that you see as the priorities. Where has most of that money to the TDSB gone so far, then?

Ms. Cathy Dandy: A significant amount of the money flows to the class caps, teachers' salaries—we have to keep them competitive; I'm not complaining about that. But three quarters of the billions of the dollars that they say they've put in has gone to those three initiatives: class caps, teachers' salaries and capital repairs, kind of in that order. We have received small pockets of funding for other initiatives, but they're usually framed. Most of the funding by government has now turned into the same kind of funding—like the Trillium Foundation and Laidlaw Foundation grants. They're grants to specific projects.

Foundational funding is not being boosted, certainly not for some critical resources.

Back in the days when the Conservatives were in power, we lost 80% of our guidance counsellors at the middle school level. That has had a profound impact on our students and their ability to get help—not that guidance counsellors were always doing counselling, but they sometimes served that role. They were cut, and they've never been replaced. So kids at that level and up are floundering.

Mr. Tim Hudak: An area of concern that you addressed and I've experienced—I'm sure my colleagues have seen this in their office too—is an increasing number of parents are very concerned about getting special-needs programming funding for their children. Some parents are very strong advocates and they'll fight and they'll fight and they'll push and they'll push—I'm sure you get lots of calls, as a trustee—and they'll be successful; other parents won't have that or will fail to find the services for their daughter or for their son. Is this a matter of inadequate funding? Is there a lot of red tape around getting the services that special-needs kids require?

Ms. Cathy Dandy: Part of it is related to the way that we are allowed to assess and then put in for funding—who is defined as special-needs—and also whether or not we have the staff to go through the psycho-educational assessments. We really have quite a significant waiting list to assess students. There are a lot of kids who probably do need extra supports—maybe not even a full-blown IPRC—but the ability to assess them, the ability to serve them once they're assessed properly, is tied to some pretty tight regulations around special needs.

Mr. Tim Hudak: Just in the interests of time, I have two questions I want to pursue.

As you mentioned in your comments, the budget is going to be tight in the years ahead, given the state of the economy. If you could make one recommendation to help break that logjam for special-needs funding, what area would help do that?

Secondly, you mentioned autism and fetal alcohol syndrome babies as an area of emerging need. What particular programs would help those children?

Ms. Cathy Dandy: Children's mental health agencies and specialists are the ones that are best equipped to answer that question.

What I do know is that if the Ministry of Health and Long-Term Care, the Ministry of Health Promotion, the Ministry of Children and Youth Services, and the Ministry of Education were to coordinate their policies and then require that all the institutions serving their mandates were to be coordinated in their efforts—we have a so-called excess space issue in our schools because of the declining enrolment. That's not excess space; that's public space where we could put services for these kids, where we could embed them in the school system. If I could ask for one thing, I would ask that those four ministries coordinate their children and youth policies and then coordinate their funding and drive it down to the local level. It's one-stop shopping. There's a hub. We've talked about it for years.

There's ample documentation that that's how children and youth are served best. The United States is way out in front on this. If we want to serve those special-needs kids and serve—there's a whole range of kids that don't get captured up in special needs who need support. My son—my basement is full of those kids, 18-, 19-year-old kids who have fallen off the rails. They're not special-needs but they needed particular supports. The curriculum is punishing and we need supports. If we were embedding those in schools as hubs, we would go a long way to getting somewhere.

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

We are recessed until 2:30.

The committee recessed from 0951 to 1432.

PEOPLE FOR EDUCATION

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order. Our first presentation of the afternoon will be from the People for Education. Good afternoon.

Ms. Annie Kidder: Good afternoon.

The Chair (Mr. Pat Hoy): I think you know how this proceeds, but I'm compelled to tell you that you have 10 minutes for your presentation, and five minutes of questions could follow that. I would just ask you to identify yourself for our Hansard.

Ms. Annie Kidder: Yes. My name is Annie Kidder and I am the executive director of People for Education, which is an Ontario parent-led education organization that has been working since 1996 to ensure we have strong public education in our English, French and Catholic schools.

I'm very pleased to be here today. Thank you very much. It seems like a perfect time to be here and talk about money and talk about education; there's a kind of synchronicity. I was listening to Don Drummond on the radio this morning talking about how important it is that we understand that poverty is an issue that affects all of us and that we understand the cost of poverty. Last week, the government released its report on the roots of youth violence—the McMurtry-Curling report—which also talked about the costs of not doing anything and the interconnectedness of the policy that we have—or perhaps lack of interconnectedness in some cases—that affects all children, youth and families. Soon, I would hope, the government will be coming out with its poverty reduction strategy, which also is linked to many issues in education.

In the education system itself, which is doing much better thanks to increases in funding that have happened over the last few years, there are two big issues facing us. One's facing all of us and one's facing the education system in particular. Obviously we're having an economic crisis, which certainly affects all of us and affects the education system, and we also have declining enrolment. Enrolments have been declining for a number of years, but it's had an enormous effect on the education system because most of the funding for education is based on numbers of students.

We think that we're at a crossroads in our province—maybe even in our country—in terms of what kind of province do we want to live in, what do we want it to look like, and what kind of sense do we have of our social responsibility and our responsibility to ensure that we live in a place that's fair. We're concerned that now might be a time that governments might be thinking, "Maybe we could cut some money from the education system," and we're here basically to say, "Now is not the time to cut funding from education. Now is the time, actually, to spend money on education."

It's because of all the things that have come out in the last few months, and the report that is to come soon, which is that there is no better investment. I just want to quote from the Curling-McMurtry report. One of the things they said was: "Education is universally seen as one of the best ways out of poverty and as a sound investment in the future of individuals, families and communities, and thus in the social fabric of our society."

What we are saying is that it's actually time to use this as an opportunity—the economic crisis and the declining enrolment—to rethink how we fund our schools and to ensure that we are providing enough support to schools to do some of the things that were pointed out in the Curling-McMurtry report. Probably overall, the biggest thing they talked about was the lack of coordination of services, of common goals, of outcomes, of how we measure progress, and because of that lack of coordination, there are many, many young people falling through the cracks. It also argues that schools are one of the prime places where we could be doing that kind of coordination of services and that schools could act as hubs for many different kinds of programs and services that provide support to families, children and young people.

Basically, I've given you all our annual report on schools that came out last spring, which shows where there are areas that we could use increased funding, that shows the overall health of the education system. But I think mostly I'm here because I know that the government is going to be struggling with their economic state, as are we all, and that this is not the time—we've already seen a very large reduction in funding that was already budgeted for this year and promised to boards for school renewal. What I'm hoping is that we won't see any more reductions in the coming budget and that, rather than reductions, we now should be looking at all of these reports and ensuring that we provide funding and policy that will allow us to coordinate our services and have a more holistic vision for how we approach all of the different areas that affect children, families and youth.

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

Mr. Michael Prue: Ms. Kidder, thank you very much, not only for today but for the many years that I have been watching what you've been doing. It's been a slice.

Ms. Annie Kidder: It has been a lot of years.

Mr. Michael Prue: Yes, it has. Not too many in your case; a lot in mine.

I've had a chance to leaf through this report while listening to you. One of the difficulties that I think this government has—and I'm an opposition member—is that the costs keep rising and the enrolment in many boards keeps going down.

I'm noting, in the booklet you've put on our desk here, that on page 6 you write: "Since 2002, overall enrolment in Ontario elementary and secondary schools has declined by nearly 90,000 students." You seek more money and we all probably, at least most members of the House, would agree that schools need more money. What should we be doing with the excess capacity in the schools? Neighbourhoods don't want them closed down. They don't.

Ms. Annie Kidder: Right now there are 77 schools on lists slated to close over the next couple of years and there are 300 schools under review over the course of this year. We acknowledge that some of those schools are going to have to close. I think it would be really unrealistic to say that we shouldn't close any schools. But we're also concerned that there's a very, "Over here we do municipal planning and over here we talk about school boards," and they don't talk to each other, and when we look at the reports that have come out, we go, "There is the capacity in schools to provide other things besides education." I even know of a school that has a parole office in it. That's my favourite combination of services in schools.

I think we need to be looking at schools and we need to think differently, in terms of having integrated planning for neighbourhoods, for communities, for towns, for cities so that we're not stuck in a situation where we look at schools with one hand and we look at municipal services with the other one and we don't actually coordinate those.

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I also want to get to the issue of—obviously it's a problem to say, "Yes, there are way fewer students and, yes, we want more money." But I think we have to remember the cuts that were made—there were many, many cuts made a long time ago—and also that schools struggle. I think we expect of schools that they provide a lot of resources, support for families, and that they provide a lot more than they used to. I'm not even sure that what we're saying is, "You've got to spend way more money on education." But there may be cases where there isn't money being spent in other areas, that education is having to take up the slack, that we look to our schools more and more to provide social workers, to provide all kinds of other help in terms of community and social services. So either we have to decide to fund those things in schools or we have to ensure that it's possible, by funding them in other places, that we can coordinate those kinds of services within our schools, which we're not able to do right now.

Mr. Michael Prue: Do we have time?

The Chair (Mr. Pat Hoy): Yes.

Mr. Michael Prue: Cathy Dandy was here this morning. She's from my neighbourhood. She's in the next riding over but I've known her for many years. She was talking about the use of schools and things that could be done as community centres, to have opportunities for children, to have guidance counsellors and social workers and other things in the empty classrooms. She was talking about the use of daycare facilities. I think she even mentioned health at one point. You talked about parole. Is that what we should be trying to do with the unused space? Should we be turning it into community space? Should we be putting the funding that traditionally has gone into classroom teaching into other aspects of education—everything from guidance to parole officers to social workers? Is that what we should be doing? We've got a lot less students. I'm trying to preserve all this, but I'm trying to think. There are arguments like, "Just shut them down," which I think is not the right answer.

Ms. Annie Kidder: But I think it's also important that we not decide it's one or the other. It is true that in some cases schools can close. I really think it would be shortsighted to say that no schools should close. I also think we have to make sure that we actually have the policy in place in order to be able to integrate those things. So we have to be able to think first. One of the recommendations in the McMurtry report, in practically every other report that's come forward over the last 10 years, is that there needs to be a cabinet-level committee that takes care of coordinated services for families and children and youth, and when you have that kind of coordination at the top, then it's easier to coordinate things. You could have public libraries in schools; you could have community centres in schools; you could certainly have public health.

Other provinces are quite far ahead of us on this. In Saskatchewan they have something called SchoolPlus, where there are teams in schools that deal with the students and families in the school, but they're not all funded by education and they're not all part of the education system directly.

Cellphone ringing.

Ms. Annie Kidder: You should remind people to turn off their cellphones before they come into this.

So, yes, we need to be looking at our school buildings that way, but more, before that, we need to be looking at what our overall coordinated strategy is and the interconnection between all of those things. I worry that we just look at money and we're not making long-term plans in that way.

Mr. Michael Prue: So without getting into money, and this is the finance committee—

The Chair (Mr. Pat Hoy): Thank you.

Mr. Michael Prue: Oh, that's me. I'm done. Sorry.

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

Ms. Annie Kidder: Thank you. Sorry about my phone.

The Chair (Mr. Pat Hoy): That gives me the opportunity to remind anyone else who has a phone or a BlackBerry to kindly turn them off or down.

CANADIAN YOUTH BUSINESS FOUNDATION

The Chair (Mr. Pat Hoy): Now I call on the Canadian Youth Business Foundation to come forward, please. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. I would just ask you to identify yourselves for the purposes of our recording Hansard.

Ms. Vivian Prokop: My name is Vivian Prokop, and I'm the CEO of the Canadian Youth Business Foundation.

Mr. Axel Arvizu: My name is Axel Arvizu, current entrepreneur and co-owner of La Tortilleria.

Mr. Tim Turnbull: I'm Tim Turnbull. I'm vice-president, development, for Canadian Youth Business Foundation.

Ms. Vivian Prokop: First let me tell you about what CYBF is. The Canadian Youth Business Foundation is a national charity that was founded in 1996. It's based in Toronto and it was built on a model in the UK that was started by Prince Charles, called the Prince's Trust. It belongs to a network of 38 countries. We've just returned for the fourth year in a row that we've been named the number one program in the world.

Our mission is to help young people with a brilliant business idea who can't start their business in any commercial means to start their business. We help them get started and we help them succeed and sustain that business. We offer three main services: pre-launch coaching for their business plan, a repayable seed financing fund and volunteer mentoring. Our organization today has over 2,300 active mentors in the country and they are made up of loan review committee members and volunteer mentors. The young entrepreneurs are mentored for a minimum of two years after they start their business and typically that will be four hours a month, so it's quite in-depth.

Our young entrepreneurs bring the idea, the drive and the determination; we give them the skills, the money and the wisdom to start the business. It's worked across the province and across the country. Nationally, over the past 12 years we've helped 2,800 young entrepreneurs start their businesses. They have, in turn, created 14,000 jobs across Canada, and over the past five years over 93% of them have repaid these funds—a testament to their character, since we don't take collateral. If not for this organization, these young entrepreneurs would not have had the chance to start their business. Particularly, CYBF in Ontario has received funding in the past from the Ontario government. We really want to thank you for that and we want to tell you about our delivery.

In the past two and a half years, we've started nearly 250 businesses in Ontario which will create 1,200 jobs in the next three to five years. That's five new jobs per business. We actually do survey work with the federal government, who are also part-funders of CYBF, and year over year we are finding, though that survey work, that there are five new jobs started within three to five years.

We received $1.723 million in March 2006, and we had a second contribution in March 2007 of $2.2 million, and I want to tell you what we did with that money. We added field staff. We opened offices beyond just Toronto—we opened offices both in North Bay and in London—so that there was more coverage throughout the province. We also started a pilot program in Ontario, which we hope to roll out eventually nationally, called An Entrepreneur in Residence, a fantastic idea which is working very well. This is a seasoned entrepreneur who has actually run four businesses, came to us and is offering business support and advice to young entrepreneurs as they're helping write their business plan.

We work in close co-operation with the entrepreneurship branch of small business and we work through existing infrastructure; that's what's really unique about CYBF's model. We actually work with like-minded organizations across the country and in Ontario. Pre having the Ontario funding, we had 25 locations; we had a 100% increase, with 50 locations now.

Our financial impact from the previous funding: The 248 businesses created $44 million in sales and $12.6 million in government revenues. Our current funding runs out in October 2009. Our projected results from that funding, once it runs out in 2009, will be business start-ups of 380, sales of $49 million and government revenues of $20 million.

We are currently targeting to start 130 to 150 businesses in Ontario in this fiscal year, which started in October. We know it's going to be a challenging time for young entrepreneurs. There's going to be tighter credit, there's going to be reduced consumer spending, but a recent study from CIBC World Markets predicts small businesses will be the real driver for recovery from the current economic slump, and we agree with them.

We understand that your current government priorities have been focused on a five-point plan: investing in skills and knowledge, investment in infrastructure, enhancing competitiveness, strengthening innovation, and forming key partnerships to strengthen industries.

Minister Duncan commented that while the government is projecting a deficit now, it will stick to successful strategies. CYBF advances these priorities by building the economy, creating jobs, developing the next generation of business leaders and supporting innovation, all for a very cost-effective investment.

As our current funding is running out in September 2009, we are coming back right now to the Ontario government for a new funding request of $5.1 million, which will take us through to March 2012, so that we can maintain this momentum. Now that our network is built and we've got coverage right across the province, we need the money to support the young entrepreneurs who are coming to us for business start-ups.

There are two bonuses for Ontario taxpayers with the way we run this program. Number one is that we run on public-private partnership; we do not just rely on governmental monies. We get funding from the federal government, corporations and entrepreneurs. If you add that money into the projections, what this proposal of $5.1 million will bring to the province in three years is 460 businesses and 2,300 new jobs.

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We will also be increasing our outreach to newcomer and immigrant communities. We are starting a program called business cultural mentoring which will be for young entrepreneurs who come to this province from outside of Canada to introduce them to the rules and the etiquette of Canadian business.

We also run a recycled philanthropy model. The loan fund is repayable. Over 90% of it is being paid back, as a matter of fact. In our audited results for last year, 94.19% of it was paid back, which is quite phenomenal if you consider these are young people who do not qualify for any help at all at a bank. Our results over the 10 years: The original $5.1-million grant does become therefore, because of the recycling of the money, $6.4 million in advances—we do reuse that money. It also benefits governments. For every $1 advanced for start-up funding, they create an estimated $2.60 in government taxes: PST, GST, personal and payroll. That's putting government money to good use over and over again.

I also wanted to quickly mention that the BDC has joined hands with us. They actually came in and looked at our program and they realized that we had a better payback rate than they did by taking collateral for their loans. So what they have done now is actually used our adjudication model and for every young entrepreneur who gets the maximum $15,000 from us, they will match that funding without re-adjudicating, which, as you can imagine, is a phenomenal asset to the young entrepreneurs.

I could go on about the big picture, but what I have done instead is actually brought one of the young entrepreneurs who has received funding from the previous monies that Ontario has brought us. It's a great story. I'd like to introduce you to Axel Arvizu. He is 25 years old. He came to Canada from Mexico when he was 14—at that time he couldn't speak English but he's a fast learner—he went to Ryerson University and worked briefly for a bank, but he was far too entrepreneurial for that; he always wanted to start a business. He did this year, in May, and he's going to give you his story of how CYBF and the government of Ontario helped him.

Mr. Axel Arvizu: As Vivian was saying, I immigrated to Canada 11 years ago. I was 14 at the time; currently I'm 25 years old. I went to Ryerson University for business administration. I got together with a very good friend of mine because we wanted to create something new. We wanted to bring to Canada something that they did not have, and that's how our dream to open La Tortilleria, which is Canada's first manufacturer and distributor of pressed tortillas, came about. We knew from the beginning we had a great idea. We went knocking on doors, we reached almost every bank and unfortunately we were declined every single time.

It was through our community relations and involvement that we heard about CYBF. We approached them and they were great from the beginning. They offered us start-up business financing but most importantly they gave us an opportunity, they gave our business an opportunity. They coached us every step of the way; they helped us put our ideas together and formulate a strategy that would work for us.

We finally launched La Tortilleria, the first Tortilleria, in May 2008. We are now about to open a third location on December 1 and have created 16 manufacturing and service jobs in the province of Ontario. We have plans of hiring three more employees on December 1. We supply tortillas to 25—27 as of yesterday—restaurants in the GTA, including restaurants such as Far Niente and famous chef Jamie Kennedy's restaurants. We also have plans to expand our operations to other cities and outside the province of Ontario. We are very happy for our success and I do want to take the opportunity to thank the Canadian Youth Business Foundation and the province of Ontario for what they've done for us; we could not have done it without you. It was our dream to bring a little bit of Mexico to Torontonians, and they helped us make that come true.

Ms. Vivian Prokop: We've built an engine; we're asking now for the Ontario government to help us fund it. We have many more of these stories—I'd love to be able to share them with you—and we do actually send out some letters to the various MPPs. CYBF is an unusual organization; it's a charity with an ROI. We do have deliverable, measurable, tangible results which we're very proud of. We believe that leadership out of any recession will be small business. It is the engine that drives our economy, and CYBF delivers the solution. Thank you very much for your time.

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

Mr. Charles Sousa: Thank you for doing the things you do. I'm quite impressed at the success I'm reading here. Certainly as government it's a concern for us to facilitate new ventures and also, in partnership, trying to stimulate economic activity, and the role you play is pivotal. We have venture capital initiatives. We, as part of a small business group, have outlined something called Open for Business, trying to facilitate new companies and trying to determine ways we can lessen the burden on business.

I'm interested in a couple of things. One is your adjudication process and your success at 90% return without collateral. That speaks volumes. I'd be interested in knowing what your current book is at this point and your return on investment, your ROI. I'd also like to have a sense of your public partnership with other stakeholders, who the other funders are.

Ms. Vivian Prokop: Shall I answer this, Tim?

Mr. Tim Turnbull: Yes. You start on adjudication.

Ms. Vivian Prokop: Adjudication: I'm an ex-banker, so let me admit that right from the beginning. What we did with CYBF: When I came to CYBF nearly six years ago, the rate of payback was only about 75%, so we have improved it by 20% in the five years. How we did that: We looked at our book of business at that time and we brought in a methodology that actually created a matrix that was a tool that helped our loan review committees across the country to be able to predict—it was a prediction tool on character. It's quite unique, a prediction on the character.

One of the things we find is that when a young entrepreneur does not pay back, typically it's sort of three things: One is a disaster that happened in their lives, and that does happen. Number two, oftentimes it's character based. So it's very important for our organization to be able to look in someone's eyes and find out, and figure out, if their character is correct for this program. I think we've been able to do that in a great balance.

Certainly our board of directors looks at the amount of our writedowns and they sometimes say to us, "Are you sure that you're taking enough risk?" But the reality is that six years ago we were only doing 60 start-ups a year nationally and this year we finished the year at 415. So we're doing higher start-ups and we're able to lower the amount. The other part of it is of course the mentoring program. We do have a world-class mentoring program. We've done global research on it. I'm confident to tell you that, and I'd love to invite you to come and take a look at it, if you'd like to.

Mr. Charles Sousa: Actually, I'd be very interested in doing so. Character is by far the primary one; capital and capacity to pay are certainly majors. How many applicants do you get? I guess my question is, how many are you declining?

Ms. Vivian Prokop: Because we work through community partners and we didn't have the right systems in place until last January, it was very difficult for us, because people were coming in and we weren't quite sure when they were being turned away. Right now we think we're saying yes to about one in five, but we need about another year or two of the data to give you good empirical data of data collection.

Mr. Charles Sousa: Can I ask one more question?

The Chair (Mr. Pat Hoy): Yes.

Mr. Charles Sousa: So we're asking the provincial government to continue to be a major investor in the ongoing activities, which is super, and I appreciate the reasons. I'd like to know, then, who the private enterprises in investment are and their capital, and your underlying costs of capital. This has got to be expensive. These are all new ventures, and usually the cost out there is quite substantial.

Mr. Tim Turnbull: Basically our model—the Ontario government has been supporting us in about the range of 55% of our cost, at least in Ontario. Other funding has come from the federal government, and then in other provinces we've received funding from Quebec, Alberta and BC, and we're seeking funding for those provinces from those provinces. Other support for us has come from financial institutions like the banks. A lot of the banks have been long-time supporters. RBC and CIBC actually helped to start us in 1996, and then we also get other corporate and individual support. We don't borrow money. We're not allowed to borrow money, so the funding that comes in for us—if we are being funded, then we will hold that money, and we have it in extremely conservative things, T-bills and the like, so that then the money is going out over the course of several years to entrepreneurs. On the average, for a young entrepreneurial business to start, the total cost to put it all together is a little over $17,000. So it's quite a large investment, but it's a big return.

The Chair (Mr. Pat Hoy): Thank you. I'm advised by the clerk that this big box behind me is full of tortilla chips. We'll make sure that the committee gets some at the break. Thank you for that, and thank you for your presentation.

Ms. Vivian Prokop: Thank you very much.

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ONTARIO ASSOCIATION OF NON-PROFIT HOMES AND SERVICES FOR SENIORS

The Chair (Mr. Pat Hoy): I now call on the Ontario Association of Non-Profit Homes and Services for Seniors to come forward. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. I ask you to identify yourselves for our recording Hansard.

Ms. Donna Rubin: My name is Donna Rubin. I'm the chief executive officer of the Ontario Association of Non-Profit Homes and Services for Seniors, commonly known as OANHSS. Our members include municipal and charitable long-term-care homes, non-profit nursing homes, seniors' housing and community service agencies. With me today is Dan Buchanan, our director of financial policy.

Our funding request this year recognizes the current economic environment and respects the constraints that it places on government. That recognition, however, is balanced with the urgent need of meeting the most basic needs of long-term-care-home residents. Our recommendation reflects a consideration of how our sector can help the government achieve its health care reform objectives, particularly those related to ALC patients and aging at home.

Our recommendations in the paper focus on the basic needs of our residents. Fundamental to the ability of the long-term-care system to meet the needs of current and future residents is an adequate supply of qualified direct care providers. This isn't a long-term target; it's an immediate need. The government has generously committed funding in this recent budget for targeted positions—PSWs and nurses—on top of the RPNs already committed. We are recommending that the government allocate funding for the remaining positions for the coming fiscal year rather than allocating these over the next three or four years. In doing so, the government would be able to provide an average of at least three hours of direct care per resident per day—these are worked hours—whether it mandates a standard in the province or not.

We believe deferring fulfilment of these commitments to 2012-13, as announced by the Minister of Finance in his recent economic statement, will make the long-term-care-home sector the weak link in the province's health care continuum. We also believe it's unjust that the burden of responding to the fiscal crisis should be disproportionately borne by our most vulnerable seniors.

Given that these positions are already included in the government's fiscal plan, the net unplanned increase, if the government chooses to accelerate implementation, is estimated at $45.1 million over each of the next two fiscal years. We also recommend that the government continue funding programs aimed at retention and recruitment in long-term care to ensure that we have the staff to fill the new positions.

Allow me to illustrate why we so desperately need more staff in our homes, and let me use feeding as an example. Currently we have a personal support worker ratio of one staff to 13 residents. Ninety-five per cent of our residents need at least some assistance to eat their food. In a home with 100 residents, somewhere in the neighbourhood of 70 residents need encouragement to eat at mealtimes. Another 20 to 25 require dedicated assistance. This last group alone requires more than twice the PSW staff complement, never mind the 70 who need constant encouragement. To deal with the situation, some homes have an all-hands-on-deck policy, where all staff are expected to help feed at mealtimes, from administrative and maintenance personnel right through to the administrator. While this reflects dedication, it's not really a viable alternative.

To put this in a greater context, the compliance standard in this area requires that residents who need assistance be provided that assistance within five minutes of the meal being put down in front of them. This is physically impossible with existing staff-to-resident ratios, and we have many homes that are being cited for not having enough staff on the floor.

Our other priority recommendation will bring much-needed help to homes so that they can effectively deal with resident mental health and associated issues such as aggressive behaviour, which requires a committed and sustained response. Recent WSIB stats are showing an increasing number of staff injuries due to violent behaviours by residents. We have put forward a number of recommendations related to the provision of special support for homes in this area, and if government doesn't take immediate action, we believe the public will start to lose faith in our ability to provide a safe and secure environment for the elderly.

I want to touch on a couple of other recommendations that deal with funding policies that are unintentionally creating inequities and inefficiencies at the home and resident levels. These are basically no- or low-cost solutions for government.

First of all, as we noted earlier, homes receive new funding for targeted positions, specifically PSWs and nurses. While the new funding is welcome, there are strict rules that apply to how the money can be used. The methodology doesn't allow homes to custom-fit the supply of new human resources to their particular demands, and this rigidity hampers effective and efficient staffing practices at the home level. We're recommending that homes be given the flexibility to hire any mix of care personnel with the new funding available if they provide the appropriate justification. Some homes that have RNs and no RPNs can't access RPN money because there is RPN money and it has to be for an RPN, so that gives you an example of where they need to have more flexibility.

Secondly, this targeted funding can only be accessed if homes maintain existing staffing levels. This disadvantages, perhaps unintentionally, not-for-profit homes that are enhancing their care and service levels by voluntarily contributing additional funding to the home. Currently, a conservative estimate of the level of contribution from the not-for- profit sector beyond government funding is in the area of over $150 million a year.

Given that these contributions are totally voluntary, the homes have the legal right to reduce or reallocate their contributions as they see fit. But the ministry's policy effectively blocks a home from accessing new funding for staffing if the home needs to apply these funds elsewhere. So the homes that have been stretching to actually provide additional care can't reduce their staffing levels, for example, if they're going into a capital rebuild or whatever and take and access the new money, while homes that operate on government funding alone have full access to new money targeted for positions.

In our view, this is a perverse incentive and disadvantages the not-for-profit sector. It also runs the risk of preventing much-needed resources from getting to residents. We are recommending that the ministry remove this prohibition from existing and future agreements with providers.

We have many more recommendations in the paper which I have submitted, but this basically concludes my remarks. What I've outlined here today and in our submission are the steps that will ensure that Ontario's long-term-care system is adequately resourced and equipped to provide the care that residents need now and in the future.

Thank you, and I welcome any questions from the committee.

The Chair (Mr. Pat Hoy): Thank you. Now we'll move to the official opposition. Mr. Hudak.

Mr. Tim Hudak: Ms. Rubin, it's really good to see you again. Thank you for your presentation.

Ms. Donna Rubin: Thank you.

Mr. Tim Hudak: Mr. Buchanan, if I remember?

Mr. Dan Buchanan: Yes.

Mr. Tim Hudak: It's good to see you again too.

There are a lot of things I want to touch on. Chair, the time I have is—

The Chair (Mr. Pat Hoy): Five.

Mr. Tim Hudak: Okay. I'll go to your last point first. I appreciate this because, as you know, the government will be particularly attracted to solutions for the budget that don't cost extra money, given the current fiscal situation.

You mentioned that there needs to be more flexibility for homes that are putting their own funding into the home, and that if they try to reallocate services anywhere else, they can't access the funding pools. Can you give me an actual example of that to help us understand how that works in practice?

Ms. Donna Rubin: We have homes that are at the higher end of the staffing levels. Typically, the municipal and charitable homes are staffing the highest in the province. A home that might be already at 3.5 hours of care but is coming into a capital rebuild may say, "We've been putting in $1 million already every year, but we're a charitable home and we're going to have to start to look at some of the dollars we put to operating and put it towards our capital debt." So there's new money on the table for targeted positions, but if they drop their operating levels—which has impacted on their staffing favourably, but if they reduce it they won't be able to access new money for PSWs; they have to maintain it.

Mr. Tim Hudak: To be clear, you're talking about money that the home is putting into it; the dollars that come from the province are still fully allocated.

Ms. Donna Rubin: Oh, absolutely. These are their own additional contributions. They do have a right to reduce or change, but the province is saying, "Sure, you can reduce it, but you won't get access to new money if you do so."

Mr. Tim Hudak: You used the expression, "These are no- or low-cost solutions for government." You talked about this particular one. Are there any others that come to mind?

Ms. Donna Rubin: Well, the one I mentioned is to have more flexibility. It's quite a rigid funding system. We have homes that do have a good care complement, or maybe in their particular home they say, "You know, what we really need instead of an RPN is an occupational therapist."

Mr. Tim Hudak: I know from our conversations previously and those with charitable homes in my riding in the Niagara and Hamilton area that there's a lot of very strict regulation around the sector and a lot of unfunded mandates also come forward, and often it's more process-based than outcome-based, right? Are there some suggestions you may have in terms of the regulatory approach to long-term-care homes that would allow you to do even more with funding levels?

Ms. Donna Rubin: We certainly are looking to the new long-term-care act and the regulations that are being developed to be more outcome-based, that our compliance program really focuses and that the public is assured that there are the appropriate outcomes. But let's not be so focused on exactly what needs to go into the mix to get to that—you know, that there are good meals on the table but not whether the menu plans were up to snuff in terms of what you're putting in. They have to look more at the outcomes.

Mr. Tim Hudak: Early in your presentation you mentioned the new positions that have been allocated for personal care workers. You said the minister has postponed those until 2012-13, both PSW and nursing positions—

Ms. Donna Rubin: Well, the nursing positions have been postponed. The nursing and the PSWs were a four-year allocation, so we weren't going to have those positions all in place until 2012. The nursing positions have been delayed an extra year, so putting it to 2013.

Mr. Tim Hudak: Yes 2013-14. And you're suggesting also, at an investment of $45.1 million, you could accelerate those hirings.

Ms. Donna Rubin: That's right. The money's already committed. The plan is to bring those positions into place over the next four years. We're saying, do it earlier; the need is now.

Mr. Tim Hudak: I expect the hospital association to be in later on in our consultations. The major problem they have, obviously, is the alternative-level-of-care issue. How can your association help address the ALC issue?

Ms. Donna Rubin: Our members are quite happy to start taking heavier-care residents out of hospitals now, but they're limited as to how many heavy-care patients they can take. People are coming out with g-tubes, IVs, tracheotomies, and our limited staff—when you've got one personal support worker to 13 people trying to feed, dress, bathe and toilet them, they're not able to manage that even with the nursing complement we have. There's just not enough staff on the floor. If we're going to take people out of hospitals and the lighter-care people in our homes go into the communities, we need to staff up now or there's going to be a logjam in the system and we won't be able to play that role that people are looking to us to play.

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

We will recess until our next arrival at 3:45. Should they come early, we would start up at that time.

The committee recessed from 1514 to 1545.

ASSOCIATION OF INTERNATIONAL AUTOMOBILE MANUFACTURERS OF CANADA

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order once again.

We have our next presenter here, the Association of International Automobile Manufacturers of Canada, if you'd come forward, please. The committee appreciates your coming in early, and I regret we weren't able to start up as soon as you arrived. Nonetheless, you have 10 minutes for your presentation. There may be up to five minutes following that. I would ask you to identify yourself first, for our recording Hansard, and then you can start.

Mr. Jason Vanderheyden: I'm Jason Vanderheyden, director of policy development and corporate affairs for the Association of International Automobile Manufacturers of Canada. I'd like to thank the committee for inviting me to this forum to present the views of the Association of International Automobile Manufacturers of Canada, AIAMC, as part of the committee's 2009 pre-budget consultation process.

As you are all aware, things have changed dramatically, both in our economy generally and very specifically within the automotive industry, since AIAMC last appeared before this committee on January 28 this year. For context, at the end of October, year-to-date vehicle sales in the United States—the destination for 85% of Ontario's vehicle production—were two million units lower than they were last year at the end of October 2007. As a result, Ontario's motor vehicle production sector rapidly felt the impact of the declining vehicle sales in the United States. Ford announced earlier this year the cancellation of the proposed third shift at the Oakville assembly plant. GM will be shuttering its truck plant in Oshawa next year. CAMI just announced the suspension of all Suzuki XL7 production in Ingersoll. Toyota has put on hold the second shift at its new assembly plant that will open later this year in Woodstock, and all plants for Toyota in North America will be idled for two days just prior to Christmas to adjust inventory levels.

The dramatic decrease in sales in the United States has been brought on by the financial crisis, which now appears to be spawning a global recession. This has compounded the recovery efforts of the Detroit-based automakers, leaving them on the brink of bankruptcy, seeking taxpayer assistance both in Canada and the United States.

Conversely, vehicle sales in Canada remain strong through the end of October, with overall sales up 1.4% year-to-date over last year, and last year was the second-best sales year on record. The question in these turbulent economic times is, how much longer will these sales levels be sustained? In Canada, it is estimated that final 2008 vehicle sales will be in the range of 1.64 to 1.67 million, which is quite respectable. However, it is also estimated that vehicle sales will fall by 100,000 to 150,000 units, or about 8%, in 2009 alone, which will make business much more challenging for both dealers and distributors.

Consumer confidence in Canada has dropped to the lowest levels since the 1982 recession, according to the Conference Board of Canada. Their analysis suggests that the percentage of consumers who think it is a bad time to make a major purchase has jumped almost 15%, so that now fully 65% of all consumers feel that way. This does not bode well for automotive sales, especially since consumer confidence levels and automotive sales have traditionally had almost a direct correlation.

However, since 2002 in Canada we have been tracking above consumer confidence levels, and in October, vehicle sales were significantly above the rapidly falling consumer confidence levels. This suggests that Canada could experience a potentially seriously correction in vehicle sales going forward into the next year.

With that as context, and without going into too much background information, I'd simply remind committee members that the AIAMC is the national trade association that represents the Canadian interests of 13 international automobile manufacturers—BMW, Honda, Hyundai, Kia, Mazda, Mercedes-Benz, Mitsubishi, Nissan, Porsche, Subaru, Suzuki, Toyota and Volkswagen-Audi—that distribute, market and manufacture vehicles in Canada. We are currently tracking at above 50% of all vehicle sales in Canada, and the membership is responsible for about 65% of all passenger vehicles sold. Honda, Toyota and, up until recently, Suzuki produced about 30% of all vehicles assembled in Canada. Importantly too, 50% of all vehicles sold by our members in Canada were produced in the NAFTA countries.

With respect to the 2009 provincial budget, it is clear from the economic statement delivered by Minister Duncan earlier this fall that the province will be challenged by both lower revenues and increased expenditures arising from the current economic downturn, resulting in an estimated $500-million deficit for next year. This will require both the prioritization and containment of government expenditures. We support the government's ongoing commitment to ReNew Ontario, which stimulates economic activity and provides jobs in this period of economic downturn while improving and upgrading our infrastructure. A modern, efficient infrastructure will provide Ontario with a distinct competitive advantage in leveraging new investment once we come out the other end of this current downturn.

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Any pre-budget suggestions that would benefit the automotive sector need to be tempered with the fact that the province is slowing down spending in areas such as repairing schools, hiring more nurses and establishing family health teams. That said, we believe there are initiatives that can and should be undertaken by this government that would benefit the automotive industry, assist consumers and benefit the environment while not costing the province any new money.

For instance, it is estimated that Ontario's tax for fuel conservation generates revenue of between $60 million and $70 million for the province but produces very little environmental benefit, while acting effectively as a hidden tax, with the vast majority of vehicles sold incurring a $75 charge under the program. If the TFFC were removed and those same funds directed towards a provincial vehicle scrappage program to provide consumers with a real incentive to scrap their pre-1995 vehicles and assist with the purchase of a newer vehicle, we contend there would be a far greater environmental benefit both in reduced smog-causing emissions and potentially reduced greenhouse gas emissions. Such an incentive would certainly spur some consumers to purchase a new or newer vehicle at a time when, as I noted earlier, vehicle sales are forecast to drop.

There are currently over 5.8 million vehicles on Canada's roads that are model year 1995 and older. If we assume that Ontario's share of these older vehicles is the same as its share of new vehicle sales in Canada, roughly 35%, then Ontario likely has about two million 1995 or older vehicles registered in this province. New tier-2 emission standard vehicles are about 12 times cleaner, from a smog-causing emissions perspective, than a 1995 vehicle, so replacing one 1995 vehicle with one tier-2 vehicle—and tier-2 emission standards began being phased in in 2004—means a twelve-fold improvement in smog-causing emissions. Provided any new or newer vehicle purchased also gets better fuel economy, then there would also be a greenhouse gas emissions benefit associated with taking the older vehicle off the road.

If a $2,000 government incentive was provided to the consumer to scrap their older vehicle, then the $60 million from the tax for fuel conservation could provide incentives to take 30,000 pre-1995 vehicles off Ontario's roadways, helping the environment and stimulating consumer demand for newer and new vehicles. This initiative would be welcome news to all in the auto sector.

Another no-cost measure the government could undertake to assist the industry to better address both the current challenges and the challenges on the horizon would be to move the responsibility for the payment of fees for the proposed tire recycling and diversion program away from the "brand owner, first importer" and attach that stewardship responsibility to the retailer. Tire recycling and diversion programs in other provinces are, as we understand, all implemented at the retail level; that is, the retailer—which has a much closer nexus with the actual replacement of a tire—is responsible for the program as a steward.

In this era of increased interprovincial co-operation and harmonization of standards and regulations, we fail to see why Ontario would adopt a "brand owner, first importer" model. Being classified as a steward simply because you brought into the province to be sold a vehicle that has four tires on it does not make a lot of sense. Establishing the retailer as a steward does make sense in that the retailer is the entity that will collect the used tires, once the tires have been replaced on a vehicle. The administrative burden associated with being classified as a steward under the proposed tire recycling and diversion program is not insignificant, nor are the fees generated for the program.

We believe both these recommendations would be supportive of a stronger automotive industry in Ontario. In the case of the vehicle scrappage program, it could be linked to the federal government's new program to provide an even more significant incentive for consumers to get out of their older vehicles, providing a win for the environment, as well as a win for the automotive industry.

I would be remiss if I did not comment on government aid to assist the Detroit-based automakers. Our members fully appreciate the vast number of jobs linked to the automotive industry in Ontario and Canada. It is clear that if the United States does end up providing funds over and above the $25 billion already allocated under the Energy Independence and Security Act of 2007, Canada will have no choice but to become involved in providing some sort of assistance. Even without any additional funding, Canada and Ontario need to wrestle with the fact that the EISA funds are to be spent retrofitting plants and undertaking R&D to produce more fuel-efficient vehicles. It would seem highly unlikely that American taxpayers' dollars would be used to undertake any of this work in Canada. Therefore, securing new investment and production mandates from Detroit-based automakers becomes more problematic.

Understanding the employment consequences, not only with the OEMs but also the ripple effect of those job losses throughout the supplier community, dealerships and the larger economy, leads our members to be supportive of aid. The retention of good-paying manufacturing jobs means that people have the resources with which to purchase a new vehicle, and all vehicle manufacturers and distributors benefit under this scenario. We do believe any aid should be available on an equitable basis and should also be available to the struggling auto parts sector. Any aid should not confer a competitive or market share advantage on the recipient of the aid.

I should add that we do not believe that buy-Canadian-built or buy-Ontario-built programs have any real merit, in that 85% of all vehicles produced in Canada are eventually shipped to the United States. Moreover, Ontario sales of Ontario-built vehicles represent only about 5.8% of all vehicles actually manufactured here, so any such program would have no significant impact on increasing the sales of Ontario-built vehicles and would ultimately serve only to distort the new-vehicle sales market.

Again, I appreciate the opportunity to be here today, and I look forward to any questions you may have. Thank you.

The Chair (Mr. Pat Hoy): And thank you for the presentation. The questioning will go to Mr. Prue.

Mr. Michael Prue: On your very last point, one of the ideas that has been floating around Queen's Park for the last few weeks is, what can Ontario do? We can't, obviously, match the billions of dollars the Americans will put in or even potentially the billions of dollars that Canada may put in, but I have heard the idea that we can forgive sales tax on vehicles that are built either in Ontario or more broadly in Canada. You're saying not to do that?

Mr. Jason Vanderheyden: The important thing is that any initiatives undertaken will have to create an equitable playing field, and I'm not sure doing that would create that in the market.

Mr. Michael Prue: How would it help the broader Ontario economy? I know it would help the salespeople who are selling, say, Volkswagen or—I don't know, pick anything that's not manufactured here—BMW. How is that going to help the Ontario workers and the people in the plants? It might help the salesmen, but how's it going to help the rest?

Mr. Jason Vanderheyden: From our perspective, there are some other, bigger questions that need to be answered and resolved in the United States before some of those decisions are taken in Ontario at this point. I would just go back to the point that any aid that's given here has to be done on an equitable basis that doesn't distort any market advantages to certain manufacturers.

Mr. Michael Prue: Why?

Mr Jason Vanderheyden: That's just our position. It's important to recognize that—I'm not sure that any of those benefits would be passed on to the consumer, ultimately. One of the key factors we'd like to see is to continue to encourage people to get into newer and new vehicles.

Mr. Michael Prue: How does it help the Ontario economy if people buy manufactured vehicles that are made totally outside of Ontario and, even more so, totally outside of Canada? How does it help the Ontario economy if someone buys a BMW?

Mr. Jason Vanderheyden: The fact of the matter is that 85% of the vehicles manufactured in Ontario go to the United States ultimately anyway. The real problem here is that there's a market in the US that has no appetite to purchase new vehicles.

Mr. Michael Prue: I grant that, but how does it help the Ontario economy if we were to give some kind of—

Mr. Jason Vanderheyden: I'm saying that is not the solution, I guess. That's what I'm saying.

Mr. Michael Prue: How do we keep the people who work in Ontario manufacturing the vehicles working?

Mr. Jason Vanderheyden: I don't have an answer for that question.

Mr. Michael Prue: Okay. I'm trying to understand your position. I understand that you want a level playing field because you're selling foreign-made vehicles to people in Canada, so you want to make sure that your advantage—that you're not disadvantaged; let me put it in a more positive term.

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Mr. Jason Vanderheyden: Absolutely.

Mr. Michael Prue: But you don't have any answer to how we as a province, where one in six jobs is dependent on the automobile industry—for people who work here, how this is going to help us.

Mr. Jason Vanderheyden: No, what I'm saying is that those jobs are more dependent on the purchasing decisions made by consumers in the United States than they are here.

Mr. Michael Prue: And I grant that's true, so therefore, because we sell most of our product to the United States, you think we ought not be giving any kind of tax advantage to people in Canada who want to buy domestically produced product?

Mr. Jason Vanderheyden: Our view is that we would like to see more people purchasing cars on an equitable basis that doesn't distort the marketplace.

Mr. Michael Prue: Now, I'm interested, to change the topic a little, in the older cars producing all kinds of NO_x and SO_x and everything else at a much greater rate. Is it possible, because I'm thinking that people may want to economize in these times, to upgrade the vehicles? Are there upgrading facilities? Or is it just simply that they've passed their life cycle in terms of efficiencies and it's time to move on?

Mr. Jason Vanderheyden: Sorry, are you asking why people should be getting out of vehicles?

Mr. Michael Prue: You're saying it's 12 times more likely, or 12 times as efficient in terms of not producing greenhouse gases and other things we ought not to be producing. I'm not denying that's probably true. I'm not challenging that. Is there anything available within the industry so that people who want to hold on to their older cars can bring them up to modern standard, or is it simply that we have no choice save and except to go out and purchase new?

Mr. Jason Vanderheyden: Not to my knowledge do any of those sorts of programs exist, no.

Mr. Michael Prue: Thank you.

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

CO-OPERATIVE HOUSING FEDERATION OF CANADA, ONTARIO REGION

The Chair (Mr. Pat Hoy): Now I call on the Co-operative Housing Federation of Canada, Ontario region, to come forward please. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. I would just ask you to identify yourselves for the purposes of our recording Hansard.

Ms. Amanda Yetman: Sure. My name is Amanda Yetman, and I'm the president of the Ontario council for the Co-operative Housing Federation of Canada.

Mr. Harvey Cooper: I'm Harvey Cooper. I'm the manager of government relations for the Ontario region of the Co-operative Housing Federation of Canada.

Ms. Amanda Yetman: As mentioned, my name is Amanda Yetman, and I'll be delivering our presentation. At the end, Harvey Cooper will answer any questions you have.

First off, we'd like to thank you very much for the opportunity to make a pre-budget submission to the Standing Committee on Finance and Economic Affairs on behalf of more than 125,000 residents of 555 non-profit housing co-operatives across Ontario.

Housing co-operatives are committed to playing a significant role in meeting the affordable housing needs of Ontarians. In our presentation, we will focus our remarks on a few critical housing issues that the Ontario government should consider as it prepares its 2009 budget. They are:

—making sure that affordable housing is a cornerstone of the anti-poverty strategy;

—expediting the long-awaited provincial affordable housing strategy;

—building new affordable homes;

—ensuring housing is affordable to Ontarians of low and modest means;

—protecting the viability of existing community-based housing.

The McGuinty government's undertaking to develop, by the end of 2008, a comprehensive strategy to reduce poverty in Ontario should be applauded by all. Numerous studies have documented the alarming and growing rates of poverty in this province. Clearly, if Queen's Park's plan is to make significant inroads in alleviating poverty, then affordable housing must be the cornerstone of the foundation. Housing sustainability and affordability are vital platforms for individual health and well-being, economic prosperity, an inclusive society and for healthy communities.

It is also well documented that new affordable housing construction and rehabilitation of the existing stock provide significant economic stimulus and create jobs. It is important to remember that the roots of the current global financial crisis are the result of the US sub-prime mortgage debacle, which can be traced back to the lack of any American affordable housing strategy, and which tells us that what starts in the housing sector does not stay in the housing sector.

Since the early 1990s, one of the fundamental problems that has led to the housing crisis in this province and the country has been the lack of an ongoing program and consistent policies.

Since the launch of the affordable housing program, AHP, in the fall of 2001, a cost-shared program by all three levels of government, we have only seen small pockets of new housing development in several Ontario communities. This has not met the growing needs throughout the province. As well, the current AHP is winding down, with no new supply program in the offing. What is required is a commitment to a long-term sustainable approach to addressing the affordable housing needs.

We do appreciate that the Liberals' 2007 election platform committed to addressing this need by "creating a long-term strategy for affordable housing that contains a mix of non-profit and co-op housing." Queen's Park should know that they have a very willing partner in the co-operative housing sector in developing this plan. Regrettably, work on the housing strategy has still not begun. The province announced recently that public consultation on the strategy has been pushed back to the spring of 2009.

Housing projects typically take about three years from the time the project is committed to when people actually start to move in. Some urgency needs to be attached to this strategy exercise. The affordable housing discussion should be moved up to January, and their report delivered by September. Queen's Park should also, in the 2009 budget, extend the funding of the existing affordable housing program.

One issue that we encourage the province to revisit as part of its affordable housing strategy is the possibility of uploading some of the social housing costs from the municipalities back to Queen's Park. The recent provincial-municipal review, unfortunately, did not seem to address the social housing costs in any significant way.

The co-operative housing sector submitted a proposal suggesting that the province take back the cost of the co-op housing portfolio from the municipalities. Co-op housing represents about 8% of the developed social housing stock, and that's estimated at just over $100 million province-wide.

Unquestionably, the federal government has to take a significant role in the affordable housing field. Unfortunately, the current Harper government has shown few signs of funding its traditional national housing responsibilities.

The Ontario government needs to continue to press Ottawa for action on affordable housing, making it clear that Ontario is not only back in the affordable housing business but fully expects our national government to be a full partner in the endeavour.

Our annual Where's Home? report, published with the Ontario Non-profit Housing Association, will be finalized by the end of 2008. This review looks at trends in rents, vacancy rates, rental housing development, tenant incomes, and housing affordability issues. A number of key findings in our report are mentioned in our written submission.

According to the Ministry of Municipal Affairs and Housing, as of late fall 2008, there were 4,445 rental and supportive units that were occupied, 1,941 units under construction, and 3,140 units in planning approvals.

Since the launching over seven years ago in Ontario of the federal-provincial affordable housing program, we have a total of about 6,400 rental units that are either occupied or under construction. While any new construction is welcome news, particularly after a long gap of almost a decade under the provincial Conservative government, the number of new homes built falls short of the Ontario Liberals' housing promise in 2003. A supply program of 8,000 new units per year would be a reasonable target to set and achieve. New housing units should also remain affordable over the long term.

Co-operative and non-profit housing are a best buy for the province. These models have a proven track record of providing a permanent supply of affordable housing and creating stable, mixed-income neighbourhoods in our cities and towns.

While we have a shortage of affordable units in the province, we also have a growing affordability problem, and many examples are cited in our submission. Both sides of the affordable housing equation—demand and supply—matter. Both must play a central role in Queen's Park's long-term housing thinking.

Any new housing measures contemplated should consider a number of factors, including the affordability gap between a household's income and actual rent. From the 1970s to the 1990s, traditional rent-geared-to-income programs were based on recipients paying roughly 30% of their gross income on rent. In the last number of years, recent housing allowance programs have generally been short-lived and narrowly targeted, excluding many in need. We have cited in our written presentation these examples of the AHP and Ontario's recent rental opportunities for Ontario families, the ROOF program. Undoubtedy, these programs are providing some welcome financial assistance for a number of Ontario households. However, given the impact of the housing cost on budgets, particularly of all low-income households, consideration should be given that any new housing benefit is more comprehensive than the current initiatives.

One very cost-effective manner to increase affordability for qualifying households would be to take advantage of the existing rental units in co-ops and non-profits and in the private sector buildings and offer rent supplements to the landlords.

A particular issue we would like to bring to the committee's attention is that thousands of social housing residents who are receiving RGI assistance pay their own utilities on top of their RGI rent. The province has long provided some compensation based on the utility allowance schedule. Unfortunately, these schedules have not been visited since 1999 and the utilities have skyrocketed. These issues need to be addressed.

There are a number of additional affordability measures that we hope will be key components of the poverty reduction strategy and included as a down payment in the spring 2009 budget. CHF Canada's Ontario region is an active participant in the 25 in 5 Network for Poverty Reduction and we support the key priorities established by the broad-based coalition.

Bells ringing.

Ms. Amanda Yetman: The long-term viability of social housing stock is at serious risk. Much of the current housing is 30 to 50 years old and requires major capital work. We know that the municipalities—

The Chair (Mr. Pat Hoy): I'll just interrupt you, in case you wonder what's happening here. We have a vote in the next four and a half minutes.

Mr. Wayne Arthurs: Mr. Chair, how much time is left in the presentation?

The Chair (Mr. Pat Hoy): She has about a minute left.

Mr. Wayne Arthurs: Do we have time to finish the presentation? Maybe we'll hold our questions for the time until the vote is taken.

The Chair (Mr. Pat Hoy): If you could complete your presentation in a minute?

Ms. Amanda Yetman: Sure.

The Chair (Mr. Pat Hoy): It is your actual time. I'm not taking any away from you.

Ms. Amanda Yetman: No, no, that's okay.

The Chair (Mr. Pat Hoy): You're getting your full time, plus a little. Go ahead.

Ms. Amanda Yetman: Co-operative housing in Ontario is a well-documented success story. For practically four decades, co-ops have provided good-quality affordable housing that is owned and managed by the community members who live there. We are anxious to roll up our sleeves and work with the government and MPPs of all parties to ensure that co-op housing is seen as an integral part of the solution to the affordable housing crisis in every corner of this province.

We feel that the key steps to move forward are clear:

—Affordable housing has to be a major plank in the government's poverty reduction plan.

—The province should expedite their now long-awaited affordable housing strategy consultation.

—An effective affordable housing strategy must address both the need for more supply and affordability.

—The urgent need for refurbishment of the deteriorating social housing infrastructure must be addressed.

Once again, we'd like to thank the members of the committee for giving us the opportunity to express our views today.

The Chair (Mr. Pat Hoy): Thank you. What we'll do is recess to allow members to vote. We'll be right back—it won't take very long—and we'll allow the government to put their questions if they have any.

We're recessed until after the vote.

The committee recessed from 1614 to 1622.

The Chair (Mr. Pat Hoy): All right. Now we'll come back into session again. Thank you for being patient with us on that vote. We'll go to the government. Mr. Ramsay.

Mr. David Ramsay: Thank you very much for your presentation. You provide a great service to the people of Ontario in providing low-cost housing to this province. Obviously, this type of housing should be supported for sure.

I want to ask you, because I was taken quite a bit—you're noticing, obviously, the high cost of utilities over the years. Energy has really gone up, and of course this puts a strain on people living in all sorts of accommodation. I'm wondering if you've done any studies on how old the building stock is in Ontario and how energy-inefficient it is and what sort of investment in energy conservation could lower those ongoing costs, besides being very good for the environment.

Mr. Harvey Cooper: Mr. Ramsay, our organization hasn't done any specific energy studies. That said, we know there is a number of studies out there, particularly in terms of the state of the physical stock. It varies, because some of the stock is quite old—40 years; not necessarily the co-op portfolio, but the former public housing stock, particularly in some of the urban centres, is in worse shape than some of the federal program stock, which was developed starting in the early 1970s right through the 1980s to the early 1990s, I would say. The stock that's in the best shape, both in terms of the state of the buildings and energy-efficiency, is probably the more recent provincial stock, which in most cases—the first projects were put up in the mid-1980s up until the mid-1990s, so they're just a lot younger. They range from 10 years to 20-odd years.

Part of the difficulty in terms of doing retrofits and energy efficiencies—I include co-ops with other housing providers—is that people are looking at the fundamental building envelope: the roofs, the boilers, the windows. Those are the first order of business. When they look at paybacks for some of the energy efficiency work, I think there's interest, but it's just not seen as a priority, particularly if you need a new roof or a new boiler, or the ramp to the underground garage needs replacement. I think a lot more work could be done on that, but it's almost that you have to prioritize and look at the overall building shell to begin with.

Mr. David Ramsay: So you're saying the issue is more with the major infrastructure of these buildings, that is really deteriorating. Energy efficiency would be something very nice to get into too, but the first priority is getting the infrastructure improved so that you're structurally sound.

Mr. Harvey Cooper: Yes. Related to that, one of the things we're hoping in terms of infrastructure funding is to include housing within that, because we see it as a very important component of infrastructure.

Mr. David Ramsay: Thank you very much.

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

We will recess until out next presenter, which is at 5 p.m.

The committee recessed from 1625 to 1646.

ONTARIO RESTAURANT, HOTEL AND MOTEL ASSOCIATION

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order.

I believe we have the Ontario Restaurant, Hotel and Motel Association here. Thank you for being here this afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. I would just ask you to identify yourself for the purposes of our recording Hansard.

Mr. Tony Elenis: Good afternoon. My name is Tony Elenis, and I'm the president and CEO of the Ontario Restaurant, Hotel and Motel Association, Canada's largest provincial hospitality industry, representing 11,000 businesses in food service and in accommodations. I'm joined today by my colleagues Michelle Saunders and Marco Monaco, and we are pleased to have the opportunity to present some of our recommendations for the 2009 provincial budget.

The ORHMA members represent a broad spectrum of hospitality operators with a variety of concerns and specific strategic recommendations for assistance. We'll be submitting a full brief of recommendations to the government and members of this committee within the next few days. I wanted to spend my time with you today speaking on two important issues for the industry: the impact of minimum wage increase and investment in tourism.

First, let me tell you about our industry. We employ over 400,000 Ontarians and generate more than $22 billion in revenues. In recent years, the hospitality and tourism industry in Ontario has been experiencing difficulties and is now entering alarming times. We have seen a significant decline in international tourism and a decline in consumer confidence in response to the economic situation we're facing. Industry operators have experienced increases in energy prices, food costs and labour costs.

We are all aware of the daily discussions regarding the current state of the global economy and we have clearly heard the finance minister indicate that Ontario will be in a deficit position this year, so we are aware of the pressure this committee and the government face in developing the 2009 provincial budget.

The hospitality and tourism industry has undergone a seemingly never-ending perfect storm since 9/11. Our members are challenged daily to keep the doors open and the lights on. The ORHMA wants to work with the government to put forward meaningful recommendations that will make an impact on the operators' bottom line so they can continue to compete in today's market and continue to make significant contributions to government revenues and to Ontario's economy.

Minimum wage: The food service industry in Ontario over the last eight years has experienced the lowest growth and the lowest profit margins compared to their industry counterparts in the rest of Canada. Although the food service industry makes a truly significant impact on Ontario's economy, we must remember that 60% of the industry remains independently owned and operated.

Restaurants are the character of local neighbourhoods and the boardrooms of small businesses. The economic pressures they face are truly tremendous. Specifically, we are focused on the liquor server minimum wage. This is a different rate from the general minimum wage rate, which recognizes that some employees earn a significant portion of their income through gratuities. The food service industry currently spends more than 31% of operating dollars on labour costs. Hospitality operators are struggling with razor-thin margins and of course the changes in tourism patterns, and simply cannot sustain yet another increase in liquor server minimum wage. We are seeing this labour cost have a tremendous impact on our bottom lines. The ORHMA recommends that the government freeze the liquor server minimum wage at its current rate of $7.60 until industry conditions improve.

Investment in tourism is an issue we'd like to raise for you today. ORHMA has been very active in discussions related to the tourism competitiveness study, and we urge the government to take action on this significant body of work. As a result of discussions stemming from the consultations, ORHMA recommends the development of a dedicated government team, a success team, focused on attracting investment to Ontario's tourism.

We would be remiss if we didn't take the opportunity to encourage the government, when evaluating and determining strategic investments in infrastructure, to prioritize investment in tourism infrastructure. Tourism generates significant revenue for all levels of government and should be seen as an investment, not an expenditure. We were delighted to hear the finance minister indicate in the Legislature just yesterday the government's commitment to keep investing in infrastructure.

We must first focus on access. We would encourage the provincial government to work collaboratively with the federal government to increase access at Canada's borders, while maintaining security standards. ORHMA encourages the government of Ontario to support access within Ontario, including supporting a Pearson airport rail link, and working with Metrolinx to create a streamlined transportation system, because once our visitors arrive, they need to be able to move around. Whether from abroad, from another province or from a neighbouring town, once visitors have arrived at their destination, we must ensure that they have a wonderful experience, so they can tell others and come back. Therefore, ORHMA recommends the formation of an investment team, a success team, to drive capital investments in the improvement of access at borders and within the province.

We appreciate the opportunity to appear before you today and the opportunity to discuss the issues of minimum wage and tourism. We will be submitting a full brief of recommendations shortly that covers many other areas, and we will continue to put forward recommendations on ways the government can implement specific policies to improve the bottom line for hospitality and tourism operators.

Some of the recommendations that we would be happy to discuss with committee members in the coming weeks include harmonization of food safety programs to ensure the integrity of food safety and consumer confidence; providing liquor licensed restaurateurs with a true wholesale pricing system; increasing the current PST exemption for meals under $4 to $8; increasing the employer health tax threshold to reflect the true impact of minimum wage increases on small business; making the PST exemption on destination marketing fees permanent; and maintaining a 50-50 ratio cost-sharing formula for private sector and municipalities for funding of waste diversion.

There are a host of recommendations that the government may implement in order to support the hospitality and tourism industry, to assist operators in seeing beyond month's end and ensuring a stable industry in support of a stable economy. We look forward to having those discussions with you, and we welcome any questions.

The Chair (Mr. Pat Hoy): Thank you. If you provide more material, as you say you will, just give it to the clerk and he'll make sure that all members of the committee get it.

This round of questioning goes to the official opposition. Mr. Hudak.

Mr. Tim Hudak: It's great to see you again, Tony. Thanks for the presentation, Michelle and Marco. A lot of topics to cover—I'll try to hit a few. Your industry is among the most heavily regulated industries, which I think is one impact that has caused growth to be so limited. I'm going to throw a new topic on the table. You just went through a big fight here in Toronto about Tim Hortons coffee cups and lids. Other municipalities are looking at banning water bottles and deposits on bottles. Is it time to ban the bans? How does it impact your sector if municipalities have different rules?

Mr. Tony Elenis: Very much so. We're an extremely regulated industry, as you mentioned. Different standards for different folks. In the province, there should be one standard that we all follow. It's easier for training, it's easier on the bottom line and it would be easier to drive it right through the supply chain, not just in our industry.

Mr. Tim Hudak: Some other states have looked at making restaurants post caloric content of their meals on their menus and that kind of stuff. Are you concerned about that coming to Ontario? Do you have any advice to the committee if somebody muses about this topic next?

Mr. Tony Elenis: It's a very complicated subject, because unless you're in a specific sector where the goods are packaged and prepared ahead of time, it is very tough to do during a shift at work. There would be more inconsistencies and more false advertising than there would be success at it.

Mr. Tim Hudak: Two other areas you mentioned that fit this: You talked about the harmonization of food safety rules, and you're heavily regulated on the hospitality liquor-licensing side, and you mentioned true wholesale pricing. Can you better define what you mean by true wholesale pricing, and what you mean by harmonization of food safety?

Mr. Tony Elenis: We, the licensees, are the biggest buyers of alcoholic beverages in Ontario. We pay the same as the consumer. That is totally not fair for our industry, especially with the pressures we're facing right now on the bottom line.

Mr. Tim Hudak: And the harmonization of food safety rules?

Mr. Tony Elenis: There are 37 counties in Ontario, and 37 municipalities that drive a different approach to health inspections. Again, this is very tough on the bottom line. This creates administration costs to the government and to our industry. It's not uniformly easy to move employees and managers around from one municipality to the other when they always find surprises in the way that municipality follows the health inspection system.

Mr. Tim Hudak: There's a new proposal for increased drivers' licence restrictions to people who are 22 years of age and younger, including no alcohol in the bloodstream for people as old as 21, if not 22. Have you guys looked into that issue? Do you have a concern about the impact on the hospitality sector?

Mr. Tony Elenis: Our first priority, of course, is the safety of all individuals. Smart service is something that is encouraged by our association, by the industry, by the operators. I think, in addition, you cannot cure something like this unless you change the culture. So I guess the question I'll be stating here is: Why 21? Why 19? Why not 25? The age really is not the only specific factor that needs to be looked at. There's a lot more education.

Mr. Tim Hudak: Another restriction is one other 19-years-old-or-younger passenger in a car with a 19-years-old-or-younger driver. Interestingly, in Dalton McGuinty's Ontario, an individual can fly a plane filled with individuals but couldn't drive more than one person to the airport. Do you have concerns too about the impact that this may have on your sector?

Mr. Tony Elenis: Again, it's more than one item. In our sector, the drinking places specifically have been reduced to a minimum number of establishments out there, due to many regulations that have come along the way. Again, we encourage good practices and smart practices for licensees while they're at the establishments for obeying the rules that smart service—

Mr. Tim Hudak: If a bunch of us went out, four or five of us, for chicken wings and such, it seems that if we can only drive one, it will have an impact on the hospitality sector.

The destination marketing fee you had mentioned as well—again, as you know, there has been some controversy down my way, in Niagara, with how that fee has been implemented on souvenir sales and parking lots and that sort of thing. I appreciate your point on permanent relief for the PST on the destination marketing fee. How can we ensure, though, that the destination marketing fee is truly on what it's supposed to be, which is the hotel or accommodations and not other projects?

Mr. Tony Elenis: The destination marketing fee, started by the Greater Toronto Hotel Association, followed by the Ottawa association, truly must represent the sales and marketing of activities to bring people into the destination and enjoy the hotel and the tourism around it. That's our policy; that's our association's policy. There are many ways and means of looking at it, but this should be kept at an industry level. I know there's one association that is driving, through legal means, having a licence for it, and we're supportive. We feel that it should be with the industry, and the industry should regulate it with a licence system.

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

We will recess once again until our next presenter at 5:30.

The committee recessed from 1700 to 1720.

ONTARIO ROAD BUILDERS' ASSOCIATION

The Chair (Mr. Pat Hoy): We have with us now the Ontario Road Builders' Association. You have 10 minutes for your presentation; there could be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard. Go ahead.

Mr. Rob Bradford: My name is Rob Bradford. I'm the executive director of the Ontario Road Builders' Association. With me today is my colleague Karen Renkema, who is our director of government relations.

Regarding the upcoming budget, we have a few thoughts for you on the subject of infrastructure. Of course, that's the subject close to our hearts.

Our association represents about 100 of the largest contractors in the province who build the provincial highways, roads and bridges and also do a lot of the municipal work in the province. We employ about 25,000 people at peak season. The employment aspect is very pertinent to some of the remarks that we're going to make.

As I said, I've got a number of recommendations.

The first one we want to start with is to urge the government, in these times of economic downturn—we all know what's going on out there, and we all know the government is going to have some very, very tough decisions to make coming up—not to look at infrastructure as one of the areas we have to slash. It's not prudent at times like this to back off on infrastructure. There are a couple of really good reasons for that. Infrastructure has an absolutely proven track record, during times like this, of providing economic stimulus and providing very good jobs to a lot of people who would otherwise be out of work. So it's a good opportunity to increase our public assets at a time when we need the jobs. Secondly, Ontario's infrastructure deficits, as you well know, are already unmanageable. We aren't spending enough collectively amongst our governments to even reduce those deficits that we're barely holding the line on. To cut back at this time would be economic folly, because we need infrastructure to get our economy going again. We've got to move goods; we've got to move people. If we don't do those things, the situation we're in is going to be exacerbated. Most of our infrastructure, as you know, was built in the 1950s and the 1960s. It's at the end of its design life. There isn't much choice anymore but to go out and start fixing it.

I must commend this government, because they've done a tremendous job in the last few years of addressing infrastructure. We've got a five-year capital plan which is very, very important to our organization, because now we can plan our training and equipment needs five years out. That's really good stuff. We've seen some enhanced investment in provincial highways, and we've seen some very good things done on an annual basis for municipalities. We're here today to say, hold the line; keep up the good work; we need to keep moving forward on infrastructure.

Our second recommendation for the committee is to continue working with municipalities on what has become a dire crisis. Municipal infrastructure is in a crisis situation. We all know what happened when we did some downloading back in the mid-1990s. Giving the roads to the municipalities probably wasn't the greatest idea, because they absolutely do not have the money to maintain their own infrastructure out of their property tax bases. Richer municipalities like Toronto—well, they won't claim they're rich—can't address their infrastructure deficits. We look at our northern communities and some of our smaller communities that have huge, huge geographical territories and lots of roads and very sparse populations—if those folks had a $5-billion bridge to fix, they'd be looking at 15 years of their capital budget just to do it. So they do need some help, and we urge the government to work with them to find some sustainable year-over-year funding that will address those infrastructure problems.

Thirdly, we'd like to recommend, particularly in these times, that we focus whatever investment we have in infrastructure more closely on what we like to call "core infrastructure." By "core infrastructure," I mean anything that lends itself to the production process; the things that we need to get the economy going. Those are your roads, bridges, water and electrical power—the hard services that we need to keep the economy pumping. That's not to say things like community centres, new city halls and things like that aren't important. Sure, they're important. But given the choice right now and the very, very limited infrastructure dollars we may have, we'd like to see the government try to target at core infrastructure more directly.

We'd also like the government to consider bringing a little more balance to the dialogue in our discussion about our transportation future. We've noticed over the past number of years a concerted focus on public transit, which is all absolutely good stuff. This is not a vested interest thing, because my members build the infrastructure for public transit as well. But we seem to be neglecting, to its detriment, the whole idea that we've still got to move people on our roads, and that we need bridges and roads and that kind of infrastructure for them.

And public transit, let's keep in mind that outside of the Toronto area, public transit is buses—everywhere else in the province. It's only Toronto, the GTA, where we have high rail and subway and what have you. This real focus on public transit as the major priority—and that's what it seems to have become—is a very GTA-centric kind of notion. I have members all over this province who would like us to remember that we have infrastructure in other parts of the province as well.

Finally, before I pass it over to Karen—I'm sorry if I'm rushing through it, but I don't want to go over my time limit here—we'd like to encourage the government to move quicker on leveraging private sector money to build some of our core infrastructure, particularly new highways. That's one place where we're going to have a real advantage if we can get some private sector money leveraged. I hate to bring up the 407 because that's a bad word with most people. The only mistake we made there is that we sold the darn thing. It was a beautiful model for building a public highway in a very, very quick time with private sector money. Presumably, had it been held in a build-and-operate mode, it would still be a public asset and it would still be doing wonderful things for us. That's what we've got to look to, to build our highways of the future. I don't think public money is going to be able to bear the brunt of the massive infrastructure work we have to do in the future.

I think the private sector is ready and waiting. Infrastructure Ontario has already done a good job and has started working on the hospital sector and some of the other delivery areas. We're just urging the government to get on with the road sector in terms of—we're calling them AFPs now.

That's my part. Just to summarize: We're in a little bit of a rough period. The economists tell us that it's not going to go away very quickly. Investment and infrastructure is going to help us to get out of that.

Karen, would you cover the next couple of points we've got?

Ms. Karen Renkema: Sure. I'll just quickly touch on a couple of other points in our submission.

The first one is a general issue on the regulatory burden. I'm sure you hear this from every industry, but I'm going to talk specifically about our industry a little bit and how that regulatory burden brings itself back into the taxpayer's pocket to a certain extent because of the cost of infrastructure.

Currently, our members are experiencing the positive effects of the increase in infrastructure investment by all levels of government. Certainly in the current economic environment, it is of the utmost importance that the infrastructure dollars are used strategically to fund as many projects as possible and are used specifically for infrastructure improvements. However, the cost of implementing infrastructure continues to rise, as material prices such as oil and steel have a great impact on our industry.

In addition to the escalating costs of construction materials, our members are also encountering increased regulatory burdens, which, in turn, negatively impact the cost of infrastructure. Some of these regulatory burdens result in direct increased cost to contractors, such as the ever-increasing WSIB costs. These expenses directly affect the cost of infrastructure, as they are passed on to the entities that require the services of a road-building contractor, for example, the province.

Although not directly impacting expenses to contractors, other regulatory burdens affect the cost of infrastructure, as they result in significant delays to infrastructure projects. The examples our members, over and over again, have told us about are, for example, moving and reusing our excess construction materials, which is just a common sense mechanism. But within the regulatory environment we operate under with the Ministry of the Environment, we're finding that we're paying to dump our excess construction materials in landfill at this point; they are not be reused because of regulatory issues with the Ministry of the Environment.

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A second example could be the countless delays that we experience in trying to apply for a permit to take water when we're just actually taking water out of a stream and putting it back into the exact same water body. However, it takes us about nine months to get a permit right now, which, again, delays a project, in some cases, for nine months.

We commend the government for initiating the review last year of the regulatory requirements through the introduction of your regulatory modernization in the 2008 budget. However, we believe we need to take it a step further if we're going to continue to concentrate on our investment in infrastructure and we need to look at our ability to implement infrastructure cost-effectively within a reasonable time frame.

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

Ms. Karen Renkema: Okay, thank you.

I won't get into it any further at this point, but we urge the government to strike an infrastructure regulatory review committee. That would specifically look at some of the hurdles that we have moving forward with implementing this large infrastructure plan, looking at some of the costs and the delays of it to make the infrastructure move a little bit more quickly and to make sure that we're spending our money in the correct place.

I'll take my last 20 seconds here just to quickly speak about harmonization. Especially over the past couple of years, this issue has come to light a lot more in the projects and services that we use in the industry and the processes, whether we're grinding rocks or we're delivering soil—it all depends on whether we charge both taxes or one tax. Our members are 100% supportive of harmonization of the GST and PST and believe that it will not only reduce the administrative burden for our business but also for the government.

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

Mr. Michael Prue: Just on the last point, governments have been reluctant to harmonize the PST and GST because of the exemptions. Has your industry talked about the exemptions? Children's clothing, women's products, books, all kinds of things that we don't charge PST for, GST does, and that, I think, is the reluctance. I understand the position, it's easier to pay one tax than to fill out forms for two, but have you gone the extra mile and questioned why there's GST on some everyday products that people use?

Ms. Karen Renkema: We are cognizant of that. Whether we've discussed those things in great detail, I can't really go into the exact products when you're speaking about necessary social products. I guess, at the end of the day, we see that harmonization may, in effect, allow us to see a reduced tax cost. As you're realizing greater revenue, at the end of the day we would see a decrease in the taxes, and therefore the effect on those products wouldn't be as substantial as it may have been to begin with.

Mr. Michael Prue: But they would be substantial to people who have children, who read books, who read newspapers, for women. When you ask that, you're asking someone else to pay the tax, and that's the hard sell. I can look at my colleagues' faces across there—I'm not in government, but that's the hard sell. Why should they pay the tax you're paying now?

Mr. Rob Bradford: I'm sure we could put our heads together and find some mechanisms within the system to ensure that those exemptions were maintained in some manner.

Mr. Michael Prue: Okay. That's what I wanted to hear from you. Thank you.

Now, the other thing that intrigues me, and I've never heard this before, is that companies that build roads and bridges and the like are forced to dump their excess product before they start a new project. Does that include tar and stuff that you put on the roads, cement, all those kinds of things? You're forced to dump it?

Mr. Rob Bradford: You go ahead; that's your file.

Ms. Karen Renkema: No. When we talk about excess construction materials, I'm actually referring to specifically what we would call "dirt" or "soil" that we're removing; either it's excess because we're building a new road or it's excess because it needs to be removed from that specific area. Our industry is known for its track record in recycling—and Rob can talk to the technical aspect of recycling asphalt a little bit more—but the excess materials, what happens is, because of the way they're identified under Ministry of the Environment regulations currently, they're seen as a waste product, even though they're not a hazardous material. In many cases, it's very difficult to find anybody who would want to reuse those materials.

In addition, governments aren't looking, when they're designing roads, bridges and other infrastructure, at reusing those materials at the beginning. So because the engineering at the beginning isn't looking at the reuse, what happens is that we as a contractor come in, we have these extra materials and they're not specified, so nobody will take them except for a landfill. They're not hazardous; they're not contaminated; in many cases, they're just below table 1, which is the requirement for good topsoil across Ontario. So in addition to our landfills filling up with garbage, we're also filling up our landfills with excess construction materials, soils that nobody at this point will take and that we're not reusing when we're doing designs and contracts.

Mr. Michael Prue: So this soil wouldn't qualify as clean fill? As I travel around the province, I see signs all the time: "Clean fill wanted." You can't take that to a place that wants the clean fill for free?

Mr. Rob Bradford: There's no such thing as clean fill in the province anymore as far as we can see. If you went out in your backyard and dug up a pail of dirt, it would not pass as clean fill. If you went into a child's playground and dug up what's under the grass, it would not pass as clean fill. That's the regulatory environment we're working in. We're looking for some sanity to be brought to that. It's costing the province and any owner of construction $90 a tonne to dump this stuff at a landfill. We're dumping essentially clean dirt in the landfills, and it's costing 90 bucks a tonne. I mean, that's—I hate to use the word "crazy," but it's crazy.

Mr. Michael Prue: That's a good word to conclude with. Thank you.

The Chair (Mr. Pat Hoy): Thank you, and thank you for your presentation before the committee.

Mr. Rob Bradford: Thanks, Mr. Chairman.

The Chair (Mr. Pat Hoy): Now we are adjourned.

The committee adjourned at 1737.

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