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## Tuesday, February 15, 2005

## Chair

**Mr. Massimo Pacetti**

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● (1110)

[*English*]

**The Chair (Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.)):** Good morning, everyone.

If we can just begin, we're here pursuant to an order of reference, Bill C-39, an act to amend the Federal-Provincial Fiscal Arrangements Act and to enact an act respecting the provision of funding for diagnostic and medical equipment.

I thank Mr. McKay and Monsieur Thibault for appearing, and also the officials from the Department of Finance and the Department of Health.

I assume, Mr. McKay, you have an opening statement.

**Hon. John McKay (Parliamentary Secretary to the Minister of Finance):** Yes, I do, Mr. Chair.

Thank you for these “standing room only” accommodations.

**The Chair:** We aim to please, as they say.

**Hon. John McKay:** Yes, it's amazing how $41 billion will draw attention.

I will, as is my custom, be quite brief with the committee because that leaves more time for questions. The idea here is that Mr. Thibault will try to answer questions with respect to health, and I'll try to respond to questions with respect to financial issues. As you can see, we have a variety of officials here with us, all of whom have names. I can't imagine why I should introduce people who already have names, so they will respond as needed.

This, as you know, is Bill C-39. It is the government's 10-year plan to strengthen health care, which was signed by all 14 of the first ministers in the September 2004 meeting.

Our government considers it a priority to work in partnership with the various other orders of government. As part of this contribution to an effective partnership on health care, the federal government brings a commitment to a growing, stable, and predictable health care funding so that provinces and territories can plan well into the future.

Mr. Chairman, the Government of Canada committed last fall to increase the health care transfers to the provinces by the sum of $41 billion over 10 years, starting in this fiscal year, 2004-05. This funding will do the following: it will strengthen the Canada health transfer, the largest transfer supporting health care; it will both increase the base level of CHT and establish an automatic 6% escalator; it will create a wait-times reduction transfer in order to assist provinces and territories; and it will provide an additional $500 million for diagnostic and medical equipment in this fiscal year 2004-05. The $41 billion over 10 years provided for in Bill C-39 will help ensure provinces and territories have adequate resources for their needs.

The government will invest an additional $3 billion in the Canada health transfer for 2004-05 and 2005-06 to close the so-called short-term Romanow gap. Then, starting in 2005-06, a new higher base will be established at $19 billion going forward. This is much more than merely satisfying the recommendations of the Romanow report. The government is going, if you will, the extra mile. This should ensure that Canadians who suffer undue financial hardship in accessing needed drug therapies will be recognized. That's why the CHT base includes $500 million for home care and catastrophic drug coverage.

I also note that the health reform transfer created as part of the 2003 accord is now being rolled into the Canada health transfer, effective 2005-06 and beyond. This reflects the government's continuing commitments to and enhancement of the 2003 accord.

Another important component of the new Canada health transfer base is the automatic escalator. That is 6% on the base of $19 billion, which is unprecedented and will ensure some predictable and stable funding going forward.

All jurisdictions have taken concrete steps to address wait times in such important priority areas as cancer, cardiac care, and diagnostic imaging. This bill provides for an investment by the federal government of $5.5 billion over 10 years for wait-times reduction funding. The first five years will be funded through a third-party trust and can be drawn by various governments as they see fit, right off the top. The next five years will be addressed through regular funding increases.

These priorities include clearing backlogs, training and hiring more health care professionals, building capacity for regional centres of excellence, and expanding appropriate ambulatory and community care programs. Beginning in 2009-10, $250 million will be provided through an annual transfer to the provinces and territories to support health human resources and tools to manage wait times.

The Government of Canada will also provide provinces and territories with a further $500 million for medical equipment. I point out that this builds on previous investments in diagnostic and medical equipment in the 2000 and 2003 health accords.

Mr. Chairman, the total federal cash transfers in support of health care are scheduled to rise to $30.5 billion in 2013-14 from $16.3 billion in 2004-05, almost doubling the amount of money over that period of time. The bulk of this new transfer that is provided through the Canada health transfer will grow by 6% annually, as I mentioned, on a new base of $19 billion. This represents a significant commitment by the Government of Canada.

Also take note that all governments have signed a ten-year plan and have agreed to an action plan that includes achieving results for Canadians. In particular, governments committed to report to their residents on health system performance, including elements set out in the ten-year plan, in recognition of the authorization of significant new expenditures of Canadian taxpayers' money and in fulfillment of the commitment to transparency and accountability. Bill C-39 includes provision for a parliamentary review.

In summary, Mr. Chairman, I'd like to reiterate that this is a $41 billion commitment to growing, stable, predictable health care funding. Canadians want assurances that their health care system will be there for them and their children when they need it. It's our view that this legislation provides that assurance. I'm hoping that honourable members will see it the same way.

If I may, Mr. Chairman, I will end there and invite questions, through you.

● (1115)

**The Chair:** Thank you, Mr. McKay.

I will go directly to the members.

Mr. Merrifield.

**Mr. Rob Merrifield (Yellowhead, CPC):** Thank you.

We actually had an opportunity to discuss this somewhat in the health committee a while ago, and it's a pleasure for me to be here to talk about the nickels and dimes of this health accord. You're talking about $41 billion over ten years. That's a significant amount of money.

Actually, what's really interesting about this accord is that in June of last year all parties in this House ran in an election. The Liberal Party ran this election on health care, and the numbers they used in that election were approximately half of the numbers in this accord a few months later. What's really interesting about that is that in our election plan in June 2004 we were actually very close to these numbers. For us to oppose the numbers here, well, we're not about to oppose the numbers, but I have some considerable concern with some of the accountability or the lack of accountability in this accord.

First of all, to explain, maybe I don't have it quite right. You have $5.5 billion in wait times in a separate third-party trust that the provinces can draw down starting next year. Can they draw all $5.5 billion initially?

**Hon. John McKay:** They can draw down up to $4.25 billion.

**Mr. Rob Merrifield:** Up to $4.25 billion.

**Hon. John McKay:** Then the balance of the money goes out over the next five years.

**Mr. Rob Merrifield:** So they can draw most of it down in the first year.

**Hon. John McKay:** In theory, it's five minutes after this bill passes

**Mr. Rob Merrifield:** They'll do that, won't they?

**Hon. John McKay:** Not necessarily, but I can't speak to the various needs. The expectation is that various provinces are not all created equal, and there may be instances—

**Mr. Rob Merrifield:** Can you tell me what scenario would have to be there where they wouldn't draw this money down initially?

**Hon. John McKay:** They may not have adequately developed plans to use the money.

**Mr. Rob Merrifield:** Okay. That gets into the plan.

The criterion on this money is that it goes into wait time reduction. That's pretty broad. Are there any targeted amounts for wait time reductions in the accord that are supposed to be accomplished with this money?

**Hon. Robert Thibault (Parliamentary Secretary to the Minister of Health):** If you look back at the plan and what has been accepted by the Prime Minister and the premiers, they would look at five areas in the case of wait times and lower them to bring them to an acceptable level. They are looking at comparable indicators, working through the Canada Health Council and the Canadian Institutes for Health Information, maintaining the flexibility that each province has.

For example, in the case of Nova Scotia, it ended with the premier's meetings that were held with all the health professions of the health organizations in Nova Scotia prior to coming to the first ministers meeting. At that time, he indicated that they had fixed the problem for wait times on cardiac surgery in Nova Scotia. It was a $5 million fix. He's probably not going to be interested in using money for cardiac, but he might have more of a need in the case of hip replacements or joint replacements. He might have a need in vision. He'll have to put a plan together in accordance with the objectives upon which they all agreed.

This trust is going to have some rules regarding how they can use the money. Some provinces might—

**Mr. Rob Merrifield:** If you have a targeted number of objectives.... This money didn't come out of thin air; hopefully it was based on something.

● (1120)

**Hon. Robert Thibault:** Yes, there are five major areas of intervention in the case of wait times. There are some guidelines that will guide the trust. The provinces will draw on those to meet the objectives they commonly agreed on.

But remember that—

**Mr. Rob Merrifield:** And they don't agree. Or they don't achieve the—

**Hon. Robert Thibault:** Well, they already have agreed, but in all cases, review is by Parliament; reporting is to the people of the provinces. They are elected; they have the responsibility for delivery of health care. They will answer to their people on how they are using the funds they have available for them. They have elections at the provincial level, as we do at the federal level, so presumably the accountability system of democracy works.

Future Parliaments, in 2008 and 2011, will review information provided by independent third parties—the Health Council of Canada, the Canadian Institute for Health Information, among others. That will be available.

**Mr. Rob Merrifield:** Yes, and you know and I know, as politicians, that when this money is drawn down and spent, if the wait times have not been reduced sufficiently, instead of pulling money away and penalizing them for not achieving the ultimate goal you will actually give them more money, because you'll have to say there needs to be more money applied to be able to deal with the problem. That goes to the whole accountability, or lack of accountability, that I see in this accord.

It's the same thing with the $500 million that is specified for medical equipment. The same criteria are used, I believe, as for the $1.5 billion in the last accord, where we know.... I was actually sitting on a regional health authority, and I know full well what happened to some of that money. You didn't need it in the region for medical equipment, so you bought lawn mowers and ice cube machines and so on. That's what actually happened to that money.

It's amazing to me that we haven't learned anything from that. We've addressed medical equipment in the same way. There are no other accountability measures there, unless I'm missing something.

**Hon. Robert Thibault:** I think what we have to remember is that this was the priority for all Canadians—the wait time specifically—and this is indicated at the provincial level as well as it has been indicated to us at the federal level. We entered into some negotiations, and from a federal perspective we came to the assistance of our federal counterparts, who do the delivery. They have to respond to their electorate as to how they carry out their responsibilities. Delivery of the health care system is a priority, and we know it is their responsibility and we know it to be the priority of Canadians. So we are facilitating working with them.

Added to that, we gave ourselves areas of review on which we can work together, and future Parliaments will decide how they use the information they get from those reviews. The information we will be working from is common to all and is given by independent third parties so that it's not one government trying to make itself look good or trying to pad the numbers. That cannot happen. And we have to respect jurisdictions.

So it's a good faith accord and it's flexible federalism.

I think there would be objections from all of us around the table if we said that the federal minister knew the best way to deliver health care in each and every one of the provinces and each and every one of the communities. You point out rightfully, Mr. Merrifield, the existence of the regional health authorities. Even at the provincial level we recognize that there are some region-specific needs; that you have to work within the administration of the health care system; that you can't do everything using a province-wide, cookie-cutter approach in all cases.

I think these agreements respect those.

**Mr. Rob Merrifield:** How much time do I have?

**The Chair:** None.

**Mr. Rob Merrifield:** Okay. I just want to say in closing I don't have a problem with the dollars; I have a bit of a problem with the disingenuousness of these numbers and how they flow them in the accord.

And you're absolutely right, provinces have to deliver on their constitutional responsibility, which is delivering on health care. They have to have that flexibility. But let's not play politics with health care. We can't afford that any more.

**Hon. Robert Thibault:** Agreed.

**The Chair:** Thank you.

Ms. Minna.

**Hon. Maria Minna (Beaches—East York, Lib.):** Thank you, Mr. Chairman.

I have some similar questions. The first one is probably to Mr. Thibault—and Mr. McKay can answer, of course, if he likes.

My understanding is that in the accord there was talk of specific benchmarks that were to be developed as a way to measure the outcomes and to measure the quality of the meeting of objectives.

Unfortunately—I say “unfortunately” because I think they should have been negotiated prior to the actual accord—my understanding is that these benchmarks were supposed to then be negotiated after the accord. My sense, from comments I get from various provincial levels, is that they're saying: “You've now given us the money. Go away; we don't need to negotiate anything with you. Who needs benchmarks?” I'm being facetious, but that's....

Can you tell me where we are with negotiating these benchmarks? Are they being negotiated? Is there cooperation? Has there been another meeting of all ministers of health? Are they actually working on it diligently? Are we going to get them?

● (1125)

**Hon. Robert Thibault:** I'll ask the expert from the department to get into the specifics of it.

**Hon. Maria Minna:** That's one question; I have a couple to ask.

**Hon. Robert Thibault:** But I think what's important is that we agreed on the common objectives and we—

**Hon. Maria Minna:** With respect, Monsieur Thibault, I don't want to interrupt you, but I understand the common objective and the overall good faith and the direction we're going in, but there were specific benchmarks that were supposed to have been worked out as part of the agreement.

**Hon. Robert Thibault:** We'll get to the specifics, but what I want to say is that we agreed on the objectives, we agreed there would be reporting to everybody's jurisdiction—and this bill foresees parliamentary review. Parliament is ultimately responsible for the money that it expends and receives, so that review is there.

As for exactly what those measures will be, the benchmarks and those things, I'll ask Madam Ballantyne to answer.

**Ms. Meena Ballantyne (Director General, Health Care Policy Directorate, Department of Health):** Thank you.

The ten-year plan basically asked all FPT ministers of health to come up with evidence-based, medically acceptable benchmarks by December 31, 2005, for the five priority areas. In October, at their first meeting after the September agreement, the ministers of health met to discuss those benchmarks.

Basically, both levels of governments have said they will go off and do their homework on benchmarks, because this is a very complex area. We know right now that all of the PTs, all of the provinces and territories, are working together to figure out what constitutes evidence, what's medically acceptable, what domestic research has been done on it, and what kind of weight do we give to different evidence. So they're coming together.

The federal minister has also had a number of stakeholder consultations with experts and researchers, and the plan over the next few weeks is for the two sides to come together and come up with a joint process as to how to move forward, with the recognition there's a deadline they have to answer to in terms of meeting the first ministers' commitment.

**Hon. Maria Minna:** Will the evidence-based benchmarks apply to wait times and primary care reform in all aspects, or just one area?

**Ms. Meena Ballantyne:** It's starting on the wait times in the five areas, in terms of cancer, cardiac, and eyes....

**Hon. Maria Minna:** On the wait times.

**Ms. Meena Ballantyne:** On the wait times, yes.

**Hon. Maria Minna:** Okay, that brings me to another question, the area of primary care.

One of the major issues I felt very strongly about, and still do, was the reform of primary care and how primary care is delivered in our country. I think that's where a great deal of saving can come from in terms of using health practitioners and other experts in community health centres, as opposed to one-on-one fees, which is the old system.

Can you give me an idea as to what extent that is moving forward in different provinces and how much buy-in there is to that type of reform?

**Hon. Robert Thibault:** Well, the details will be there, but the agreement is that you go towards reform, that you go towards structural reform, that you are going toward accepting by a certain time that 50% of Canadians will have access to primary reform on a seven-day basis, 24 hours a day.

I'll be pressuring my provincial government that those not be the urban areas, because it's easy to achieve 50% if it's in urban areas only. So I will be interested in it being a mix between rural and urban, and then we'd have the full spectrum.

What you mentioned is often the answer to the rural difficulties; the one-on-one physician and patient relationship doesn't work very well in the rural—

**Hon. Maria Minna:** It's very expensive, yes.

**Hon. Robert Thibault:** It's very expensive. But the comprehensive team approach, using all health experts, works. There's an agreement among the premiers to look at the question of foreign credentials and to look at the question of alternative health delivery.

I would again ask Madam Ballantyne to give you the specifics.

**Ms. Meena Ballantyne:** Primary health care reform is one of the structural changes that takes a long time to develop in the system. It also requires a sustained commitment and adequate resources.

In this case, primary health care reform, in one form or the other, has been something the provinces have been working towards since the first ministers meeting of 2000. We've had the primary health care transition fund, an $800-million fund that has been accelerating the change in the provinces and territories. I can say with great confidence that there is a great deal of work being done in all the provinces and territories, but as the Health Council report that just came out last month has said, this is an area where we need to accelerate change. There are some barriers to progress that are related to scopes of practice issues in terms of physicians and nurses knowing exactly what their responsibilities are and how to work together in teams.

We have areas such as the electronic health record, which will facilitate this kind of structural reform. We have health human resources, the money that's going for that, which will start training health care professionals, right at the outset, in working in teams, and then working with the current generation of physicians and other health care professionals.

So there is progress. We are moving. We could be moving faster. That's why the first ministers agreement talked about a best-practices network that would be established, which would provide a national forum for provinces and territories to come together and exchange best practices and accelerate these reforms. The Health Council, as the arm's-length body, is shining a light on that issue in saying governments need to move faster.

So we're on track for meeting our commitment by 2011, for 50% of all Canadians to have 24/7 access through a multidisciplinary team.

If I may say, there's also a public education component to this, because among some Canadians there's still a stigma attached to being seen by a doctor versus a nurse practitioner. So I think there's the public education campaign.

There are younger doctors and female doctors who are coming on board who would welcome working in a team environment. They welcome working on salaries instead of fee-for-service, and having the flexibility for their personal lives. So it's a generational change that takes time to achieve and sustain commitment, which is what governments have been showing over the past several years.

● (1130)

**The Chair:** Thank you.

Ms. Wasylycia-Leis, and then Mr. Merrifield.

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

I would like to go back to this issue of accountability, because it seems to me that the number one concern with respect to this bill is in fact the lack of provisions in it to implement accountability mechanisms. I want to ask questions about two different, related issues to that broad issue of accountability.

First, can you give us some assurances that in fact the money allocated for health care will actually go to health care? I want to use the example of Ontario, looking at their recent numbers.

If you look over the four-year horizon of the Liberal government's mandate in Ontario, you will see that they are planning on spending $10.5 billion more for health care, but they are going to be raising from their health premiums and from the money they will get from this new agreement and through this legislative framework another $20 billion combined. That means that over the four-year period we're talking about, they're not using $9.5 billion in funds that they already have for health care.

If you put that in the context of their plans to lay off 757 nurses and you look at the clear, pressing needs in that province for health care, it would seem to me, based on this information, that there is no accountability between your money and what provincial governments are doing. It raises exactly the kinds of questions we heard about—money going to pay for ice cube machines and lawn mowers. So where in the bill is there some way to ensure that this doesn't happen and the Liberals in Ontario don't get away with this kind of charade?

**Hon. John McKay:** Let me answer generally and then refer over to Mr. Thibault.

The first level of accountability, from a parliamentarian standpoint, is the parliamentary review. So you ask an excellent question. I would think anybody from Ontario, or anybody such as yourself, would first ask the question, "Well, it looks like you raised $20 billion; you got $20 billion in the door, and you spent only $10 billion. Where is the rest?"

I think that's a pretty germane question, and I think it's a question that needs to be answered by any government, including the parliamentarians here in Ottawa. So that would be your first level of response.

Your second level of response is to develop a shared framework of accountability so you're not arguing about first premises.

So I would say those are your initial responses to what I would consider a pretty legitimate question.

● (1135)

**Hon. Robert Thibault:** First of all, I really appreciate the premise of your question, saying that this is a four-year mandate. I hope all the opposition parties think like that.

**Ms. Judy Wasylycia-Leis:** You might have missed the gist of the question. We're talking about the four-year initiative on the part of the Ontario Liberals. We weren't talking about the federal Liberals.

**Hon. Robert Thibault:** I have selective hearing.

In the case of the child tax credit, some provinces came back to the federal government with regard to the amount of money for community support for lower-income families, and transferring some costs from the provincial to the federal level ended up having no net effect on them. In the past, the provinces have made some arguments, and justifiably so, that we have also passed on costs. When you have a federal-provincial agreement, there's always a risk of that.

The cost of providing health services has gone up. But when I look at the demand for health services and the incremental costs, I have full confidence that the ability is there for the provinces to use all that money for health services and in the targeted areas the money is destined for. They will report to their provinces, and we will evaluate it.

Yesterday I heard of the example of Nova Scotia. I don't remember the exact figures, but the proportions will be right. The amount spent on health care as a proportion of the provincial budget has doubled in the last ten years, while the percentage of the total budget used for education has diminished. The demand on education hasn't been reduced. It's just that health care is such a priority that you have no choice. Hopefully—and this is a recognition on the part of all the first ministers—the transfer to the provinces of this money for those targeted areas will also alleviate other problems within the system.

**Ms. Judy Wasylycia-Leis:** On that last point, I think that points more to the federal government's failure to increase the social transfer to deal with the growing needs at the post-secondary education level than it does to a provincial government not allocating adequately to meet all the needs.

But I want to go back to this issue, because neither of you has answered my question. Mr. McKay, you sloughed it off. You passed the buck to us and said that we as parliamentarians can do this. We can engage in a review and do the work of government. But that's not my question. My question is: what is in this bill and what does the government intend to do in terms of ensuring the money is spent where it's intended? The bill says that a review by a Senate or House of Commons committee shall be undertaken on or before March 31, 2008, and three years thereafter. A lot of damage can happen in the meantime and a lot of developments can occur, without any kind of mechanism being in place on the part of government to oversee this allocation of money and to execute your responsibilities under the Canada Health Act and the Federal-Provincial Fiscal Arrangements Act. That's the first concern.

The second concern is with regard to your suggestion that this will just happen by osmosis. I think Canadians are concerned, as they've always been and rightfully so, because there have been historical problems on the transfer front all these years, and now with the new accord we may not see this magical solution to these longstanding problems because you've failed to entrench in legislation and in the accord sufficient accountability mechanisms.

**Hon. Robert Thibault:** This bill implements an agreement between the 13 jurisdictions and the federal government for the delivery of health care and the incremental expenditure of funds in targeted areas to the benefit of all. It doesn't prescribe how the provinces are to do all those things. It recognizes their jurisdiction and their expertise and responsibilities, and it makes those transfers. It further recognizes our responsibilities as parliamentarians to use the funds for the purposes for which they were intended, so it includes those reviews. It also has around it established third-party organizations, such as the Health Council and the Canadian Institute for Health Information, to inform the process.

If you want the details, I could ask Madam Minna to comment. But first Mr. McKay might want to reply to the question.

● (1140)

**The Chair:** The time is up, so please respond quickly.

**Hon. John McKay:** I would point out that while you may argue that the accountability mechanisms are inadequate, absent this bill we have no accountability mechanisms. That's point one.

Point two, with respect to the spending of moneys, most evidence seems to suggest that in fact the provincial governments spend all of their health care money, not only the money they receive from the federal government but their own moneys that they generate themselves. The premise of your argument would be a significant deviation from current evidence that's available.

Third, it's hard to react to your base question where the Government of Ontario, indeed all governments, can't plan for this money until this legislation is passed. So your question is good, but I would argue that it's somewhat premature.

**The Chair:** Mr. Hubbard, then I have Mr. Merrifield.

**Mr. Charles Hubbard (Miramichi, Lib.):** Thank you, Mr. Chair.

First of all, to the Parliamentary Secretary to the Minister of Finance, I note that we're looking at a growth of 6% a year guaranteed to the provinces for health care.

In terms of your budgetary projections, can we do this without a major increase in taxation? Six percent is about double of what we think of in terms of growth. Has this been costed into the future?

**Hon. John McKay:** It has been costed into the future. As you know, there's some dispute about fiscal forecasts, even at this committee, amazing as that it. But based upon the best evidence available, we are able to afford this and we are able to stay on a balanced budget.

On the 6% increase, it is greater than GDP growth. I think it reflects the fact that our demographic is aging, and when the demographic ages there's a greater draw on the health care system. So we're actually funding at a greater rate than the economy will actually expand, and that will require some re-prioritizing over years going forward.

**Mr. Charles Hubbard:** Secondly, dealing with the minister, at 24.63 it says: "The Minister may pay $4.25 billion to a trust established to provide...". Under what conditions will that trust be established? It's not part of the bill. What latitude is there, and how will that trust be administered and how will it be drawn upon? Has that been set in motion yet? That's probably more to Mr. Thibault, because—-

**Hon. John McKay:** Let me just ask, is your question on "may" or is your question on "trust"?

**Mr. Charles Hubbard:** It says "may"; I assume "may" means "will". I use the same word, but I'm concerned about how the trust will be established, who would administer it, and how it may be drawn upon, because we have 13 or 14 jurisdictions. Has anything been put in motion in terms of this trust?

**Hon. John McKay:** Let Mr. Thibault answer and then Mr. Campbell.

**Hon. Robert Thibault:** I'll let the finance officials explain the mechanism; this has been done many times. The "may" I think is a permissive, so it's a way for the—-

**Mr. Charles Hubbard:** Probably not just an answer, but would it be available to this committee to know the terms of that trust?

**Hon. Robert Thibault:** The trust will be in accordance with some guidelines that meet the objectives that the provinces can draw down on. Perhaps Madame Ballantyne can answer this question.

**Mr. Charles Hubbard:** The only thing I'd ask, Mr. Thibault, is has it been established, and could our committee have a copy of how that trust will be established and who will administer it?

**Hon. Robert Thibault:** I don't think the trust has been established yet.

**Mr. Glenn Campbell (Senior Chief, Federal-Provincial Relations Division, Department of Finance):** This is the eighth time the Government of Canada has established a third-party trust to flow funds to provinces and territories in respect of health care. The trust has not yet been established. It will be established as a contract between the Minister of Finance and a third-party financial institution to be selected by a competitive process prior to March 31.

Basically, this is effectively a bank account that's established on behalf of provinces and territories. It's money held in trust by a third party. That third-party trust does not have decision-making over the funding; it's on behalf of the provinces and territories.

**Mr. Charles Hubbard:** Mr. Campbell, will this trust be brought to Parliament before it is established so parliamentarians will know the terminology and the workings of it? It would be subject to parliamentary approval?

● (1145)

**Hon. Robert Thibault:** No, it won't be.

**Ms. Judy Wasylycia-Leis:** That's the trouble.

**Mr. Charles Hubbard:** I'll ask my final question, because I'm running short of time.

The pharmaceuticals have been one of the major concerns. I know when I was out in the hustings back in June, you find.... I don't see too much here in this. Am I missing something in terms of what objectives we have in terms of those people who are hit with catastrophic drug costs? We certainly would hope the provinces or someone is going to assure Canadians that there would be a maximum effort I would expect any individual to make, and from there on the province or some heath authority would be meeting the needs of those people in need.

**Hon. Robert Thibault:** On the question of pharmaceuticals, first we have to come back to what this bill is. It is the putting forward of the agreements. It's a way of realizing the agreements that happened with the ten provinces and three territories and the federal government, as well as the agreement with first nations and northern communities, and the agreement on asymmetrical federalism, putting them forward.

The question of pharmaceuticals is brought up within those agreements. If you'd like the details, Madam Ballantyne would be pleased to provide them.

**Ms. Meena Ballantyne:** The ten-year plan to strengthen health care makes reference to the fact that governments have committed to ensuring coverage for those Canadians who are going into undue financial hardship because of the catastrophic cost of drug coverage. There's a concerted effort to develop options to determine what catastrophic drug coverage looks like. Is it what Romanow and Kirby have said it was—spending over 3% of one's income on drugs? Governments are coming together to define the level of catastrophic drug coverage.

There's also an issue of cost containment. We know that the pharmaceutical sector is growing at about 15% to 16% per year, which is the largest expense in the health sector. There are a number of ways to contain costs, so a national pharmaceutical strategy is a part of the ten-year plan. It looks at coverage and cost containment.

The provinces and territories, along with the federal government, are co-chairing a task force. The health minister of B.C. and the federal health minister are co-chairing a ministerial task force. Work is under way on the nine elements listed in the ten-year plan. There will be a report on June 30, 2006, to implement the national pharmaceutical strategy.

I could go into further detail about some of the elements if you like.

**Mr. Charles Hubbard:** Thanks, Mr. Chair.

Just to put it on the record, we seem to have a lot of responsibility federally, and I would hope that whatever agreements are made, they certainly would restore the trust that the people have put in us, as federal parliamentarians. I would hope they will assure Canadians that these many, many dollars—billions of dollars—are going to what most Canadians expect. I'm not sure the bill does this, but we would have to trust, Mr. Chair, that this would be the outcome.

**The Chair:** We have to trust that the trust is good and well defined.

I have a five-minute round for Mr. Merrifield and then Ms. Wasylycia-Leis.

**Mr. Rob Merrifield:** It's an amazing accord in a lot of ways. This is the third accord. There was one in 2000, in 2003, and now 2004. This is significantly different from the 2003 accord and I would say somewhat less responsive as far as accountability goes in two areas, one being catastrophic drug coverage and the other home care. These were spelled out in the 2003 accord that was agreed to by these same people on behalf of the provinces and the federal government. They signed it and said they would bring forward standards on home care and catastrophic drug coverage within the first year.

In this accord, catastrophic drug coverage doesn't happen until... actually, there's a report that comes down in June 2006. That's just a report.

**Ms. Meena Ballantyne:** It's implementation of the strategy.

**Mr. Rob Merrifield:** It doesn't say implementation; it says a report. Implementation will happen after that. We challenged the minister on this at the health committee. It could happen in 2007 or 2008.

In actual dollars, if I'm reading it correctly on top of page 6, it's $500 million for home care and catastrophic drug coverage over a ten-year plan. That's not even going to come close to addressing catastrophic drug coverage. It's a very expensive program, depending on where you want to hit the targets, whether it's Romanow-Kirby or something different. It is obviously yet to be negotiated by the provinces.

This goes back to the whole problem of the accord's very significant lack of accountability. Some of that is right. Provinces have to follow their mandates. What really bothers me is the politics that's being played here. My sense is that we've just bought ourselves another election rather than really having put our swords on the table and worked collaboratively with the provinces to be able to deal with health care. That's my frustration, and I believe that's the reality of this accord.

● (1150)

**Hon. John McKay:** Just let me respond, please.

The 2000 accord and the 2003 accord are rolled into this agreement, so whatever you had in 2000 and 2003 has been incorporated into this.

**Mr. Rob Merrifield:** Be careful. Where is your home care? In the 2003 accord, you were supposed to have specific standards, national standards, actually by October of that first year. Where are they?

**Hon. Robert Thibault:** Before Madam Ballantyne handles those specific points, I'd like to point something out. If I put myself in the heads of the premiers and the prime ministers when they sat at the table and negotiated this, I think it's an absolute necessity that you have what you're saying. It's absolutely true. Structural changes have to happen within the health care system. There are some very important elements, if you're looking at health care long term, that have to happen. In the meantime, you need the process that brings you forward, and you have these costs. If you look at catastrophic drugs, maybe this isn't the whole answer on catastrophic drugs, but it is the common objective of working towards a program—

**Mr. Rob Merrifield:** It doesn't meet even—

**Hon. Robert Thibault:** Just a second. It's not on what all the provinces wanted, but on what they were able to agree on, and it does add some money. The provinces are already spending on that, so the money that's in there is incremental, too. It's not like it's supposed to be the whole answer, or the full answer, of any proposal, but it's working towards how we deal. If you remember the discussions, some provinces started by expecting the federal government would take over pharmaceuticals completely. There were others who had a different view, so you had to negotiate that. I think what's important is that it not be seen as the answer. This is how we're going to work towards the answer, and it gives great funding capability to the delivery—

**Mr. Rob Merrifield:** I have a question just on that. This is in court for a decade, supposedly—2010. Are we going to have catastrophic drug coverage, what are the actual costs, and when would it be implemented?

**Hon. Robert Thibault:** Perhaps Madam Ballantyne could give the specifics.

**Ms. Meena Ballantyne:** If I can just read to you the excerpt from the ten-year plan, it basically says, "First Ministers direct Health Ministers to establish a Ministerial Task Force to develop and implement the national pharmaceuticals strategy and report on progress by June 30, 2006."

One of the first areas in the strategy is to develop, assess, and cost options for catastrophic drug coverage.

**Mr. Rob Merrifield:** So it's to be developed?

**Ms. Meena Ballantyne:** Yes, and the money is accounted for in the $41.3 billion.

**Mr. Rob Merrifield:** So it's going to come out of the $41 billion?

**Ms. Meena Ballantyne:** Yes, and no extras.

**Mr. Rob Merrifield:** No extras, so this is the total amount they're going to have to come up with the catastrophic drug coverage.

**Ms. Meena Ballantyne:** Yes.

**Mr. Rob Merrifield:** I'll just end by saying that this bought us the next election, but it didn't buy us a fix for a generation, and that will be proven out in time.

**The Chair:** Thank you, Mr. Merrifield.

Ms. Wasylycia-Leis.

**Ms. Judy Wasylycia-Leis:** Thank you.

Going back to accountability, it seems to me that when the Conservatives were in power in Ontario, I heard Liberals on your side—and maybe you two as well—hollering loudly and clearly that you resented health care dollars going from the federal government to a provincial government to lower taxes. Now that we know the Ontario Liberals are using health care dollars from the federal government to balance the books, there hasn't been a peep out of you. Today, you're simply passing over this serious issue without giving any answers or undertakings that you will look into this matter. You said you would talk to Ontario and find out how in the world they're planning to lay off 757 nurses next year, given the kind of money they're getting through the health accord. That's one issue of accountability.

The second, obviously, has to do with the way in which this act could contribute to privatization. It seems to me, as I read clause 24.61, that from the way this is written, there is nothing to prevent the transfer from being a straight flow-through of money to private for-profit clinics. For example, we know that in provinces like B.C., Alberta, and Quebec, they're all on a course to solve wait times and clear backlogs by contracting surgeries and diagnostics to for-profit clinics. So the federal government, under the guise of strengthening medicare...under this legislation, you're actually contributing to the demise of medicare by in fact allowing for the provision of funds to for-profit clinics so they can thrive and grow.

If there is to be a genuine ten-year plan to strengthen medicare and our national health care system, I don't think it can be done this way. I want to know why you haven't put any restrictions on how this money will be spent, and why you haven't taken a strong position vis-à-vis the privatization happening all around us. That's one question.

The second has to do with the issue of the trust fund that's been raised vis-à-vis wait times. There is nothing in this section to tell us how the money will be spent, how it will be accessed, or the conditions under which it will be released. It's $250 million for each year between April 1, 2009, and March 31, 2014, and nothing to tell us how the money will.... Because it's a trust fund, there's no way for Parliament to find out how it's being spent. There is no accountability to the public or to Parliament. It's just simply a way for you, because you've got funds now, to book your money now, and let the chips fall where they may. How is this serving health care in Canada? How is this an indication that the federal government is in this for the long haul, when you're so prepared to put money into trust funds, lose all measure of control, and forsake all accountability over the expenditure of those funds?

● (1155)

**Hon. John McKay:** First, I'll respond with respect to the change of government in Ontario. As you well know, Premier McGuinty inherited quite a mess.

**Ms. Judy Wasylycia-Leis:** I've heard this before. It's a little clichéd. Bob Rae tried that, and you didn't buy it, stemming from Peterson.

**Hon. John McKay:** We have some experience inheriting messes from Tories. It's taken us seven years to dig out of the mess here—

**Ms. Judy Wasylycia-Leis:** Do you want to talk about the mess Peterson left Ontario in?

**Hon. John McKay:** —so I have some sympathy for Premier McGuinty's difficulties.

The issue with the Harris government had to do with the receiving of moneys for one purpose and the diverting of moneys for another purpose—

**Ms. Judy Wasylycia-Leis:** Well, what's this?

**Hon. John McKay:** —or the wrecking, you say, of the Canada child tax benefit by clawing back welfare benefits when people were receiving moneys from the federal government.

In this particular instance there is no evidence to support your assertion, and until these moneys are transferred and until the accountability mechanisms are set up, you can't support your base assertion.

**Hon. Robert Thibault:** On the question of health human resources, I don't want to talk about Ontario or any particular province. I want to talk about all of the provinces and the territories together and the proof they've put forward.

What they brought to the table is that we needed more people in health human resources, not just nurses, not just doctors, but technicians, and also practitioners who are there to make system go —the high-tech end of it, the information requirements, all those things that we needed. This recognizes and puts the money forward to achieve those needs.

We've seen a time in the past when we thought we had too many, that we were expanding too fast in health human resources and nurses and doctors, and we cut back on those medical schools. This re-establishes seats in the medical schools and creates two new medical schools as part of it. It is not specifically mentioned in the umbrella, but the funding assists toward that, it provides for the training of other health professionals, and also provides for the training in the communities—in northern communities, in isolated areas—of people right in those communities.

So I think the recognition by the federal government and by the provincial governments has been that we needed more.

As for getting into the kitchen of the provinces and telling them no, you can't lay off these people, or no, you can't do that but you have to do this, I think it would be dereliction on the part of the federal government to get involved with that—*l'ingérence*. It would be getting involved in something they are in the best position to do. What this seeks to do is assist them with the resources to deliver the services to the public of Canada.

**The Chair:** Thank you, Mr. Thibault.

I have Ms. Minna.

**Ms. Judy Wasylycia-Leis:** Can I go on again, please?

**The Chair:** No, that's it. We have two rounds.

**Ms. Judy Wasylycia-Leis:** We have two hours.

**The Chair:** Well, I'm trying to get to clause-by-clause.

**Ms. Judy Wasylycia-Leis:** Well, I'd like to be on the list again, please.

**Hon. Maria Minna:** I'll be brief, Mr. Chairman.

I understand the agreement. This is the escalator and all that to get us on the road, so that hopefully we don't have to negotiate on a yearly basis as we had been doing before. I think this is about the third or fourth in a matter of about three or four years, one after the other.

I think the only area people are concerned about is to make sure that as we go through the next number of years the kinds of things we've agreed upon in fact do happen; that the benchmarks, the indicators, the evidence base is in fact done, so that we have something to measure as we go; that there's a way of monitoring that the moneys slated for medical equipment such as diagnostic equipment in fact do go for those purposes. Unfortunately, there was no province that had clean hands on that issue prdviously when we transferred moneys. I think just about every province—except Nova Scotia, maybe—had diverted chunks of it to other uses.

My question is on the medical equipment. I don't know to what extent we have, apart from the parliamentary review, other mechanisms in the bill or discussed anywhere to ensure that moneys in fact do go for medical equipment. Does the national Health Council have any oversight of that or not—or of some of the other things we've discussed?

● (1200)

**Hon. Robert Thibault:** The oversight simply is that the money will be handled by a trust but really managed by the provinces in accordance with the operating guidelines. Madame Ballantyne will talk to that in a minute.

I think something that's important for all of us to recognize, especially when we're looking at diagnostic imaging equipment, is that when we buy that diagnostic equipment for the provinces, there are also some additional costs that aren't necessarily capital costs but are completely related to it and that are not—

**Hon. Maria Minna:** The training of technicians....

**Hon. Robert Thibault:** Yes, there's the training.

In my riding the province is putting in an MRI with our money. The community had to raise about $1 million for the facility the machine goes into, and the province has a cost of $750,000 a year to operate that piece of imaging machinery. So it's not just the ticket of buying it; there are those additional costs.

**Hon. Maria Minna:** I understand that.

**Hon. Robert Thibault:** I'd ask Ms. Ballantyne to talk about the operational principles of the file.

**Ms. Meena Ballantyne:** Thank you.

In the 2000 accord there was a $1 billion trust fund for medical equipment. I think that's where the story about the lawn mowers came out, which is the only one people seem to remember. With all due respect, I think that was a communications challenge. In reality it did do a lot of good in terms of increasing the number of MRI and CT scanners. This was reported by CIHI, the Canadian Institute for Health Information.

We learned from the communications challenge in 2000, and in the 2003 accord, when we had another $1.5 billion as a trust fund for medical equipment, we set up operating principles that set out the expected use of the medical equipment fund. They basically said it could be used for high-tech instruments such as MRI and CT scanners but also for low-technology things that would improve the quality of the work life of nurses. For example, maybe there was some smaller, low-tech equipment like bedpans. Bedpans aren't a good example, but it was for that kind of thing that would help, and it was also for the training of health care professionals. The operating principles have proven to be a great communications instrument as well in terms of guiding the use of the fund, and provinces have used them as a way of reporting on the use of their medical equipment fund.

We learned from that, and with this other, $4.25-billion, five-year trust fund for wait times, our plan and our intention are to have a set of operating principles that will guide the expected use of those funds as well. We're currently drafting them and are going to be sharing them with the provinces and territories and getting their agreement. They would accompany the trust agreement and would be in place, and while not legally enforceable because it is a trust fund, they would be out there setting out the expected use of the fund.

I'll address your concern, Madame: this will also say it's for publicly funded activities. For the medical equipment fund it talked about being publicly funded, and for the wait times reduction fund it will also refer to publicly funded treatment and care.

**The Chair:** Thank you.

Two minutes for Ms. Wasylycia-Leis.

**Ms. Judy Wasylycia-Leis:** Or three. We do have two hours set aside for this, Mr. Chairperson. I'll try to be brief, but I think this is an important piece of legislation.

On that last point about being publicly funded, I would only be satisfied that we weren't flowing money for privatization if it actually said “not-for-profit publicly funded clinics”, because we know there are lots of circumstances where in fact governments are funding private clinics in various ways. Saying “publicly funded” doesn't mean a hill of beans in today's context.

Let me ask questions about the trust fund and the wait time reduction fund. Mr. Thibault, you talked about the importance of investing in human resources, that being something fundamental for all provinces and the federal government. The spirit of those comments is not reflected in the bill as I understand it. In fact, leading into the accord there was agreement that significant money should be set aside for health and human resources. In fact, in this bill there is no mention of that specific use. It says that is one of its intended uses but it doesn't give priority, and there's no breakdown to reflect that kind of spirit. I think we need to know how much is actually allocated for each part of this broad area of wait time reductions.

Second, I think we need to know how and under what conditions it will flow. Never mind the operating agreements we're going to have later on; we need to know now what the broad parameters are for releasing money to this fund and under what circumstances it will be generally allocated. The details can be worked out later, but broad principles can't wait. We're not dealing with a communications challenge. We're dealing with a policy challenge, a policy vacuum you have to fill before we go any further with respect to the implementation of this accord.

Finally, let me just ask, given the fact that the review provisions are off in the distance for Parliament, what mechanism does the government have in place to take effect immediately for monitoring and for oversight of the efficacy of the spending allocated under this bill and this accord? There has to be something in place, and we need to hear about it.

● (1205)

**Hon. Robert Thibault:** I think first you have to step back and look at how this evolved and what it is we're doing here. This isn't a prescriptive bill that you're going to look at and say you know where you're going to find your doctor in 2019.

**Ms. Judy Wasylycia-Leis:** No, that's not what I'm asking.

**Hon. Robert Thibault:** This is implementation legislation of an accord between all jurisdictions, with great principles. In certain instances there are even some parts that are relatively critical. We say we have the wait time funds, and we're going to give money for the first few years and it's going to go directly to wait times. It's going to have operating procedures, and you have to meet those operational requirements of what you use the funds for.

If you remember what the debate was at the leaders meetings, it was that this doesn't end it; our costs don't end, they continue. Say our wait time in any jurisdiction.... Let's say cardio. So you hire seven cardiologists, but you have to train them first. You have to build the operating rooms, you have to do all that. Then they say at that point it doesn't end, but we still have to pay those salaries, so we further agreed to continue the funding past that point and we do it in the implementation of the agreement. The details aren't in the act; they're in the agreement.

**Ms. Judy Wasylycia-Leis:** All I'm asking for is why isn't at least.... Could I just have one last question, Mr. Chairperson?

**The Chair:** The answer is no.

**Ms. Judy Wasylycia-Leis:** I'd like to raise a point of order then. Mr. Chairperson, we have time set aside to deal with a very important piece of legislation. I would like, on a point of order, to raise with you that my question was not answered, and I would like an answer.

My question was that the agreement was very clear about the wait times reduction fund, stating that it would primarily be for the health human resource. That is not reflected in the bill. I'm not asking for some detail around how to access a family doctor; I'm asking for the spirit of the agreement to be reflected in the bill, and for you to show me where it is and how you intend to live up to the spirit of that accord.

**The Chair:** I'll tolerate ten seconds.

**Hon. Robert Thibault:** Section 24.61.

**Ms. Judy Wasylycia-Leis:** That does not spell it out.

**The Chair:** Thank you.

Can we go to clause-by-clause?

**Hon. John McKay:** Mr. Chair, I'd like to raise a point of order, if I may.

As far as I know, there are no amendments other than the Bloc amendments. Is that correct? The Bloc amendments are relevant, important, and need to be addressed, and the federal government wants to accommodate the Bloc requests. I would propose that Mr. Roy, who's here from the department, suggest how we can accommodate the Bloc requests—and I hope the Bloc accepts these suggestions—which would take the form of friendly amendments, and then we're not arguing back and forth unnecessarily. I suggest that, Mr. Chair, and then if we have an understanding among ourselves we'll go back on the record and then it will be a routine procedure.

[*Proceedings continue in camera*]

● (1210)

(Pause)

● (1214)

[*Public proceedings resume*]

● (1215)

[*Translation*]

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** Mr. Chairman, the two amendments that I am putting forward respecting clause 6 and 7 are simply aimed, as I explained to Mr. McKay, Mr. Thibault and to officials at the briefing on this bill, at recognizing that Quebec and the provinces have exclusive jurisdiction over health. This initiative is linked to the joint communiqué by Mr. Martin and Mr. Charest released last September at the health summit. It's a simple matter of seeking assurances that the tenor of this communiqué is taken into account. These amendments will ultimately strengthen the bill.

Therefore, I fully endorse the sub-amendment that Mr. Roy will be proposing and that pertains to my first amendment respecting clause 6.

[*English*]

**Mr. Yvan Roy (Assistant Deputy Minister and Counsel to the Department of Finance, Department of Finance):** The amendment that has been proposed by the Bloc Québécois would take what is now proposed section 25.9 on page 4 of your bill.... You will see that proposed subsection 25.9(3) starts with "For greater certainty..."

**The Chair:** One second, please.

**Hon. John McKay:** Does everybody have a copy of that?

**Mr. Yvan Roy:** I'm certainly not trying to lecture the committee, but I'd like to be very systematic, if I may. That way, I think it's going to be easier to understand exactly what is being proposed here.

If we go to page four, Mr. Loubier is proposing that in proposed subsection 25.9(3), under "Parliamentary Review", on the second line, the word "section" be replaced by the word "act".

Where there is a bit of a difficulty here is largely a technical issue, proper drafting, but there is a little bit more to what I'm going to say than simply the technical issue. Let's go with the first issue.

The act as a whole—and we're talking here about the Federal-Provincial Fiscal Arrangements Act—refers only to the words we're talking about here, the 2004 ten-year plan to strengthen health care, only in part V.1. Proper drafting would require that instead of referring to the act as a whole and for people to look all over the place for where that applies, we refer more specifically to the part where that has an effect.

So the suggestion made by Mr. McKay and Mr. Thibault would be to amend the proposal made by Mr. Loubier, for the word "section" to be replaced by the word "part", and it has been suggested to me that we should say "part V.1" for even greater certainty—which I'm not sure is required, but it can certainly be accommodated. So that is the first point.

We don't refer in here to the act as a whole, because it has no bearing on the other parts of that act. If you go to that act, you will see that it's about that thick, so you don't want people to have to look all over the place for the changes that are being made. That would be, in our view, poor drafting.

The second point that needs to be made—and hopefully Mr. Loubier will continue to agree with that change—is that proper drafting usually requires that when you're making a change that affects only one section, you make that change in that section. That is what you have currently in your bill. Proposed subsection 25.9(3) is drafted in that fashion and is put in there because it was making changes only with respect to section 25.9.

What Mr. Loubier is now proposing is that the “For greater certainty” proposed subsection apply to the whole part, part V.1of the legislation that is being amended by you now—that is, the Federal-Provincial Fiscal Arrangements Act.

What is proposed here for this to be proper drafting would be to take the words that you have in proposed subsection 25.9(3), as amended to refer to the word “part” and not to the word “section”, and to create a section—

**The Chair:** Where is that?

**Mr. Yvan Roy:** That's proposed subsection 25.9(3), which will read, again, “For greater certainty and for the purposes of this section, the 2004 10-Year Plan to Strengthen Health Care includes the communiqués released in respect of...”.

So we will take those words and create, through an amendment, a new section that will be called section 25.9.1, such that for Canadians who read that part and are looking for where there is that connection to the communiqués, there will be a note made and they will go to a section that applies to the whole part, as opposed to trying to find this in a subsection, which with proper drafting would simply mean that you are applying this change to this section.

It's technical, but I think there is also some importance to this, because it does two things: it makes it clear that it applies to the whole part, which I think is the purpose of the change being proposed by Monsieur Loubier; and secondly, it gives more prominence to what this is by creating a section by itself that will do that.

The section completely uses the words that you have here as amended. We're not changing a word of this. So it gives the full effect to the proposal that is being made, if it is the wish of the committee to have this change adopted.

● (1220)

Then, by creating that new section, it makes it clear that it applies to the whole part instead of being lost in a section that was not created for that purpose.

**The Chair:** Do you have it in writing, by any chance?

**Mr. Yvan Roy:** We got wind that this amendment might be made, and I was brought in to try to make sure it would be done properly from a legal standpoint.

We can have some words and a proper motion drafted and sent to the clerk, if that is the wish of the committee. That could be done early this afternoon, I'm sure.

**The Chair:** Okay.

The part V.I that you are referring to, is it in this bill?

**Mr. Yvan Roy:** Yes, sir. If you go to page 1 you will see that clause 1 reads, “The headings before section 24 of the Federal-Provincial Fiscal Arrangements Actare replaced by the following”, and then you have the title of the part that is being amended in order to refer to a tax reduction transfer. This is the part we're talking about. It is one part out of a number of parts in that piece of legislation, and that's the only part of the act that is before you.

Now, if I may, there was, as I understand it, a second motion made by the Bloc to use the very same words that you now have in section 25.9 to create a new section 2 in clause 7.

Again, I'm going to try to be very systematic to try to be clear here.

Clause 7 creates a new piece of legislation. It's called an act respecting the provision of funding for diagnostic and medical equipment. It is an act that is independent, separate and apart from the first act you are amending through this piece of legislation, which is the Federal-Provincial Fiscal Arrangements Act.

What I think Mr. Loubier wants to do is make sure that those communiqués we're talking about are also reflected in that second piece of legislation. In order to do that he is bringing forward amendment BQ-2, as I understand it, which creates a new section 2.

In our view, the way this is drafted now does not need to be changed in order to achieve that goal, because the act he's referring to in the wording of the provision is the act we're talking about, which is the act respecting the provision of funding for medical equipment.

So you do not need to touch amendment BQ-2. You can pass it, and I think the goal, the purpose, the aim that Mr. Loubier has in mind will be completely achieved through that.

The changes that are needed with respect to amendment BQ-1 are in order to do two things, as I'm trying to recapitulate. One is to make sure we're talking only about part V.I, and that this provision, instead of being a subsection, becomes an independent section that applies to the whole part. Technically speaking, you will have achieved what Mr. Loubier wanted to do, and if that's the wish of the committee, then you have something that, from the legal perspective, is rock solid.

● (1225)

[*Translation*]

**Mr. Yvan Loubier:** Thank you, Mr. Roy. You took the words right out of my mouth.

[*English*]

**Hon. John McKay:** You're all right with that? No objections?

Judy, no objections?

**The Chair:** Okay, we go to clause-by-clause, clauses 1 to 5.

(Clauses 1 to 5 inclusive agreed to)

**The Chair:** Now we're at clauses 6 and 7, as amended.

Clause 6 was amended by BQ-1, que Monsieur Loubier a proposé.

(Clause 6 as amended agreed to)

**The Chair:** On clause 7, BQ-2, as amended.

Monsieur Loubier.

[*Translation*]

**Mr. Yvan Loubier:** My amendment, BQ-2, is therefore combined and becomes the proposed clause 2.

[*English*]

**The Chair:** It's clause 7 as amended. I want to make sure that it's clear. It's an addition.

Mr. Penson.

**Mr. Charlie Penson (Peace River, CPC):** My understanding from listening to legal counsel was that there was going to be a section added, number 2 in clause 7. That would mean that it's being amended. Isn't that correct?

**The Chair:** Yes.

**Mr. Charlie Penson:** Then it would have to carry as amended.

**The Chair:** I repeat: as amended.

(Clause 7 as amended agreed to)

**The Chair:** Shall the title and the bill as amended carry?

**Some hon. members:** Agreed.

**The Chair:** Shall the chair report the bill as amended to the House?

**Some hon. members:** Agreed.

[*Translation*]

**Mr. Yvan Loubier:** Mr. Chairman, I'd like to thank Mr. McKay, Mr. Thibault and Mr. Roy for their understanding and change of heart since last week. Thank you very much.

[*English*]

**The Chair:** Merci, monsieur.

The meeting is adjourned. Thank you for your cooperation.

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