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Mr. Massimo Pacetti

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● (1405)

[*English*]

The Chair (Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.)): We are going to get started. Good afternoon. This is our last panel. As they say, we saved the best for last, so you guys cannot disappoint. Do you understand? All right.

We're here pursuant to Standing Order 83.1 on the pre-budget consultations for 2005. I'll allow you a seven- to eight-minute opening statement, presentation, whatever you like, but if you can keep that timeframe I would appreciate it, because the members are going to want to ask questions.

Not all the members are here. Just for your information, when the committee travels, only half of the committee travels. Some of the members have to leave, but your testimony is going to be on record, so if somebody wants to go back and refer to it, they can refer to it. So not to worry on that end.

Perhaps we can start right away. From the Advocacy Centre for Tenants Ontario, Ms. Todorow.

Ms. Mary Todorow (Policy Analyst, Advocacy Centre for Tenants Ontario): Good afternoon. My name is Mary Todorow, and I'm a research policy analyst with the Advocacy Centre for Tenants Ontario. It's a specialty legal aid clinic funded by Legal Aid Ontario. ACTO engages in test case litigation in law reform, in education advocacy on housing and homelessness issues affecting low-income Ontarians.

We would like to thank the federal government for the money that has been allocated to affordable housing construction, rent supplements, and to the national low-income energy efficiency program. All of these incentives and initiatives are extremely welcome and sorely needed.

Two years ago our organization made a submission to your committee in which we expressed a great deal of hope about the delivery of housing units under the federal-provincial affordable housing program agreement. Two years later, it is difficult to muster the same tone of hope, despite many announcements of millions of dollars to be spent on housing. At last count, $734 million is being invested under the affordable housing program in Ontario over the life of the program. In addition, Ontario also expects to receive a share of the $1.6 billion for affordable housing announced in the latest federal budget passed in June.

In the past four years there have been four signed agreements between the federal and Ontario governments and 11 major housing announcements. There have been two previous announcements regarding allocation of housing to Ontario municipalities. Despite this, according to a Deloitte and Touche audit of the Ontario Ministry of Municipal Affairs and Housing, the total number of units actually built in Ontario under the federal-provincial affordable housing program between January 1, 2001, and March 31, 2004, was 63 units. That's right—63 units in total for the province of Ontario over three years.

In 2004 it was conservatively estimated that 158,456 low-income households, or over 300,000 individuals, were on waiting lists for social housing across the province. At the same time, Canada Mortgage and Housing Corporation's housing market forecast data predicted a need for 16,000 starts annually between 1996 and 2001, and over 20,000 units after 2001. Here in Ontario we're facing an affordable housing deficit of over 80,000 units.

The need for new affordable housing units continues to grow exponentially. Although the fast-tracking of 500 units in Ontario under the $24 million Strong Start initiative is certainly a step in the right direction, it could be years before the bulk of the promised new units are completed and ready for occupancy.

The affordable units that have been announced are not affordable to most of Ontario's tenants. The rents will be at or just below CMHC average rents. Using CMHC's definition of "affordability", and that measure is spending less than 30% of your pre-tax income on rent, a tenant household in Toronto would need an income of over $40,000 per year in order to afford a two-bedroom apartment. Here in Toronto, in 2004, the average two-bedroom apartment rented for $1,052 per month. Across all of Ontario, the average rent for a two-bedroom apartment in 2004 was $898. A tenant household would need to earn in excess of $35,000 per year in order to afford that rent.

According to Statistics Canada, the median income of Ontario's renter households was less than half of homeowner households. The median income of homeowners was $66,382, from the 2001 census, and the median income of tenant households was $32,194.

If two persons in a household were making minimum wage, their total gross annual income would be $27,118. In Toronto, if they pay the average rent for a two-bedroom apartment, this couple would have approximately $846 per month to pay for utilities, food, transportation, and all their other basic needs. As an example, two discounted public transportation passes alone cost $181 per month.

The Advocacy Centre for Tenants Ontario analyzes data for the Ontario Rental Housing Tribunal. For the time that they've been in operation, from June 17, 1998, to December 31, 2004, 94% of all landlord applications were for eviction, and applications for non-payment of rent comprised 84% of all those eviction applications filed by the landlords. Tenants are losing their housing for relatively small amounts of arrears. The City of Toronto eviction study found that fully half of the households facing eviction applications owed less than $961 at the time the landlord made the application. That's about a month's rent in Toronto.

● (1410)

Under the new affordable housing program, the per capita grant for new construction is set at $60,000 for the province of Ontario, and $70,000 for Toronto and other municipalities in southern Ontario. That is about half the estimated cost of constructing a new unit in most parts of the province. If municipalities contribute another $10,000 per unit, a developer would still need to finance about $60,000 per unit. That means that rent in the units will be at or close to average market rents in Ontario, although only about one-third of the renter households in Ontario can actually afford average market rents.

Rent supplements in the private market are a short-term and expensive fix. The most recent announcement of a five-year rent supplement program that will deliver an average monthly supplement of $267 across the province, and as high as $350 for Toronto, where rents are highest, is about half what is required for a typical low-income household.

The average market rent for a two-bedroom unit in Ontario is $898, while the median income for the poorest one-third of renter households in Ontario is slightly more than $11,000. That means they can afford a monthly rent of $280. They would need a monthly supplement of $618 to reach the average CMHC market rent, and that's more than double the amount on offer in the latest rent supplement announcement.

The rent supplements should be tied to the new supply, the most cost-effective use of the dollars. That way a portion of the new homes could be subsidized to ensure income mixing in the new projects, a model that has been proven successful.

ACTO truly welcomes the dollar commitment the federal government has made to affordable housing construction, rent supplements, and the national low-income energy efficiency program. However, you might understand our very real concern about the on-the-ground delivery of housing units to the people who need them most. To reiterate, in Ontario we are facing a deficit of over 80,000 units, and only 63 units were built between 2001 and 2004. That's not even one housing unit per member of Parliament in Ontario.

We urge the federal government to work with all of its funding partners and do everything in its power to spend the dollars that have been announced as quickly and efficiently as possible. For example, many municipalities will need support and advice in rolling out a housing program.

We still desperately need a comprehensive, fully funded housing program for co-op, non-profit, aboriginal, supportive, alternative, and transitional housing developers and providers with adequate capital subsidies, adequate rent supplements, funding for rehabilitation of abandoned or substandard housing, support service funding, and development assistance.

You have made a financial commitment, and now we ask that you ensure delivery of the program. Seven years ago, mayors from across Canada declared homelessness a national disaster. The situation has deteriorated. While homeless and underhoused people, and those who can barely afford the rent every month, appreciate the federal government's announcements, they would appreciate the housing even more.

Thank you.

● (1415)

The Chair: Thank you.

I have just a quick question on your brief. Is the cost for new construction really $60,000 per unit?

Ms. Mary Todorow: It's even more. The per capita grant is set at $60,000.

The Chair: Okay. That's what I thought.

Ms. Mary Todorow: But you would need even more on top of that. At $70,000 plus $6,000, the developer would still have to find—

The Chair: One of the members keeps asking if you have any idea what that would be.

Ms. Mary Todorow: Do you mean what the average price is?

The Chair: Yes. In the Toronto area, what are the construction costs for a one- or two-bedroom unit? You can think about it.

Ms. Mary Todorow: I can get back to you.

We're not in the development business. We're in the business of trying to ensure that low-income people don't lose their housing.

I can get that figure for you because I have contacts.

The Chair: Okay.

Next, from the Canadian Urban Institute, is Mr. Onyschuk.

Mr. Bob Onyschuk (Chairman, Canadian Urban Institute): Thank you very much. Let me introduce the rest of the delegation.

Glenn Miller from the Canadian Urban Institute is with me. Angus Ross is here. He is the former chair, as you might remember, of the NRTEE, the National Round Table on the Environment and the Economy, which dealt with brownfields in a national report that was given to the Prime Minister and to your government a year ago.

I'm the chair of the Canadian Urban Institute. David Crombie, who would have been here today, regretfully is still in Ottawa. He's chair of the Nuclear Waste Management Organization, and they had some rather heavy meetings yesterday, as was reported in the press and as you may have seen.

I'm going to assume that you know who the CUI is. We're a national think tank on urban issues. We do a lot of policy and research. Glenn Miller, who's the vice-president of the CUI for policy and research, is here. We're very much involved in the smart growth movement, which I'm sure you've heard about, both in the United States and Canada—strong communities, the urban agenda, the new deal for cities and communities.

You have our submission. I'm not going to read it or even read parts of it. I'm assuming you've either done that or will do that. But I do want to underline the two areas that we put forward this year, which are very important areas to build on the new deal for cities. The two areas, although you might think of them as being disconnected, are very much connected. One has to do with heritage buildings—preservation and restoration and financial incentives at the federal level that are required to match what's happening at the provincial and local levels, the city levels. The other is brownfields.

Now, I said they're both connected. They're both very important to the redevelopment and revitalization of the urban cores of our towns and cities. When you think about it, whether you take the smallest village or town in this country or the largest city, in terms of brownfields they are the old industrial lands—contaminated, under-utilized, mostly vacant—that were in the cores, that are still in the cores, and today need to be redeveloped. And they're being redeveloped in every other major country in the G-8. I'm going to come back to that; part of that is in our submission.

Heritage buildings are the same thing. Heritage buildings are where our communities were first developed. They are the history of our civilization and our society across the regions of this country and right down to the local villages and towns. A lot of those heritage buildings are again in the cores or near the cores, and as you know—and we see—a lot of them stand vacant, underutilized, not redeveloped, and I don't want to say "eyesores", but in some cases, in some communities, they are eyesores.

Why is it important to do anything about those two things, and why should the federal government do something about it?

The reason is not because it's about the environment when you're talking about brownfields, although that is a worthy and important cause on its own. And it's not because it's about aesthetics, or architecture, in the case of heritage buildings or historically significant buildings. It's important because of economic reasons, the economic vitality of our cities and towns, because in the 21st century we need strong, vital, good-looking cities and towns, and we need strong, vital, good-looking cores to compete with our neighbours to the south.

In this regard, one of the things we've done—and I have copies for you—is a whole series of research papers on what the U.S. has been doing. They call it smart growth. It isn't Democratic; it's not the Democratic Party and it's not the Republican Party. It's a bipartisan buy-in to what they're doing, and it's why the U.S. cities and towns have gone through an unprecedented urban revival in terms of their cores.

● (1420)

It's about 10 years old. It's called smart growth. It's a return to the CBDs; it's a revitalization of the CBDs—central business districts—of their waterfronts, the old industrial areas. It's about creating strong communities but also strong local economies.

I'll give you a little further insight. Here's what they did. The U.S. conference of mayors in the mid-nineties had Standard & Poor's do a study for them of the importance and the significance of cities to the American economy. Standard & Poor's said that if they took each one of these city regions and called it its own country, what would its GDP be in relation to the largest and the smallest GDPs of real countries? They found that 54 American city regions ranked in the top 100 GDPs of the world.

The U.S. federal government got it. What they got was that their economy is really the makeup of those 54 regions, and they have to be strong in order for the economy of the U.S. in the 21st century to be strong and to grow.

One other thing is that Professor Porter at Harvard and Richard Florida at Yale found that in terms of the new economy companies, the global players—the companies that are hiring the knowledge workers of the 21st century—are (a) mobile, but (b) they want to live in cities and towns that are good looking, that have a good quality of life, a good environment, and good, strong, vital communities.

Therefore, in the U.S they've moved, over the last eight or nine years, and the statistics are absolutely amazing. Some of them are in our brief as they relate to both heritage buildings and as they relate to brownfields.

Through federal incentive programs, which they have layered with provincial programs—of course, they call them states in the U.S.—and local programs at the municipality level, there has been over $20 billion worth of redevelopment in terms of brownfields. That is phenomenal activity, phenomenal economic revival in and around the cores, new jobs, employment, housing. They've created housing on a lot of these brownfield lands, obviously at higher densities, which helps the city cores.

On the heritage side, as we said in our brief, there has been $31.8 billion of private sector redevelopment as a result of primarily the federal tax credit for heritage buildings. That is a phenomenal program. They're very proud of it. The leverage, they say, is 5:1, and when you look at the redevelopment that then occurs next to the heritage properties or as part of a major redevelopment of a heritage property where it's intensified, it's about double that number.

That's why those two areas come together, and those two areas are very important as the next steps in what we need to do in this country to be competitive with the Americans, to keep up with the Americans. But what's more important is to grab the new economy companies, the global players, who are looking to where they will put the next 2,000, 3,000, 5,000 employees, whether it's in a city or in a town.

Vibrant city cores, vibrant town cores, are very important, and we can give you chapter and verse in terms of the incentive programs that have been used in the U.S., in the U.K., and in Europe, by their federal governments, in order to instigate and help the redevelopment.

In the case of this federal government, we would be asking that you look very seriously at these two areas as the next two extremely important areas in the redevelopment of our town and city cores right across this country.

Mr. Ross is here on the brownfields side. Doug Franklin, from the Heritage Canada Foundation, will be speaking and has his own submission. Right after, we'll speak to the heritage issue. We've collaborated on the heritage issue side—as we have also with AMO and FCM.

● (1425)

I hope I've explained why the submission, and what we've put in detail, are important to the long-term strategy of this country.

The Chair: Thank you.

From the Heritage Canada Foundation, Mr. Franklin.

Mr. Douglas Franklin (Director, Policy and Programs, Heritage Canada Foundation): Thank you very much, Mr. Chairman.

I have filed my brief with the clerk of the committee, so I will just present a few highlights.

We're delighted that the Standing Committee on Finance is focusing on the high productivity performance needed for our future prosperity. The Heritage Canada Foundation is, of course, dedicated to the preservation of our heritage places and buildings across the country. This is not a static museum exercise; this is a living, dynamic use of resources.

Heritage property can be found throughout Canada. The federal government estimates that there are some 20,000 buildings with recognized heritage value that are capable of revenue generation. This is what I'm focusing on today.

It has been proven in other jurisdictions, as my colleague Mr. Onyschuk said, that entrepreneurial capital invested in building rehabilitation, under the right conditions, converts what is marginal into the profitable and the productive. The Heritage Canada Foundation asks the federal government to adopt tax measures for rehabilitating heritage properties.

How would these measures enhance entrepreneurship?

First, they would encourage investment in all parts of Canada, especially smaller communities facing problems, such as out-migration, owing to fewer economic opportunities.

Second, investment in building rehabilitation would improve the local economy, through job creation, skills improvement, purchase of materials and services, and numerous other benefits, such as increasing the stock of housing, increasing the property tax base for municipalities, and increasing heritage tourism.

By how much would performance be improved? Well, all studies of similar tax measures in other jurisdictions show that the cost to government is actually revenue neutral. However, the subordinate orders of government in particular benefit immediately from improvements to the local economy, including increased employment, increased tax bases, increased quality of life, and, even reduced crime rates. Eventually, the national government will gain through increased income tax from those who are rehabilitating the buildings.

What if we don't take into account this stock, and what if we don't improve this infrastructure? Well, we live in a world of sustainable communities. Bulldozing our national stock of older buildings is not a sustainable move. We cannot rely on continuing to extract resources from the ground; we will increase our landfill sites with demolition waste. The number one natural resource being used in building, or new construction, today in Canada is gravel—or natural aggregate. We have many lovely river systems and so on in Canada. These are being depleted faster than any other natural resource. It cannot continue.

Reusing what we have is essential and important, and similarly with human capital. The Canada Mortgage and Housing Corporation has demonstrated that for every dollar invested in rehabilitation of older buildings, twice as many jobs are created than from new construction. This, again, is a very important finding that the government should build on.

Finally, in terms of physical capital, our heritage buildings, as Mr. Onyschuk has said, can be found all over the country, throughout the various regions—Lethbridge, Alberta; downtown Toronto; and Gander, Newfoundland. So, again, to increase productivity throughout Canada, and, more importantly, to support the local economies, we need this new tool.

So far the federal government has done excellent work through the Commercial Heritage Property Incentive Fund, which is to provide up to $10 million a year over three years for building rehabilitation. This is an excellent start, but it should be seen only as a test bed for a tax incentive. It is only a tax incentive that has been proven, particularly in the United States, to harness the energy of private capital—and that's what we need. We live in a market economy, and we can't look upon our older buildings as just a static commodity; they have to be used, and the tool we need is a tax incentive.

Thank you very much.

● (1430)

The Chair: Thank you.

Mr. Franklin, when the foundation puts money towards a heritage building, is there an obligation for private money to go into it?

Mr. Douglas Franklin: Over the years we have preserved something like 77 buildings across the country. Almost all of these demonstration projects were done with partners: the private sector and other levels of government.

We ourselves only hold five properties. These are held in trust for the Crown. They're given to us under special conditions. The overwhelming majority have been obtained and rehabilitated by us and then put on the market with protective covenants, with the concurrence of our partners.

The Chair: Okay. Thank you.

From the Ontario Genomics Institute, Mr. Burks.

Mr. Christian Burks (President and Chief Executive Officer, Ontario Genomics Institute): Mr. Chair and members of the committee, I appreciate the opportunity to appear before you today.

My name is Christian Burks, and I am president and CEO of the Ontario Genomics Institute.

My purpose here today is threefold. First, I want to convey that genomics and proteomics—and the scale, scope, and strategy they bring to life sciences research—represent an important complementary alternative to traditional approaches to research and development.

Second, I want to illustrate how the federal government's investment in genomics and proteomics research through Genome Canada has been leveraged by the growing life sciences research enterprise in the province of Ontario, where the federal dollars have been doubled, and in some cases tripled or even quadrupled, with aligned funding from other sources.

Third, I want to encourage you to stay the course and to continue providing support through Genome Canada for this vital sector as Canada moves forward into a knowledge-based economy. I would like to elaborate on these points.

Genomics and proteomics, on the one hand, are focusing on gaining insight at the molecular level into genes and the proteins for which they code, and on the other hand—and very importantly—reflect a new scientific paradigm for life sciences research that came into play over the past decade and is blossoming as we move into the 21st century.

It is not business as usual, but rather it is the intent to more efficiently and more rapidly create leverageable research resources for the public and commercial research communities. This is achieved with large-scale, high-throughput, and often automated technologies. Funding and managing these programs also requires a very specific orientation to their size, to their complexity, and to their focus on end-point results and resources that can be leveraged by the research community.

OGI was founded in 2000 as a private, not-for-profit corporation with a mandate to focus on building a globally competitive life sciences industry in Ontario through funding and management of genomics and proteomics research projects. It is one of six genome centres across the country that were created to parlay the activities of Genome Canada at the federal level into provincial sources of co-funding and reflecting provincial R and D strengths and priorities.

OGI, through its relationships with Genome Canada, the newly created Ontario Ministry of Research and Innovation, and other private and public sector partners, helps Ontario-based scientists secure funding for genomics-driven research and commercialization.

Since 2000, OGI has developed an Ontario-led portfolio of close to one half billion dollars in genomics and proteomics R and D. A bit less than half of these funds have come from Genome Canada. More than half have come from the provincial government, from participating not-for-profit institutions and their donor base, and from commercial partners such as biotechnology and pharmaceutical companies.

Our portfolio's core focus has been on human health, but we have also funded other important areas such as technology development, agriculture, forestry, and environmental sciences.

The research we have funded continues to generate high-impact outcomes. For example, in genomics, Dr. Steven Scherer in Ontario led an international consortium that put together the definitive sequence in biomedical annotation for human chromosome 7. This has provided, and will continue to provide, a unique and widely used and referenced resource for those working on understanding and treating several human diseases that are mapped to that chromosome.

In another example, in proteomics, the structural genomics consortium led by Dr. Aled Edwards in Ontario, with additional work in funding being contributed from England and Sweden, has generated, worldwide, one-fifth of all new novel human protein structures deposited in global data banks over the past year. Structures such as these are the basis of drug discovery research, and that prospect has led to contributing support from that industry. Our investment of Genome Canada funding in this project has been leveraged by a fourfold greater—and growing—basis of funding from other sources.

OGI has also funded genomics and proteomics technology platforms that enable other scientists, both those funded by Genome Canada and those who are not, to generate, analyze, and interpret data more effectively. For example, the Centre for Applied Genomics has provided crucial state-of-the-art services and technologies to over 700 scientists in Ontario, the rest of Canada, and other countries around the world. In doing so, they have created 50 new, skilled jobs for highly qualified people. To date, we have invested around $8 million of Genome Canada funds in this platform, leveraging over $22 million in other national, provincial, and institutional investments.

Initiatives such as these and the funding required to make them a reality send a loud and clear message that Ontario, indeed Canada, is committed to developing and fostering a culture of innovation and enterprise that will provide economic, social, and cultural benefits to everyone in this province and country.

Genome Canada funding enables and encourages us to attract the best and brightest research scientists to our research institutions, demonstrates to the world that basic research is a cornerstone of our society, and establishes that Ontario is the right place in which the private sector, domestically and internationally, should invest from early to late stages.

I myself am an example of the impact of this funding in attracting scientists to Canada. I moved to Toronto several years ago from San Francisco—arguably the centre of the biotech universe—to join a start-up company that used Genome Canada funding to create a research base for an antiviral drug program. Over the past five years, the programs we have funded have resulted in the creation of over 600 jobs and the training of over 400 highly skilled researchers at early stages in their careers. The science we have funded has resulted in the publication of over 200 papers in primarily international journals.

● (1435)

I would like to close by returning to my third point: stay the course. Continued funding of genomics and proteomics R and D will sustain the initial momentum and will provide a continuing framework for capitalizing on the R and D outcomes and creating impact and value for our society.

The oft cited ascendancy of the U.S.A. in the biotech and pharma industries today is not because of the level of last year's life sciences research budget. It is not because of the level of research funding over the past five years. It is because there has been a sustained, aggressive government commitment to basic research in the life sciences over the past four years.

Members of the committee, life sciences and the business sectors they support are becoming an increasingly important part of Canada's economy. It is vital that our goals and mission be directed at building and maintaining a leadership role in what has become a fierce global competition for the best talent, the best technology, the most advanced research, and the funding needed to bring practical applications and market solutions to Canada and abroad.

I urge you to recommend to the Minister of Finance and his department that it is imperative that the Government of Canada continue to build on a strategic investment in genomics and proteomics R and D. Genome Canada believes that will require $235 million over the next three years.

Mr. Chair, members of the committee, thank you very much for your time.

The Chair: Thank you, Mr. Burks.

You're aware that Genome Canada made a presentation already, and so did Quebec. I believe there was also one other one in Manitoba. I'm just letting you know that if you don't get any questions, it's probably because we've already had presentations.

But thank you for your presentation.

Mr. Christian Burks: Thank you for your generosity in letting us all present our point of view.

The Chair: From the Registered Practical Nurses Association of Ontario, we have Ms. Young Evans.

Ms. Joanne Young Evans (Executive Director, Registered Practical Nurses Association of Ontario): Thank you.

Mr. Chair, members of the committee, ladies and gentlemen, good afternoon, and thank you for the opportunity to present a few remarks to you today.

My name is Joanne Young Evans, and I'm the executive director of the Registered Practical Nurses Association of Ontario. The RPNAO is a professional association representing many of Ontario's registered practical nurses. The association brings the professional perspective of RPNs to the table and advances the RPNs' role in the health care system through advocacy and continuing education.

I want to focus my presentation this afternoon on two specific areas, namely addressing Canada's health human resources shortage and encouraging a greater focus on preventative health care.

Let me first begin by saying that registered practical nurses, or RPNs, are unique to Ontario. Throughout the rest of the country, practical nurses are referred to as licensed practical nurses, or LPNs. In all provinces, all practical nurses are regulated through provincial statute and they practise in provincially established scopes of practice, standards of practice, and codes of ethics.

Over the years there have been some misconceptions surrounding the role of practical nurses. In particular, there has been a misunderstanding of the education and training RPNs receive, as well as of the scope and standard of practice for RPNs in Ontario. I should note that these misconceptions are found not only among legislators and government officials, but also within the health care sector, including among many employers, such as those in the acute care and long-term care sectors, and within the nursing profession itself.

As a result of these misconceptions, particularly among nursing employers, some facilities, specifically in the acute care sector, are moving toward the majority RN or total RN model of health care. Senator Michael Kirby, in his 2004 report entitled "Why Competition is Essential in the Delivery of Publicly Funded Health Care Services", suggests that this is equivalent to calling in an electrician to change a light bulb. The job will get done but not in a cost-effective manner.

Throughout your travels across the country, as you receive many deputations from associations and organizations in the health care sector, you have no doubt heard of the shortage in health care human resources. The statement has no doubt been made that there is a shortage of nurses, particularly in Ontario, where there is a shortfall of 12,000 nurses.

To add to the many statistics you've already been given, I'll point out that in Ontario there are over 32,000 RPNs registered with the College of Nurses of Ontario. Of those, only 25,000 are employed in Ontario as RPNs in acute care, long-term care homes, community care, and so on. Of those, only 11,500 are employed on a full-time basis. The remaining are employed as either part-time or casual workers. There are many who are employed as practical nurses but are actually performing the duties of personal support workers, health care or dietary aides, and even custodial staff.

My point is this. If one accepts that the 12,000 shortfall figure is accurate, simply employing all RPNs who are not employed or fully employed in nursing would wipe out that shortage. But what keeps this from happening? Too often it is because of provincial rivalries or turf battles between the RN majority in the profession and the RPN minority.

Regrettably, such interprofessional turf battles in health care are not limited to nursing. Practical nurses throughout the country, particularly in Ontario, face other barriers that are preventing their full employment. As a result, a significant health care human resource is being underutilized at a time when health care stakeholders have been requesting increased funding to hire additional health care personnel, particularly nurses.

The RPNAO has taken a contrary position and suggests that the nursing human resources are there. However, there simply needs to be a better utilization of the roles and responsibilities of all members of the health care team to ensure that they are being used effectively. Not only will the health care system in the country be better served, but there will also be significant economic benefits.

The top salary for an RPN working in an Ontario hospital, including benefits and wages, is $50,000, compared to $80,000 for RNs. Seventy per cent of health care costs go to what I call health human resources, by which I mean salaries, benefits, fees, and so on that are paid to those who deliver health care. It logically follows, then, that managing those costs will have a disproportionately positive impact on overall health care costs. In this regard, better utilization of RPNs will reduce the nursing shortage and save money on health care delivery.

Let me give you an illustration. In total there are currently 62,475 nurses employed in Ontario hospitals. RPNs make up only 11,542 of that total. If through attrition and new recruitment 10% of those positions now held by RNs were filled by RPNs, the system-wide savings would account for more than $152 million.

● (1440)

I want to emphasize that replacing the current RN-held positions with RPNs would in no way affect the care given to patients, but rather would result in the better utilization of RPNs and RNs in the roles they are trained and educated to perform. The RPNAO does not in any way advocate for the replacement of any nurse; however, through attrition and voluntary leave, these kinds of savings could be realized.

As a result, the RPNAO offers two recommendations. First, there needs to be a fuller or better understanding of the roles and responsibilities of all members of the health care team, particularly for the nursing professions. Governments, employers, other health professions and practitioners, and unions all need to have an understanding. There is a role for every profession in the health care system. The system must be flexible and responsive enough to accommodate human resource substitution to make health care delivery more cost effective. The silos among the professions that exist in our health care system need to be taken down. Only by allowing all professions in the health care sector to practice to their full scope will the system operate effectively and efficiently. Secondly, the RPNAO recommends that incentives be given to hospitals or other facilities that employ a full mix of health care personnel who are practising to their full scope.

I would now like to move away from profession-specific recommendations and provide some comments on the health care system as a whole. Over the past few years there have been a great number of discouraging statistics about the lifestyles that Canadians have been living. The rate of obesity is steadily increasing, and alcohol, smoking, and drug use are still prevalent in today's society. Unfortunately, the number of suicides and attempted suicides remain discouragingly high.

The health care costs associated with treating individuals for eminently preventable diseases are still too high. Therefore, the RPNAO recommends that additional funding and a greater emphasis be given to programs that discourage unhealthy living and encourage a healthier and active lifestyle, particularly in our schools. We also recommend that the number of school counsellors available to our school-aged population be increased substantially.

Those conclude my remarks.

Thank you once again. I would be more than pleased to answer any questions you may have.

● (1445)

The Chair: Thank you, Ms. Evans.

From the Regional Municipality of Waterloo, Mr. Ryan.

Before you begin, Mr. Crombie, you're joining Mr. Franklin?

Mr. David Crombie (President and Chief Executive Officer, Canadian Urban Institute): Yes, I am.

The Chair: I just want to put that on record.

You're a former minister or a former mayor?

Mr. David Crombie: Yes, sir, both “formers”.

I am president and CEO of the Canadian Urban Institute, and that's not “former” that I know of.

The Chair: We'll see after the panel.

Thank you.

Mr. Ryan.

Mr. Larry Ryan (Chief Financial Officer, Regional Municipality of Waterloo): Good afternoon.

My name is Larry Ryan. I'm the chief financial officer for the Region of Waterloo, and I'm filling in for Ken Seiling, who is our regional chair.

When I arrived a little earlier, I circulated some copies of my presentation. I'll refer to that, and I have some speaking notes.

I'd like to touch base on who we are at the Region of Waterloo, a little bit about our community, our believe in our growth, our partnership with the federal government in terms of a funding arrangement, our progress to date, and our opportunities for the future.

The Region of Waterloo is one of the fastest growing municipalities in Canada. We have a population of about 500,000 people, and we expect to grow by about 58% by 2031. We have a lot of growth locally. We're the 10th largest urban centre in Canada.

We're lucky to have three great learning institutions, the University of Waterloo, Wilfred Laurier University, and Conestoga College. We have access locally to great educational facilities.

We also possess a high-tech cluster of about 400 firms. I notice that many of you are utilizing the BlackBerry. It's a local firm that is very successful.

It's not only about high-tech locally. We also have a large automotive industry as well, with a Toyota plant within the Region of Waterloo. We have some large insurance companies, with Sun Life and Manulife headquartered in Waterloo as well.

The Ontario government identified the Waterloo region as a high growth municipality in a “Places To Grow” document that was recently issued. The Conference Board of Canada reported that the Region of Waterloo would have the highest GDP growth for Canada in 2005 and is actually in a tie at 7%.

In terms of our philosophy and beliefs, we really appreciate the partnership we've had with the federal government over the last little while. It's very much appreciated to know that the federal government sees municipalities as catalysts for economic development in the future.

About two years ago, our regional chair was at this very meeting talking about some needs within our community and within many communities across Canada and Ontario. We talked about our need for assistance with respect to roads and bridges, affordable housing, early childhood education and care, and rapid transit.

I'd like to touch base on those specific items over the next few minutes.

In terms of roads and bridges, we have had a significant infrastructure deficit of about $200 million on roads and bridges. We require about a $15 million influx of funds per year. The federal government has thankfully come forward with federal gas tax funds. We will be receiving $4.3 million in 2005, and that will be increasing to $14.3 million by 2009. We thank you for that.

In terms of affordable housing support services, the federal government has also made a recent announcement of additional funds for municipalities to assist in developing new programs that will help with rent supplements, reduce waiting lists, and target various disadvantaged individuals. The Region of Waterloo will be receiving about $12.4 million over the next little while. We are currently working on an implementation plan to utilize those funds. Our initial goal was to produce 1,000 new housing units within the Region of Waterloo. We've produced 875 units to date, and our goal has recently been increased to 1,500 units. We again thank the federal government for its assistance in this area.

With respect to early childhood education and care, the federal government has again committed to providing some funds for municipalities and service providers. The region will receive $33 million over the next three years to assist with our programs. This will fill vacant child spaces that we have in existence already and will actually help to produce some new spaces within the Waterloo region. We're again working on an implementation plan. Our first allocation of these funds is actually going to happen next week at regional council.

One item that I'd like to address in a little more detail was part of the original ask for rapid transit about two years ago by Ken Seiling, our chair. It ties nicely into the presentation made by Mr. Onyschuk.

We're proposing to implement a rapid transit system to encourage a more compact urban form and significantly improve our air quality within the Region of Waterloo. It's a total project that will cost about $300 million. Our proposal is for the federal government, the provincial government, and the Region of Waterloo to share one third, or $100 million each, within that project. This project does support the Kyoto Protocol, and what we'd like to do is implement that program, that new service, now and not wait till we see this massive increase in growth that we're expecting.

● (1450)

Again, we're looking at a 58% increase in the population by 2031. We'd like to have the go-ahead for this project now, so it can be that much more easily implemented and we can put a cap on the cost. The longer we wait, the more we develop, the more this project will increase in cost.

We believe this rapid transit system will be a catalyst for growth in our core areas. What we want to do is reduce urban sprawl and preserve our agricultural land and our heritage community. This is closely linked with our regional growth management study. What we want to do is put a hard edge on our three cities and our townships so that we don't have that sprawl into our agricultural land. We have a strong Mennonite community in our agricultural townships and we want to keep them there. It's something that defines our community.

So far, we've received some funding for our rapid transit program from the federal government and the province. We've received about one and a quarter million dollars, so we're doing some environmental assessments and looking at some service delivery options. Again, it's very important that we receive some final grants from the federal and provincial governments for this program.

I talked about our partnerships and opportunities for the future. One of the things we've partnered well in the past is our affordable housing strategy. We've recently completed our University of Waterloo Research and Technology Park. It was a cost-shared program: one-third by the federal government, one-third by the province, and one-third by the Region of Waterloo and the City of Waterloo. We also had the partnership of the University of Waterloo, which provided the land for this development.

We have an accelerator that's built on this facility, and we have six corporations that are actually in operation on the site as we speak.

I have talked already about the federal gas tax program to help with our roads infrastructure.

Our new affordable housing announcement by the federal government is going to help with our supply of housing and our best start program for early child education programs. We appreciate and thank you for your support in those areas.

Again, what we want to do is make sure we are still on the radar for our rapid transit system, and we are looking for a $100 million grant from the federal government.

Thank you very much.

The Chair: Thank you, Mr. Ryan.

Before I go to Mr. Anderson, Mr. Ross, I think you're going to want to speak. If three minutes will be enough, I'll give it.

Mr. Angus Ross (President, L & A Concepts, Canadian Urban Institute): Fine.

The Chair: It's only because with eight groups, it's tough. We have to leave by 3:30 p.m.

So Mr. Anderson first, from the Association of Municipalities of Ontario, and then I'll come back to Mr. Ross.

Mr. Roger Anderson (President, Association of Municipalities of Ontario): Good afternoon, ladies and gentlemen.

As was just said, my name is Roger Anderson. I'm the chairman of the Regional Municipality of Durham. I'm also the president of the Association of Municipalities of Ontario.

AMO has been representing the interests of Ontario municipal governments for more than a century now. AMO is very pleased that the federal government has begun to treat municipalities as a true order of government, because we firmly believe we can advance the interests of communities of all sizes, but we can't do it unless we act together as partners.

AMO is extremely supportive of the new deal for communities that we just recently signed with the federal government. We've been long-time advocates for reliable and predictable long-term funding and for giving communities a stronger voice in decisions that affect them. The federal gas tax equivalent is a tangible, effective, and much needed example of this new commitment to municipalities. It builds on other important new deal milestones in which AMO has been a direct partner with the federal government.

Competing demands and fiscal resources face each order of government daily. While municipal governments have worked at doing more with less, this has meant that municipalities have not been able to keep up with capital infrastructure needs while trying to hold the line on the property tax. That strategy is beginning to overtake all municipalities in the province of Ontario and will undermine the foundations of our economies, threaten our environments, and limit our cultural and social progress—that is, unless there is a plan that gives us predictable, sustainable sources of revenue.

The new federal-municipal partnership is a key component of what is needed to tackle our shared challenges. We must work together to ensure we have effective governance structures in place to collaborate on issues of shared interest and to maximize the effectiveness of our investments in human and physical capital in this province.

In Ontario, municipalities are the front-line providers of services essential to the national workforce's productivity—services such as immigration settlement, public health, housing, employment, welfare, and child care. Ontario's municipalities, as the primary funders and managers of these services, are seeking collaborative relationships with the federal government. We are asking for and are also seeking collaboration to ensure that the federal policies are informed by knowledge, understanding, and the priorities of Ontario communities.

More specifically, we would like the federal government to take a strong leadership role in promoting and marketing the benefits of immigration, producing a framework for local or regional agreements, and creating corporate income tax incentives for rural and northern employers. In addition, we would ask that municipalities be included from now on in discussions leading up to a Canada-Ontario labour market agreement.

Ontario is the only province in this country that requires its municipalities to subsidize provincial health and social services programs. The net municipal subsidy paid for by municipalities in this province is more than $3 billion annually. As a result, Ontario's property taxpayers have the highest property taxes in this country.

The Government of Canada has an historic opportunity to right part of this wrong by creating a new investment in social services, including much needed housing programs.

Underlying many of these issues is the increased need for meaningful social assistance. Larger numbers of individuals have applied for Ontario Works as a result of changes to the employment insurance program. Unlike their counterparts in other provinces across this country, Ontario communities must fund this program, as well as those for persons with disabilities. We ask that your government take the lead to harmonize the rules, eligibility, and disincentives of various programs that target unemployed and disabled workers, with a view to reducing the municipal cost share.

Ontario municipalities construct, maintain, and operate the entire spectrum of facilities required to deliver water, sewer services, transit, transportation, cultural and recreational centres, plus parks, but they face an annualized deferred maintenance and delayed infrastructure investment of about $5 billion as a result of the funding inequities.

● (1455)

The infrastructure deficit undermines the capacity of northern and rural communities to prosper and limits the ability of urban communities to compete internationally. AMO's member municipalities would like to do more, but they are truly hamstrung by the $3 billion gap, a barrier contributed to by the federal government by virtue of pass-down loading and policy initiatives.

Federal investment in transit and environmental sustainability is an important first step to correcting the problem. However, even when Ontario's share of the gas tax revenue reaches $746 million annually, it will still fall short of the $5 billion infrastructure deficit.

Opportunities for the federal government to assist municipalities in protecting our natural environment include waste diversion and pollution prevention programs. Ontario's challenges in dealing with solid waste may be more acute than in any other province, but they are certainly not unique. The federal government can create an opportunity to champion cutting-edge waste reduction and energy creation projects that will enable Canadian industries involved in sustainable technologies to gain a competitive advantage while protecting our natural environment. Similarly, the federal government has an opportunity to ensure that the Kyoto Protocol is properly implemented by including the municipal sector in its development.

In conclusion, municipal services are vitally important front-line services to our residents. No one disputes the solid municipal capacity to deliver services, but financing them and meeting our capital needs are putting the health and safety of our communities in a precarious predicament, more so than at any previous time in our history.

We need the cooperation of the federal government to help us with the machinery needed to get the job done. Together we can build strong, sustainable, productive, and competitive communities throughout this province. I look forward to working with the federal government to make that happen.

● (1500)

The Chair: Thank you, Mr. Anderson.

Mr. Ross.

Mr. Angus Ross: Mr. Chairman, committee members, thank you for the opportunity to address you briefly this afternoon.

My name is Angus Ross and I'm chair of the Canadian Brownfields Network that was formed in direct response to a recommendation in the national round table's national brownfield redevelopment strategy of 2003 for a national brownfields network.

Unlike most of the presentations that I suspect you'll be hearing in your travels across the country, the main recommendation that I'm going to be addressing is one that will actually generate funds for the federal treasury, and it is not a request for a reduction of that treasury amount.

Cleaning up brownfields brings economic, social, and environmental benefits to every single community across this country. Work that was done for the national round table when we prepared the report showed that the federal government actually generates 22¢ out of every single dollar spent by anybody on brownfield redevelopment. And that's purely from personal income tax; it doesn't include GST or corporate income tax. So it's a very significant revenue generator for the federal government.

Included in the joint Canadian Urban Institute-Canadian Brownfields Network submission were two recommendations: one on the forgiveness of liens and tax arrears, and the second on minor adjustments to the Income Tax Act.

We held a joint workshop addressing liens and tax arrears with the National Round Table on the Environment and the Economy in March of this year. I'm pleased to note that work is currently taking place on a rationalization of a protocol for the removal of these liens and tax arrears, both at a federal and a provincial level. So I will leave that particular recommendation to one side.

The major recommendation we're addressing is a taxation issue. At present, a developer working on a brownfield redevelopment cannot deduct the cost of remediation from other revenue generated. They are forced to capitalize this and effectively get the taxation benefit back over a number of years. This has a significant impact on the small and medium-sized developers, and it renders many brownfield projects uneconomic. In practice, a change in sections 18 and 20(1) of the Income Tax Act, which allow expensing rather than capitalization, would recognize that the expense has already been incurred by the developer. They will not be able to obtain the income tax relief until the end of the year, so that in practice the federal government, through GST and through income tax, will be getting a pre-payment of any small tax allowance they are giving on the remediation expenses.

The United Kingdom, in it's finance act of 2001, allowed not 100% but 150% of remediation expenses to be deducted from profits generated by other activities of a developer. They just amended that to 105%, I suspect because they realized how effective 150% was.

The United States allows full deduction of remediation expenses to be offset against other income.

I'd like to close by commenting on a couple of redevelopments that have taken place, to give you an idea of the benefits that accrue to the federal treasury. They're both fairly small projects. One is the Barton and Crooks Street project in Hamilton, Ontario. The clean-up costs, which would be the ones eligible for full deduction under the change, were $250,000. From the overall redevelopment, income tax revenues are $216,000, and the increase in GST revenues is $240,000. So we're looking at 200%.

On the Spencer Creek Village in Hamilton, Ontario, the clean-up to date is $1.85 million. The projected income tax revenue from on-site remediation and construction is $3.6 million. The increase in GST revenues is $6.6 million. We're looking at five times. That ties in very closely with the numbers the national round table developed, that every single dollar put into brownfield redevelopment generates $3.80 in other economic activity in the overall economy.

● (1505)

What we are looking for is a small readjustment of the Income Tax Act, which we believe would be extremely beneficial, both to the federal treasury and to communities across this country in the redevelopment of brownfields.

Thank you very much.

The Chair: Thank you, Mr. Ross.

I'm going to go to Ms. Oda for six minutes. As a reminder to the witnesses, the members only have five or six minutes for questions and answers, so if you can keep your answers to a concise intervention, I think the members would appreciate it, and they can ask more than one question.

Ms. Oda.

Ms. Bev Oda (Durham, CPC): Thank you very much, Mr. Chair.

Thank you for coming. I know it's difficult to have prepared and have such a short time to debate, but we do have your written presentations.

I want to say that I have a good friend who tells me the nurses are the backbone of the health care system in Canada. I would support that, for sure.

I want to focus on two aspects. Generally, my observation on the presentation from the Advocacy Centre for Tenants Ontario is that, from what I read in your presentation, there are a lot of announcements that have been made, a lot of dollars that have been promised, but they're very low in delivery. I would be shocked to say that 63 units are the results of multi-multi-million-dollar announcements.

Ms. Mary Todorow: That was until 2004. I do have to say that when that program was signed with the previous provincial government, which was the Conservative government, they did not fully cost-share that program. There was a lot of—

Ms. Bev Oda: I don't want to cut you off, but at the end of the day, we've heard a lot about low-income housing, affordable housing, and we're not even getting close to addressing that issue.

Ms. Mary Todorow: The big thing was getting the governments back into housing, because in 1993, the last social housing program was cancelled at the federal level. In 1995, the previous provincial government cancelled the social housing program. So it's incredibly positive that we do have a social housing program with all levels of government wanting to build it, but the problem is ramping out and getting the money out there and the housing built.

● (1510)

Ms. Bev Oda: Thank you. I want to go quickly because I do have other questions.

That's my point. I think we've had all the announcements. We've had the program announcements. Now we want to see those units built.

Ms. Mary Todorow: Exactly, the bricks and mortar.

Ms. Bev Oda: Again, I think where I would like to get some discussion would be from the Canadian Urban Institute, in addition to AMO. We've also had a number of announcements from the federal government on various programs, on the gas tax program, etc.

I have a particular concern from my riding, for which I have a responsibility to speak up. It's not a large urban centre. My riding is Durham riding, which, as you're familiar with, is not Toronto. It's also on the east side of Toronto. So when I look at my riding compared to the west side of Toronto, I say, how are we going to benefit? How are my constituents going to benefit from some of these programs?

My question here is on heritage buildings, because you're talking about heritage buildings, and I can name so many heritage buildings in my riding that are getting no attention. And the small towns need that centre-of-town focus even more so.

Mr. Anderson, we have lots of money that has been promised. You've asked for long-term stability. Do you have the flexibility at the regional level—because I know you're the regional chair for Durham—but also at the municipal level...? Do those people in the community, the leaders in the community, the councils, the regional governments, have the flexibility in regard to the federal programs to use the money in the most beneficial way, to be able to meet the immediate needs and to create their own priorities?

Maybe, Mr. Anderson, first of all, you could answer as to whether your relationship with the federal government gives you enough flexibility.

Mr. Roger Anderson: I can tell you two things. First of all, I know the agreement that we signed with the federal government is now in the hands of every municipal government and will be signed. I know Durham will get their money—because the staff is here and they're listening to this—on Friday, because we'll sign our agreement on Wednesday.

In regard to the accessibility of the use of the funds, there are some guidelines, but there are only six municipalities in the entire province that aren't allowed to use the money for roads. The rest are all entitled to use it for roads, which I think is one of your biggest concerns, Ms. Oda.

It has to be for environmentally sustainable projects. For the region of Durham, I can honestly say that we can use it for waste, sewer and water, just sewer, or for an EA for the incineration program we're looking at.

Ms. Bev Oda: But my understanding is that not every municipality has the same degree of flexibility.

Mr. Roger Anderson: Every single municipality in the province of Ontario, other than the city of Toronto, has a set of guidelines that specifies what they're allowed to use the funding for. In your particular municipality, your mayor and your council could use the money for municipal roads and bridges because they qualified for that.

Ms. Bev Oda: Thank you.

The Chair: Thank you, Ms. Oda.

Ms. Wasylycia-Leis.

Ms. Judy Wasylycia-Leis (Winnipeg North, NDP): Thank you, Mr. Chairperson.

Since this is the very last time I'll get to speak in the pre-budget consultations, let me thank you for your patience, Mr. Chair.

A voice: Are we going into an election?

Ms. Judy Wasylycia-Leis: That's up to the Liberals.

I'd like to thank you, Mr. Chair, and all the staff—the research staff, the clerk's staff, and all the translators—for their help during these long, protracted discussions.

I would like to begin my questioning with Mr. Ryan, of the Regional Municipality of Waterloo.

This morning we had a presentation from the Kitchener-Waterloo Chamber of Commerce. The representative focused primarily on tax cuts for the corporate sector. If we followed everything she said, there wouldn't be any money left over for anything you're suggesting. What's your recommendation in terms of the right balance between tax cuts, infrastructure deficit, and whatever else you think is important?

Mr. Larry Ryan: It's important to continue the relationship we have with the federal government to continue the supply of funds for affordable housing, child care, transit, and all those various grant programs. If there were to be any sort of tax cuts with respect to those programs and the ability of the federal government to generate funds for municipalities, I wouldn't like to see that.

● (1515)

Ms. Judy Wasylycia-Leis: A week from this coming Monday, the Minister of Finance is going to be before our committee with his economic update. He's going to have about $12 billion in extra money to play with for this year alone, never mind next year's budget. What do you think he should announce on November 14?

Mr. Larry Ryan: I can give you a list, but when you look at it from a municipal perspective, it's the infrastructure deficit. I just spoke about the infrastructure deficit for a roads program. The money the federal government is providing will just basically cover our infrastructure deficit by 2009.

We have waste facilities, user rates, water and waste water facilities, and multiple infrastructure programs across the whole region of Waterloo and across all municipalities, so when you look at our infrastructure deficit, it's quite a bit larger than just what I've quoted this morning. We could spend a lot of money on replacing our infrastructure.

Ms. Judy Wasylycia-Leis: For the country, it's about a $60 billion deficit.

For the rest of you, I just want to end my turn, at least, talking about the macro issues and what general recommendations you would give us as we finalize our report, especially in the context of the government's proposal to divide up any surplus dollars one-third, one-third, one-third. We need some general advice in terms of the proper balance between spending, tax cuts, and debt relief. Does anybody want to jump in?

Mr. Roger Anderson: I'm sorry I wasn't here for the whole day. I would have loved to have heard some of your conversations.

Ontario is the highest taxed province in the country. Ontario is your highest revenue-producing province in the country, I would suggest. It goes without saying that if you don't find a balance between the federal government and the province of Ontario, you're not hurting the province of Ontario's government; you're hurting the residents of the province of Ontario. I say that to you with all due respect.

I know most of these people at the table, including my good friend, the former mayor of the city of Toronto. I can assure you that this $3 billion gap we have and are fighting with the Province of Ontario for is very similar to the same fight Premier McGuinty is having with the federal government. If you don't address that gap soon, you're not hurting anyone but the residents of the province of Ontario. We just can't sustain this tax on the property taxpayers much longer.

I know you're going into an election, I know we're going into an election, and a year after both of us, the province is going into an election. We're sending out tax bills twice—once before you do and twice before the province does. We just can't continue to afford this gap. I say that with all due respect. I think all provinces in this country should be treated equally fairly or equally unfairly. Right at the moment, Ontario is not being treated fairly.

Ms. Judy Wasylycia-Leis: Would there be time for Joanne and Mary perhaps to give their perspectives as well?

Ms. Joanne Young Evans: Thank you.

I'm going to make a statement and then I'm going to contradict myself.

First I'm going to say we strongly urge the federal government that increased funding for health care right now is not required; it is not necessary. We see it as throwing good money after bad.

Now I'm going to contradict myself. We'd like to see some of the money you have available be used on how we can use our system more effectively.

Senator Kirby did an outstanding report, and it shows just a small number of the savings that can be made within our system. Please do not give more money to a system that needs to be fixed before we do that.

Thank you.

Ms. Judy Wasylycia-Leis: Does that mean you also support Senator Kirby's recommendations on privatization?

Ms. Joanne Young Evans: No.

Ms. Judy Wasylycia-Leis: Okay.

Mary.

Ms. Mary Todorow: I was anticipating a question about revenue, so I consulted the National Housing and Homelessness Network submission that was made to the finance committee, and we would agree there should be a significant portion of the annual federal surplus allocated to a new national social housing and homelessness program. It's the 1% solution, $2 billion from the federal government and also $2 billion from the provinces.

One of the reasons a lot of this housing...Ms. Oda was wondering why it wasn't getting built. After all those social housing programs were cancelled, the whole momentum, the whole resource group, everything that was supporting the building of social housing, disintegrated. It went away. People couldn't wait around. They had to go and do other things, so that is gone. There are problems with the ramp-up, so what you want is a sustained, ongoing, consistent program, and it would be very helpful to have it properly funded.

● (1520)

Ms. Judy Wasylycia-Leis: Isn't it the case that we're one of the few countries in the civilized world without a national housing policy?

Ms. Mary Todorow: That's true.

The Chair: Thank you, Ms. Wasylycia-Leis.

Mr. McKay.

Hon. John McKay (Scarborough—Guildwood, Lib.): Thank you, Chair.

If it was just simply the last time the finance critic for the NDP spoke and all that stood between us and an election, it would be very tempting, very tempting indeed.

Voices: Oh, oh!

Hon. John McKay: On the gap, Roger, the bizarre part is that the best thing to happen to Ontario, whether it's a $12 billion surplus or any surplus in the future, is tax relief. The truth of the matter is Ontario sends in 44¢ and gets back 38¢. It's a hazard of the progressive taxation system. We have more affluent people than we have less affluent people. Every program is skewed to less affluent people, so on a per capita basis we end up with a spread that has gone up. In a bizarre sort of way, Ontario should only support tax cuts, and then you would free up space for.... I don't expect a stampede on that point.

I just wanted to ask the Canadian Urban Institute this question about your capitalization. I take it what would happen on a brownfield site would be that developers would be able to expense all their costs in the year in which the expenses were incurred. Would that also mean their expenses would be offset against other revenues not necessarily incurred on that site?

Mr. Bob Onyschuk: No. Although it could be—in some jurisdictions in the U.S. they allow that. You could limit it to the revenues from that project. You have that option.

To be robust, it should be a full expense against any project he may have.

But you have that option.

Hon. John McKay: So if I have one project making money and one project losing money, I could use these expenses to offset my revenues on the other account.

Mr. Bob Onyschuk: Yes. And in the U.K., for example, they allow that.

Hon. John McKay: Now, if that's true, then I'm not going to move up my adjusted cost base. I'm not going to be able to suck and blow on this one.

Mr. Bob Onyschuk: No, no, of course not.

The problem is, yes, you have a contaminated site, and you need to fix that contamination. There's a social policy and a reason that says you should do it. But at the moment, you can only capitalize it.

So you don't get...you get your money back in 3% increments over 33 years. Therefore, nobody's moving it. Nobody's doing anything with it.

Hon. John McKay: Yes.

As a quick comment on the CCA for heritage buildings and for other buildings generally, would you be supportive of a bump-up in the CCA?

Mr. Bob Onyschuk: Yes, that's another way to go.

The heritage tax credit is a clear way to go, but it's one of two. You could do that or you could do CCA. It's the same thing; it's a question of which you prefer.

Hon. John McKay: Which makes me switch to the heritage folks here, and I want to welcome former Mayor Crombie.

If Toronto has a civically engaged citizen who's close to sainthood, he's arrived. The contribution of Mayor Crombie over the years has just been amazing to this city and to the country generally.

Mr. David Crombie: Thank you, sir.

Hon. John McKay: On the Heritage Canada proposal, can I flip it back and forth between CCA rates, or is there another idea that you have with respect to the Income Tax Act?

It wasn't clear to me when I went through your presentation.

Mr. Douglas Franklin: No, those techniques are available. They've both proven to be workable in other areas of subject matter.

So we would be completely open to the idea of either a capital cost allowance or a tax credit. It could work well both ways.

Hon. John McKay: Okay. Thank you.

● (1525)

Mr. Douglas Franklin: The immediate concern is getting capital to invest in our cities and in our older buildings.

Hon. John McKay: No, I'm not arguing with the idea itself, the economic spinoffs and the benefits. I mean, I live on Metcalfe Street in Ottawa, and if you know Metcalfe Street in Ottawa, you'll know it's absolutely gorgeous. They've restored some of the buildings there and made it a wonderful street.

To the Waterloo folks, your affordable housing seems to be going ahead like gangbusters, yet I hear—

Ms. Mary Todorow: They're the leaders.

Hon. John McKay: They're the leaders. Okay. Because in Toronto it's—

Ms. Mary Todorow: And they've been doing it with private participation.

I've heard a lot about it, and you're quite a leader, yes.

Hon. John McKay: Okay.

You know, I have some feeling for what goes on in TO here, and it seems to me that the municipal structure here just seems to get in the way of projects. Is that a fair analysis?

I shouldn't ask Waterloo.

Mr. Larry Ryan: I won't comment on that, but what I can say is we have about 4,000 families on a waiting list in Waterloo Region, and some of those are hard to serve. What we've done is we've provided 875 new units, but most of those have gone to the easier-to-serve members of our community; that is, their subsidy level requirements aren't as high as some of the other ones on the list.

So we're making headway into the list, but it's going to be much more difficult in the future to get to those hard-to-serve ones because the level of subsidy has to be that much higher.

Hon. John McKay: My final question is to Roger. I assume I have about 30 seconds.

In the global picture, do you think that municipalities over the longer term will be able to sustain themselves on their property tax revenues, or is there going to have to be a sea shift, a significant shift, in revenue generation where the provinces actually give the municipalities other taxing authorities?

Mr. Roger Anderson: Municipalities in the province of Ontario have reached their limit.

Literally, we're at the hump on the camel, and you're about to break the back. For citizens in the province of Ontario, whether they be in Toronto or in Pickle Lake, the taxes are at their limit, in all fairness.

The only way it's going to change is if.... We could reduce municipal taxes in this province by one-third if we could shift the social services responsibilities and health responsibilities off to property tax payers.

Hon. John McKay: So you want to shift the responsibilities, or you change the tax revenues.

Mr. Roger Anderson: Or you give us a source of revenue far greater than what your government has signed up for.

Hon. John McKay: Well, that leads to another argument as to whether it should be a direct relationship.

Mr. Bob Onyschuk: Mr. Chair, if I may, the Canadian Urban Institute has actually looked at that very issue. There is no other G-24 country that supports municipalities and gives them only the property tax base—none. Every other country gives them other financial tools, and that's a major issue that needs to be addressed.

The Chair: Thank you.

Thank you, Mr. McKay.

Just on that issue, Mr. Anderson, coming from Quebec, my question is that I don't understand how the Ontario municipalities are paying for the provincial health and social services.

Mr. Roger Anderson: We send a tax bill to the property taxpayer.

Some of our social services are split 80-20 and some are 50-50. Let me give you an example. In the province of Ontario, we pay for ambulances. It's supposed to be 50-50 with the Province of Ontario, as part of a download a couple of years back. We'd be lucky if the province paid 35% of what they're supposed to pay. So instead of us paying 50% of an ambulance cost, we're paying 65% to 70% of the cost of an ambulance.

Ambulances should not be on the property taxpayers. It's a health service, we believe, that should be funded by the Province of Ontario.

Social services have been discussed by my friend from Waterloo. We pay for social service costs that no other municipalities in this country pay for. I'm glad to hear that out of the G-8 and the G-24, we're the only ones who do.

We are talking with the Province of Ontario in regard to potential sources of revenue under the new municipal act, but that's a ways down the road. The only thing that can happen is to shift those social service costs off our property taxpayers.

The Chair: I have two of you.

Go ahead, just briefly, Mr. Ryan, and then Mr. Ross.

● (1530)

Mr. Larry Ryan: I would just add, if I could, that on the social housing side, municipalities in Ontario pay 100% of the operating costs, and that's 10% of our property tax budget. We have an annual levy of about $287 million; $27 million of that levy goes for housing, and we get no operating subsidy. So that's one.

There are some very large social—

The Chair: Mr. Ross, and Ms. Todorow.

Mr. Angus Ross: Mr. Chair, I'd just like to comment that the municipalities are actually missing out on a very substantial revenue base, with brownfields being left unredeveloped. The City of Moncton put $5 million into the Moncton Shops Project, and they are going to receive $8 million annually in additional tax revenue. The City of Toronto, with its undeveloped brownfields, is losing between $120 million and $125 million each year in property taxes.

The Chair: Thank you.

Ms. Todorow.

Ms. Mary Todorow: Just going back to your question about my presentation and the average cost in Ontario, my figures are between $120,000 and $140,000, depending on where it is in Ontario.

On the affordability issue, I'm just going to speak to what was just said about social housing, because social housing was downloaded onto the municipalities by the previous government. Energy costs are a huge component of those ongoing operating costs, but are the greatest amount in the budget they can actually control.

In the new social housing program, or this affordable housing program that you and Ontario are paying for, there is no mandate for energy efficiency standards in those new housing units that are going up. Because of the Kyoto Protocol and the real target we have for reducing our greenhouse gas emissions, it's so much more cost effective to build in energy efficiency up front in these 15,000 new units being built in Ontario than to do it later, but the capital costs don't account for that. To do this afterwards would be a lot more money, and it seems penny-wise and pound foolish, at this point, not to actually increase those capital costs, because the municipalities, at the end of the day, are going to have to subsidize either utility costs for the tenants or for the—

The Chair: Thank you. I understand.

I have to move on, but I have two quick questions first.

Mr. Burks, I've been asking this question of the others. How is your return at the Ontario Genomics Institute on the money you're lending out?

Mr. Christian Burks: We're getting slightly more than half of the funding for the projects overall from sources other than Genome Canada.

The Chair: Are you just as successful? Quebec told me they were the most successful branch. Is that correct?

Mr. Christian Burks: I don't know in detail, but I know they've done quite well. They have tremendous support from the province for their program.

The Chair: How are your percentages dictated? How are the funds distributed in Canada? Is it based on per capita or on Genome Canada's distribution—

Mr. Christian Burks: No, not at all. It's based on scientific competition with international peer review. Ontario has been quite successful at bringing in most of the funds so far based on that.

The Chair: Thank you.

I forget now what the recommendation was, but Ms. Young Evans, this is on your recommendation 1. I think it's the one where you're asking for the health care sector to now work in silos or to be more integrated or for groups to work with one another. I'm not sure what we can do with that.

Ms. Joanne Young Evans: Well, actually that could be mandated, and right now it isn't. In Ontario alone, under the RHPA we have 23 regulated health professions, we work under 23 colleges, and everything is done separately. Now, we are looking at that currently in Ontario, but that alone, along with the unions, promotes the idea that this is my turf, that's yours, and don't cross it.

The Chair: Yes, it's the same problem in Quebec, but I understand Premier Charest went from 3,000 union sectors down to less than 100 or less than 50, but there's still a problem with the unions. I'm not sure how that works, and that's why I'm not sure if we want to go there.

Ms. Joanne Young Evans: You're doing better in Quebec and actually in Alberta with the whole regionalization issue, so it has helped.

The Chair: Mr. Ryan, on transit, how do we give you $100 million or whatever amount you're looking for? There's no program for that from what I understand, unless you're aware of a program.

Mr. Larry Ryan: Well, we are plugged into Infrastructure Canada and Public Works Canada. We've been working with the federal government and the provincial governments. We've received about $1.25 million from the province and the federal government combined to do some technical studies, so there is a pot of funds out there that we have access to. I wouldn't know what the name is, but—

A voice: They have the strategic infrastructure fund.

● (1535)

The Chair: Okay, but I have to go with the priority being provincial, so the province will have to decide if it's a priority. I don't see how it's anything this committee could recommend. I think it has to be done through the province.

Mr. Larry Ryan: Well, we're working jointly with the province and the federal government on the project.

The Chair: Thank you.

I just want to take two seconds and thank all the people who made this possible, because it's never an easy task. We went out west and did four cities in five days; out east we did three cities in five days. That doesn't include Ottawa. By the time we're done, we're going to have had a little under 500 groups with a total of 700 or 800 witnesses. It's a lot to put together.

I want to just thank the clerks, Richard Dupuis and Christine, who's still here; the Library of Parliament, June and Alex; the logistics officers, Lise and Patrick, who were on this leg; the interpreters, who had an easy time today, Micheline, Paule, and Mr. Graham; and of course the verification monitors or whatever you call yourselves, the big high-techos, André and Lynne.

I want to thank the members as well, because they had to travel, and it wasn't easy under the conditions we're under. I want to thank Mark Holland, who was in Montreal and Toronto, and Yvan Loubier, who was here until yesterday, and then he thought he had to go back because there was a risk of a vote. Yvon Godin from the NDP was in Moncton. Jim Prentice was in Montreal. John McKay, thank you for joining us; you finally made it. Charlie Hubbard was in Moncton; I want to thank him. Maria Minna was here yesterday. Monte Solberg just left this morning, so I thank him; he was here. Ms. Judy Wasylycia-Leis, thank you; you were here in Toronto. And there were Bev Oda, Charlie Penson, Charlie Angus, and Rob Moore.

Those are all the people who contributed, so thanks. This is not an easy task.

I want to thank the presenters. It wasn't an easy panel either. These are challenges we have as MPs in trying to get your message across to the Finance officials. I hope we do the job you're expecting from us.

Thank you. The meeting is adjourned.

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