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Mr. Brian Pallister

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• (1530)

[English]

The Chair (Mr. Brian Pallister (Portage—Lisgar, CPC)): Order, please.

Anyone who happens to have a cell phone would be invited to turn it off now.

We will begin in the absence of a couple of other committee members, who will be joining us very shortly. I welcome our guests on behalf of the finance committee.

We are mandated by the House of Commons on an annual basis to consider and make reports on proposals regarding the budgetary policies of the government. This process is, of course, one that will assist us in preparing a report to the finance minister. The theme of the pre-budget consultation this year is Canada's place in a competitive world, and we look forward to your presentations today. I will be limiting you strictly to five minutes. As our committee has been made aware, and you are, I expect, aware, we will be limited to an hour today, and I do want to leave time for the committee members to have an exchange and to ask questions and for you to respond.

So we'll begin now with a presentation from the Canadian Child Care Federation. Madame Dionne, you have five minutes. Please proceed.

Mrs. Yvonne Dionne (Director, Development, Marketing and Communications, Canadian Child Care Federation): Thank you, Mr. Chair and honourable members of the committee. Thank you for the opportunity to appear here today.

Child care is a key component for securing Canada's place in a competitive world. I'm very pleased to represent the Canadian Child Care Federation, Canada's largest early learning and child care organization. The federation is a vibrant partnership of 21 affiliates—provincial and territorial organizations—representing over 11,500 members. These members are primarily child care practitioners, working in centres and family child care settings across Canada, who are focused on excellence in early learning and child care.

The Conference Board of Canada has said that improving Canada's productivity is the country's top policy challenge. High quality child care can help to meet the challenge in two ways. First, it frees parents to enter the workforce and to focus on work while maintaining a work-life balance. Second, it contributes to children's early learning, setting them on a path of a lifetime of learning and success.

Quality child care is an integral part of the infrastructure that allows Canadians to work. Just like highways and transit systems, you can't get to work without it.

Families are increasingly relying on non-parental care in the early years. According to Statistics Canada, 54% of children age six months to five years are in some form of non-parental child care so that parents can work or study to improve the lives of their families.

We know there's a commitment to capital funding to create 125,000 spaces over five years, and consulting is under way on how to make the child care spaces initiative successful. This commitment acknowledges that families across Canada face a shortage of spaces. However, there need to be measures in place to ensure that these spaces are high quality and that they are sustainable. With this in mind, we'd like to suggest six areas where specific programs could support and encourage this initiative.

Number one is building awareness of quality. Most people agree that quality child care is important, but surprisingly, many are unaware of all the elements of quality. Quality goes beyond price, location, and nutritious food; it includes, among other things, a good child care practitioner, a strong program, and a solid partnership with the parents. To make a good child care choice, parents need information on how to find quality child care. What does it look like? What questions should they ask? What options are there out there for them? This points to the need for tools for parents such as interview questions and guidelines.

Businesses and organizations also need help to understand quality child care. The success of the child care spaces initiative depends on them. This points to the need for tools to help businesses and parent-citizen groups outline the startup and operational steps and the associated costs to create and maintain quality child care spaces.

The second area I'd like to address pertains to national standards for child care. While we have national standards in Canada for everything, from car seats to light bulbs, the level of quality of care varies widely from province to province, as do training requirements for child care practitioners. Those trained in one province may have difficulties having their qualifications accepted in another province. This is in a field already suffering from major recruitment and retention problems.

National standards, created and ratified by the child care field, currently exist. However, they need to be broadly disseminated and used in legislation and training.

Third, I'd like to highlight the child care workforce. It's a major component of quality child care and it's critical to the sustainability of new child care spaces. However, the child care field suffers from problems with retaining and recruiting workers due to poor wages and working conditions and a lack of opportunity for training and professional development. There must be a concerted effort to address these challenges in order to ensure that we have 25,000 new practitioners to staff the promised 125,000 new spaces. This could be achieved, in part, through a national strategy to address HR issues across the country.

Our fourth area of concern deals with fair access to funding under the child care spaces initiative. It's a concern that funding for this initiative will go first to the organizations and groups that are most sophisticated in their fundraising capabilities, rather than where it is most urgently needed across the country and across rural and urban settings.

Some spaces should be reserved for children with special needs. A matching service could be created so that companies and child care organizations and groups can find each other.

• (1535)

The fifth area we'd like to address is federal-provincial collaboration. In order for businesses and organizations to take up the funding, they need assurances that there will be some provincial-territorial matching.

Finally, the sixth and last area we'd like to address is the bigger picture. Debate around child care initiatives in recent years shows that it's an issue that inspires passion. Canadians care deeply about their families, whatever their employment situation. Perhaps it's time to articulate a broad vision of family policy in Canada, with quality child care as a cornerstone, along with extended maternity and parental benefits and employer incentives to adopt family friendly policies. The federal government could lead a national discussion to develop a coordinated national family policy that will support Canada's objectives in terms of securing its place in a competitive world.

I trust I've left you today with ideas for concrete programs that will support quality child care. It's a key component of the social infrastructure that will enable Canadians to build a successful country, a country that values them as citizens and recognizes their contributions as families.

Thank you.

The Chair: Thank you very much, Madame Dionne.

We'll continue with Judy Watson, from the Canadian Mental Health Association. You have five minutes.

Mrs. Judy Watson (Vice-President, Canadian Mental Health Association): Thank you.

Good afternoon, Chair and members of the committee. My name is Judy Watson. I'm national vice-president of the Canadian Mental Health Association.

Thank you for the opportunity to address this important matter. As a family member of someone who experiences a serious and persistent mental illness, I understand firsthand the challenges presented by mental illness and the opportunities for Canada in joining the other G-8 countries in developing and implementing a strategy on mental health and mental illness for the people of Canada. The health and well-being of Canada's workforce is critical to Canada's competitiveness.

Mental illness affects at least one in five at some point in their lifetime. This means that some six million people, the majority of working age, have a personal and direct experience with mental illness. The productivity of Canadian businesses is affected. The lack of attention to mental health issues limits Canada's potential in the world market. This neglect has an impact on Canada not only at home but also on the world stage. Ensuring Canada's place in a competitive world must be based on all the elements that promote innovation and productivity. Maximizing human capital provides the key to a knowledge-based economy. A healthy population is critical to a strong economy.

Depression and other mental health issues have surpassed cardiovascular disease and are now the fastest-growing category of disability, at an enormous cost to society and to businesses.

The Honourable Michael Wilson, when he was vice-chairman of RBC Dominion Securities, noted that 30% of the absenteeism in the financial world sector is directly caused by mental health issues. It is so significant that the banking sector has become a leader in dealing with mental health issues within its work environment.

To put the problem in context, Health Canada estimates the financial burden on Canada's economy is now close to \$30 billion a year. In 2001, there were more than 1.8 million working-age Canadians between the ages of 25 and 64 with a physical or a mental disability, or other serious health problem, according to Statistics Canada. Of this total, more than 780,000, or about 45%, were employed.

Mental health problems account for 30% to 40% of disability claims reported by Canada's major insurers and employers. A Harvard Medical School study shows it costs employers \$10 to \$35 U.S. per day for each employee with undiagnosed and untreated depression. With proper treatment, within a year all costs are recovered and the firm actually makes an extra \$1,100 to \$1,800 per year, per employee.

The economic as well as the social implications are both obvious and of concern to everyone. There is an urgent need for leadership.

Too often people refer to the health system's poor cousin. Mental health needs are often among the first in line when funding cuts are made, thereby increasing the pressure on the health care system. Further exacerbating this is the lack of consistency in the way we address mental health services across this country.

A positive step would be to implement recommendations from the Standing Senate Committee on Social Affairs, Science and Technology's final report on mental health, mental illness, and addiction in Canada. One key recommendation is the creation of a Canadian mental health commission as a means to develop and implement such a strategy.

The whole complex pervasive problem of mental illness and addiction in Canadian society has been neglected for many years. The Canadian mental health commission would provide a much needed nationwide focus to develop effective solutions.

We must ensure a positive contribution to economic growth. Employing talented Canadians, no matter the disability, is good business and contributes to Canada's prosperity.

• (1540)

According to Mental Health Works, a program developed by CMHA Ontario, when employees get early access to treatment and services, employers save \$5,000 to \$10,000 per worker per year in the cost of prescription drugs, sick leave, and wage replacement.

The Chair: You'll have a few seconds to wind up your presentation. Thank you.

Mrs. Judy Watson: Okay.

We must optimize our contribution of the workforce. We recommend that a key area to look at is affordable social housing and adequate income for individuals, because we know the impact the social determinants of health have on mental health, and this affects our economy in Canada.

Thank you.

The Chair: Thank you very much, Madam Watson.

We will continue with Mary-Martha Hale and the Alliance to End Homelessness. You have five minutes.

Mrs. Mary-Martha Hale (Chair, Alliance to End Homelessness): Good day, everyone.

I am here to speak to our brief, "Canada's Homeless in a Competitive World: Policies and Funding Proposals to Ensure Health, Skills, and Incentives for Homeless People and Those at Risk of Homelessness". My name is Mary-Martha Hale and I am the chair of the Alliance to End Homelessness in Ottawa.

The alliance is a coalition of over 70 organizational members who have worked to prevent and end homelessness in Ottawa for the past 11 years. I would like to thank you on behalf of our members for this opportunity to speak before you.

The alliance is known across Canada as both an effective and a collaborative coalition of community stakeholders who work together to end homelessness. Today we are here with five proposals to help prevent and end homelessness.

We recognize that a long-term federal public policy commitment is required to meet the challenges confronting homeless people and those at risk of homelessness. On a daily basis we see the continuing need for strengthened federal support for communities such as ours.

I am the director of Anglican Social Services/Centre 454, a day program for people who are homeless. We serve on average over 300 different people daily, providing support programs that enable individuals to stabilize their housing and employment situations.

With me is Marion Wright, the executive director of the Canadian Mental Health Association's Ottawa branch, a leader in Ottawa at providing housing first, along with the mental health supports and services people need to stay housed.

Here in the nation's capital, many members of Parliament will have seen the alliance's annual report card on homelessness in Ottawa, released at the end of February, and will be aware of the Community Forum on Homelessness, linking research with action, that we host on National Housing Day, November 22.

The report card on homelessness uses sound data sources: the federal homeless individuals and families information system in place in Ottawa and across the country, housing data tracked by the city of Ottawa, the rental market survey done by Canada Mortgage and Housing Corporation, and federal employment insurance and old age security rates.

The report card's conclusions are inescapable. Current government income policies and programs for affordable, appropriate housing in Canada meant that in Ottawa 8,853 people—families, including those with children, youth, women, and men—had to stay in an emergency shelter in 2005. This number does not include those who are living on the street; those who are living in places not fit for human habitation, such as a car; and those who are couch surfing, moving between the homes of friends, families, or strangers.

There is no doubt that federal policies and contributions are a critical component of successfully responding to the crisis of homelessness at the community level. It is both necessary and important for the Government of Canada to take the leadership role in solving homelessness. Our coalition members know firsthand that policies and programs implemented at the community level produce the best economic advantage to help individuals and families out of homelessness. In this way, they are more able to be contributing members of their community.

Long-term federal policy commitments are required to meet the challenges confronting homeless people and those at risk of homelessness. Most importantly, the Government of Canada can expect to have a successful impact if federal programs and funding are dedicated to sustaining community collaboration.

We have five concrete proposals.

The first is to create immediately a long-term sustainable program that commits Government of Canada support for effective, innovative solutions to homelessness at the local level.

Second is a direct and significant increase in affordable and supportive housing.

The third proposal is to increase rates and access to income support programs, such as employment insurance, old age security, and the guaranteed income supplement programs, to enable individuals receiving these benefits to pay their rent and feed themselves and their families.

Fourth is to reduce the lowest tax rate and increase the exemption rate to reduce the risk of homelessness. The increase of 0.5% of the lowest tax rate in the last budget placed a tax burden on those with the lowest incomes. For low-income Canadians who were recently required to start paying income tax, the risk of homelessness has increased.

• (1545)

According to the 2001 census, one in five, or 20% of Ottawa residents earn less than \$10,000 and another 17% earn between \$10,000 and \$20,000.

• (1550)

The Chair: Could you end your presentation now, please?

Mrs. Mary-Martha Hale: And fifth, amend the Canada Health Act to uphold the portability clause of the act to include out-of-province mental health care provided in a psychiatric hospital institution. We need homelessness to be made a priority by this government.

Thank you.

The Chair: Thank you very much, Madam Hale.

We'll continue with Luc Vinet, who's the rector at the University of Montreal.

Welcome.

[Translation]

Mr. Luc Vinet (Rector, University of Montréal): Thank you, Mr. Chairman, members of the committee, for inviting me here today.

I'm told that I'm the first university representative to appear before your committee. That being the case, I would like to underscore the important role played by federal programs such as the granting agencies, the Canada Research Chairs Program, the Canada Foundation for Innovation and the Indirect Costs Program for universities, colleges and research hospitals in ensuring the success of Canadian universities in the research field. These programs have all achieved admirable results in the field, which largely justifies their continued existence and development.

You're wondering about Canada's place in a competitive global economy. All of the studies that have been carried out show that countries that make substantial, sustained investments in education and research are assured of a competitive position. Canada has a small population and enjoys very modest demographic growth. The quality of our human resources and training programs represents the

strategic key to our future. Therefore, our goal should be to have some of the best universities in the world to ensure that Canadians receive the best possible training available and go on to generate R & D of major significance. In my view, to achieve this objective, we need to formulate a national strategy that is mindful of respective jurisdictions.

[English]

The University of Montreal is playing a major role in Canadian higher education and research. The second largest university in Canada trains by itself 25% of all the Quebec university students. Studies also strongly show that in our global knowledge economy, growth is often generated by the presence of industrial clusters. These are generally of a regional nature in major urban areas but typically are networked nationally and internationally. They always involve the government, the private and voluntary sectors, as well as the universities.

The University of Montreal is much involved in the aerospace, life science, IT, design, and cultural clusters, to name a few. Studies show that these clusters thrive on three elements: talent, technology, and tolerance. These attributes are also common to universities, which in fact usually contribute much to them within clusters.

We propose a few financial measures to ensure a competitive development of these pillars within universities and hence clusters. With respect to talent, it is key to ensure that Canadian universities have the resources to compete in attracting and retaining talented Canadian and international students. It has been suggested that this matter be addressed through transfer to provinces. It is also key to attract and retain the best researchers in Canada. Here, growth in the following programs is critical: research funding; infrastructure funding; and indirect research cost. It is very important to fund fully, and not partially, our programs and to compensate for the severe deferred maintenance costs that the indirect costs shortfall have generated over the years. It's also important to offer competitive scholarships and fellowships for post-graduate studies. Let me mention that the support through transfer of university operations will also optimize the return on research investments.

Under technology—remember, talent, technology, tolerance—it is key that universities have the funds to afford state-of-the-art...or that private sector partnerships be fostered. To that end, we recommend tax exemptions on any contributions to a university research project and that indirect cost funding be provided by the federal government for grants offered by private foundations.

Finally, on the tolerance front, to support international networking, we suggest that there be scholarships for Canadians to go abroad and for international students to come to Canada. Finally, to augment local networking, we propose in our brief a number of tax deductions and incentives.

You've given me a very short time to cover such a critical cornerstone of Canada's competitiveness. Others will come to complement my points, no doubt. Nonetheless, I trust you have heard my message: higher education is a national urgency.

Thank you.

•(1555)

The Chair: *Merci beaucoup, monsieur.*

I appreciate the cooperation of all the witnesses in their presentations. I know the challenge we've given you is a daunting one.

Susan Manwaring will now present on behalf of the Canadian Association of Gift Planners, for five minutes.

Ms. Susan Manwaring (Chair, Government Relations Committee, Canadian Association of Gift Planners): Thank you, Mr. Chair.

Mr. Chair and members of the committee, good afternoon. I'm Susan Manwaring and I'm here on behalf of the Canadian Association of Gift Planners.

The CAGP is comprised of 1,300 charitable gift planners across Canada who adhere to strict standards of ethics in working with Canadians to generate donations that support that vital sector of our community, the charitable sector. The purpose of the Canadian Association of Gift Planners is to support philanthropy by fostering the development and growth of gift planning. The association creates awareness, provides education, and is an advocate of charitable giving. This activity really helps to strengthen the charitable sector, which helps to strengthen all of the communities in Canada and adds to Canada's competitiveness. It is, in our view, very critical that this sector and the ability to generate charitable giving from average Canadians is very important to the competitiveness of Canada's economy.

This afternoon CAGP wishes to start its presentation with a note of thanks to the government for the introduction and extension of the exemption from tax on gifts of publicly listed securities to registered charities in Canada. CAGP applauds the contribution to the charitable sector and further applauds the contributions to the charitable sector by the government and this committee in recent years through the creation of new tax incentives for gifts as assets by individual taxpayers.

The charitable sector in Canada and the rules that particularly relate to charitable giving and tax incentives for charitable giving have been overhauled and continue to work to increase the charitable giving in Canada to support the sector. CAGP is here today to encourage this committee to continue this support for philanthropy and is recommending, to that end, four additional changes that could be implemented and recommended by this committee.

The first recommendation is a recommendation that CAGP has brought forward to this committee in the past and has been supported by other sector organizations in their briefs before this committee this year. This is asking the committee to recommend that the Department of Finance move forward quickly to implement changes to the Income Tax Act to clarify the laws surrounding the use of what we call a charitable remainder trust as a charitable giving tool. In response to requests from the Department of Finance and the Canada Revenue Agency, the CAGP tabled a proposal with those departments in 2003 that outlines how the charitable remainder trust could be implemented into the Income Tax Act to enhance charitable giving. This is a trust that would allow taxpayers, particularly middle-income taxpayers and donors who want to

support the sector, to give property to charity during their lifetime, but it's a remainder interest in the property. They can continue to earn income from the property during their lifetime, but it eventually goes to charity. It is seen as something that would help charitable giving in the country. It would be an incentive to increase charitable giving that would support all of the associations before you today and many of the associations this committee will hear about.

The second recommendation that we have brought forward to the committee is the extension of the nil capital gains inclusion rate for all gifts of real property. This again is an asset. Real property is an asset owned by most Canadians—not all Canadians, as obviously there are many who don't—but it's an asset that can be used for gifts to charity. We applaud and encourage the extension of the nil capital gains inclusion rate to that.

Finally, we support the Philanthropic Foundations Canada's request for the extension of the nil capital gains rate to gifts to private foundations. We believe the abuses that are perceived to be a possibility in that area can be addressed by Philanthropic Foundations Canada's recommendations, and we feel that would be an excellent incentive as well for charitable giving in Canada.

We thank you very much for the opportunity to be heard today.

The Chair: Thank you very much for your presentation.

We'll continue with the Association of Canadian Academic Healthcare Organizations, and Glenn Brimacombe, for five minutes.

•(1600)

Mr. Glenn Brimacombe (Chief Executive Officer, Association of Canadian Academic Healthcare Organizations): Thank you, Mr. Chair.

Good afternoon. My name is Glenn Brimacombe. I am the CEO of the Association of Canadian Academic Healthcare Organizations.

ACAHO is the national voice of teaching hospitals, regional health authorities, and the research institutes responsible for the three following integrated activities: we provide Canadians with access to a range of quality specialized and some primary care services; we represent all of the principal teaching sites that train the next generation of Canada's health care professionals; and we provide the large majority of infrastructure to support and conduct health research, medical discovery, and innovation across the country. We also employ in excess of 200,000 Canadians.

There are no other organizations in the health system whose members provide this unique combination of health services. We consider our institutions as vital hubs in the system, in addition to being a national resource.

The association is of the view that there are a number of areas where the federal government has a significant and natural role in improving the health and health care of Canadians and also continuing to position Canada as a global leader when it comes to harnessing the full economic and social benefits that come from investing in research, innovation, and commercialization. In short, it's about strengthening the linkages between health and wealth.

The future of the health care system remains the most important public policy issue on the minds of Canadians. It's clear that wait times are the barometer by which Canadians perceive the performance of the health system. If patients have to wait, then they are looking for certainty in terms of how long they will have to wait for care. Yet, as important as wait times are, their very existence is linked to a range of other policy issues.

Notwithstanding the progress that has come from the first ministers agreement in 2004 and the development of wait time benchmarks, the association is of the view that there is an important and legitimate role for the federal government: to invest in and improve the capacity of the health system to meet current and future needs of Canadians.

To improve the overall responsiveness and flexibility of the health system and to build on the important gains that have been made at the local level when it comes to managing wait times, the association is of the view that there is a strong complementary and collaborative role for the federal government to invest in capacity-building in three strategic areas. The first is to create a national health human resources fund to expand the country's capacity to train a growing number of health care professionals. The second is to accelerate the introduction of interoperable electronic health records through Canada Health Infoway. And the third is to introduce a health delivery infrastructure fund to assist teaching centres to build, and in some cases rebuild, delivery capacity to provide timely care to Canadians. These three strategic investments should be viewed as being time limited and targeted in nature.

ACAHO also views research as the oxygen of an evidence-based health system. It is the basis upon which many sound public policy decisions are based. It is the backbone of a health system upon which cost-effective clinical and administrative decisions are made.

Research is the foundational building block that facilitates innovation in at least three dimensions. It contributes to improving the individual and collective health status of Canadians; it impacts on the architecture of the health system and the manner in which we deliver cost-effective health services; and it produces leading-edge, world-class discoveries that provide opportunities to leverage major economic benefit as well as health gains.

From the perspective of ACAHO, research, innovation, and commercialization processes are an essential component and a distinguishing feature of our members' mission and mandate. Given the breadth and depth of health and research investments by the federal government, one might be tempted to say the time has come to address other more important national priorities.

ACAHO maintains that while the tide has turned through enhanced investments in Canada's health research enterprise, we must continue to sustain the momentum we have created so that we can continue to participate in the benefits that come from future world-class research findings. Understanding that the research and discovery process can take time, we must ensure that we till the soil if we are to fully harvest the fruits of our labour and remain as a world leader.

With this in mind, ACAHO understands that there are a number of strategic pieces that need to work effectively if we are to maximize

our investments in Canada's health research and innovation value chain. In this context, the association would bring to the attention of the standing committee the need to resource the different dimensions of the research equation: infrastructure, basic and applied health research, personnel, indirect costs, as well as maximizing the full economic benefits of world-class, breakthrough health research.

Given that we are on the threshold of a biotechnology revolution, not to mention other advances in health research, can we afford any retrenchment in funding the health research enterprise without it having serious consequences on our ability to attract and retain world-class researchers, not to mention our ability to advance the process of discovery and innovation? We believe it cannot.

● (1605)

Finally, a move away from commitments to funding research, innovation, and commercialization will result in Canada falling out of step with those countries that place tremendous value on the linkages between creating knowledge and its spinoff effects, particularly in a global economy that relies on the advancement and translation of knowledge.

In closing, our brief is about building a modern and dynamic society that is up to the challenges of the 21st century. It's about investing in a vibrant and healthy population, and it's about competing and winning in an increasingly interdependent and global economy that places a high value on the creation and translation of knowledge where speed wins.

Thank you.

The Chair: Thank you, sir.

We will move immediately to questions, and given the compressed timeframe, we'll go with five-minute rounds.

We'll begin with Mr. Savage, who I understand may be sharing some of his time with Mr. McCallum. Please proceed, sir.

Mr. Michael Savage (Dartmouth—Cole Harbour, Lib.): Yes, and hopefully he gets more of a chance than when that's reversed and I'm sharing with him.

Thank you all very much. Considering the timeframe, I think the presentations were all very useful.

I would particularly like to chat with Monsieur Vinet—nice to see you again—and Mr. Brimacombe.

Some of the recommendations you are calling for were in fact introduced into Parliament less than a year ago. For example, the indirect costs going to 40% was part of the economic update in the fall. I hope the new government does something to follow that.

Monsieur Vinet, the last time we chatted, we were having lunch a couple of days before a big football game between your team and the Saint Mary's Huskies in Halifax. Considering the lack of time I have, I don't want to talk about that, but I do want to follow up on a different issue.

You've talked a lot about research. In the last five years, Canada has invested a lot in publicly funded research. We've gone from the second lowest in the G-7 to the highest, and we are very high in the OECD nations—I think second in publicly funded research. We've done a lot, and we've done a lot of it directly to universities.

You call for what I refer to as the “dedicated transfer”, which is a concept that I think has a lot of merit and which I think all the parties have considered. I just wonder, though, considering the success the federal government has had by investing directly in universities—notwithstanding that tuitions at the University of Montreal for first year students are around \$2,000, compared to \$6,000 or \$7,000 in my province of Nova Scotia—do you see a role for the federal government in directly investing in students, particularly those students who are unable, for cost reasons, to go to university now?

Mr. Luc Vinet: Well, I was talking about the fact that we need to have the best universities that there can be. I think it's very important, and I will insist on that. I really believe our future relies on that. The quality of our human resources is at stake here.

The challenge is very large. Money is not everything, but it contributes significantly to our capacity to offer the best education and to carry out the best research.

AUCC has provided numbers showing that, on average, state universities in the U.S.—state universities, not the Princetons and the Harvards—are getting \$8,000 more per student than the Canadian universities. That is a lot of money. You could figure out how much it would require nationally. My point here is that it will require a concerted effort from all involved parties, and I would submit that the federal government has a significant role to play.

I called for a national initiative respecting the various jurisdictions, so it is very important to me that the federal government sustain its effort and its support for research—very, very important. It involves supporting the graduate students.

Also, for universities to be able to carry out their mission, and for the research effort to be carried out, the operations also need to be well-supported. We're not able to do that. This is why the transfer solution has to come into play, because I don't believe it is possible for the federal government to intervene directly in determining what should be done at the university administration level.

I also believe that tuition should be addressed; it varies across the country. We're in the jurisdiction where it is low. I happen to believe that it should be increased, but we should never forget that in doing so we need to provide for the needy students so that we achieve quality and accessibility for all students in the country.

• (1610)

Mr. Michael Savage: Thank you.

The Chair: Mr. Savage, you've left Mr. McCallum with about the same amount of time he left you with yesterday. There is 20 seconds of time, sir. If you would like to make a remark or ask a question, please proceed.

Hon. John McCallum (Markham—Unionville, Lib.): I would just congratulate Mary-Martha Hale for her wisdom in noting that it was an income tax increase and not an income tax decrease in the last budget.

That's my 20 seconds.

The Chair: Indeed. We'll proceed now.

[Translation]

Mr. St-Cyr, for five minutes.

Mr. Thierry St-Cyr (Jeanne-Le Ber, BQ): Thank you very much for coming here today. As I've already said — and my colleagues must be getting tired of hearing it —, since this is your first appearance before us, you must be very frustrated to have only five minutes to present your viewpoint. However, you can take some consolation in the fact that it is even more frustrating for us to have only a few minutes to put questions to witnesses.

My first question is for Mr. Vinet who, as he mentioned, is the first person from the academic community to make a submission. He is also the first person to deliver part of his presentation in French. I'm delighted to see that, even though I would have preferred it if he had spoken entirely in French. I'm sure my colleagues who are learning French would have appreciated the opportunity to get in a little practice.

On a more serious note, I read your recommendations. You talk about keeping the best students here in Canada as well as about the need to invest in post-secondary education by transferring sufficient funds to the provinces. Most Quebecers would agree with you. However, you also say that funding should target specific areas and that recipients should be held accountable for the way in which funds are spent. In essence, are you encouraging the federal government to move into an area that is the exclusive domain of the provinces by asking them to be accountable for education issues?

Mr. Luc Vinet: It's quite simple. No doubt we have our own interests at heart, but given the importance of post-secondary education, we want assurances that the funding allocated will be used for that intended purposes. We want these funds to be used strictly for post-secondary education.

Mr. Thierry St-Cyr: Therefore, you want a budget envelope dedicated solely to education. I understand.

My second question is directed to Ms. Dionne from the Canadian Child Care Federation. I read through your submission very quickly, but I don't believe you talk about the specific situation in Quebec. You're familiar with Quebec's public day care system. I'd like to know how you feel about a situation that many Quebecers feel is unfair. As you know, parents who have their children in day care can claim tax credits for the expenses incurred.

However, with the advent of day care services for \$5, and now \$7 a day, Quebec parents are eligible for a smaller tax credit than other parents, even though they pay the difference in day care costs through their taxes. This creates a problematic situation. A total of \$250 million per year, or a total of \$1.5 billion, has flowed into the federal government's coffers since the program's inception, while neither the Government of Quebec nor Quebecers have seen a return on this societal initiative.

Since you are an expert on child care matters, do you think the federal government should pour any savings back into the province so that it can reinvest the money in child care services? Or, do you feel the money should remain in the consolidated revenue fund?

The Chair: Ms. Dionne, you have only a minute or two remaining.

[English]

Mrs. Yvonne Dionne: Thank you for your question. The federation doesn't take a stand on how moneys are divided and spent. We focus on quality and early learning in child care. I think the focus would need to be on how those policies are affecting the actual quality of early learning and child care for parents and for the actual practitioners within Quebec.

I know there was some information in the news just a little while ago about how it sets up a discrepancy, and about whether parents, for example, should be encouraged to pay more than the \$7 a day to support more services, including dance classes, physical activity programs, and such. If the infrastructure surrounding the core practitioner, parent, and child, and the partnership relationships there are setting up policies that put it into a disequilibrium, then I think it needs to be looked at more carefully.

We don't want one child to be experiencing one thing in one environment that another isn't because of the funding. It should be because of the parents' choice.

•(1615)

The Chair: Mr. Del Mastro, five minutes, sir.

Mr. Dean Del Mastro (Peterborough, CPC): Thank you, Mr. Chair.

I'd like to start with Ms. Hill, if I could.

I was looking at your suggestions and heard the comment by Mr. McCallum, which leads me back to that question. You're aware that Budget 2006 actually removed 655,000 low-income Canadians completely from the federal tax rolls, the predominate portion of them being low-income seniors. In addition to that, we reduced the GST burden on all Canadians.

Mrs. Mary-Martha Hale: Yes, I am aware of the reduction in the GST. But people with extremely limited incomes have less disposable income to pay GST.

Mr. Dean Del Mastro: Right. But the rise in the basic personal exemption, plus the additional exemption for seniors, which was doubled, actually removed 655,000 low-income Canadians from the tax rolls. It was the most significant move on taxes for low-income people in ages.

A voice: [Inaudible—Editor]

Mr. Dean Del Mastro: Yes, she is—GIS, OAS, CPP.

The Chair: Please address your comments to the witnesses who are with us.

Mr. Dean Del Mastro: I see your recommendations, so I'm just asking if you are actually aware of those measures in the budget.

Ms. Marion Wright (Chair, Alliance to End Homelessness): Thank you very much for drawing that to our attention. I think the comment made elsewhere has merit, that the majority of people who

are homeless or at risk of homelessness are not seniors in our current Canadian population, although there are seniors in that age group.

The indexed groups that we are looking at are predominantly young families, children, and individuals who face a lifetime of poverty because of mental illness and addictions. They often don't live to be seniors, unfortunately.

Mr. Dean Del Mastro: I'm not specifically speaking of seniors. But your actual package does point out EI, OAS, and GIS, and two of the three are seniors programs.

But it isn't just seniors. About 300,000 are seniors, but 655,000 in total fall completely off the federal tax rolls, plus there's the reduction in the GST. I just wanted to make sure you were aware of that.

Mrs. Mary-Martha Hale: Thank you.

Mr. Dean Del Mastro: Ms. Dionne, you proposed something that I think some of the members on the committee will find quite troubling. It is a national discussion on family policy and developing a coordinated national family policy that will support Canada's objectives in the world.

I'm just curious. Isn't this kind of day care, child care, or whichever term you prefer to call it, provincial jurisdiction?

Mrs. Yvonne Dionne: Yes, it certainly is. If you look at it from a person's life cycle from zero to when they're working and when they become seniors, the policies that affect the workforce in the global economy also affect the ability to move from province to province in this country.

When people move for work they often bring their children with them. Just as they expect to find a school in their new province that meets the same criteria as the school they have left, they expect to find the same child care structure there. As we know now, the quality varies considerably. Fifty per cent of Canadian children are in some form of child care between the ages of zero and six, and half of those are in unregulated settings that are not licensed. There's no sense or understanding of quality.

Mr. Dean Del Mastro: Right.

Mrs. Yvonne Dionne: Of those people who are going through the system now between ages zero and twelve, in six short years the older ones will be voting and entering universities. They will be starting their own families shortly after that, so the importance of starting early across Canada with the same approach will support migration among the provinces.

•(1620)

Mr. Dean Del Mastro: My wife is an early childhood educator, and for the life of me I can't understand why the provinces haven't put day care, as they term it, or early learning under the heading of education.

What are your feelings on why it is not classified as such?

Mrs. Yvonne Dionne: It's an extremely good question. I do look at it that way. When we were a country that had a more rural economy, children were educated at home and learned to read almost before they could go to school. The economic reality of the time was that they needed children to go to school from September until June so they could work on the harvest. That's why we have summers off in the school system.

The economic reality now is that parents are returning to the workforce and there needs to be some kind of system to educate children beyond September to June, in the summer months we normally have off now, and extend that to a lower age because of the economic necessities. Our school system was set up with one economic necessity; we have a new one now. That may be the difference.

Mr. Dean Del Mastro: Agreed. Thank you.

The Chair: Madam Wasylycia-Leis, five minutes.

Ms. Judy Wasylycia-Leis (Winnipeg North, NDP): Thank you, Mr. Chairperson, and thank you to all of our presenters for some very useful information this afternoon.

I think I'll begin with Mary-Martha Hale on the housing issue, because in fact I think you've identified something that is at the very heart of building a healthy society that can be competitive internationally. I think we all know the importance of putting money into housing, but what we're facing right now is in fact the possibility of a government that's not putting money into housing and is, at the same time, planning to take money out of housing and homelessness programs.

We all had a scare this summer when letters went out to these groups that were supported under SCPI, and but for a huge outcry and press conferences, we would probably have seen the death of very important programs that help deal with issues pertaining to secure housing, mental health issues, and helping women access whatever little day care there is. My question is, what can we do as a committee to both stop that hemorrhaging and do the necessary increases to provide housing for the some 1.5 million Canadians who don't have access to affordable housing?

Maybe I didn't ask the right person.

Marion.

Ms. Marion Wright: Thank you very much for your supportive comments.

Certainly, our undertaking and concern around the loss of the national homeless initiative and the SCPI funding this summer sent many of us as service providers into a great deal of concern.

Looking at how the government might be able to assist in this issue, because it is a national issue, even though it does have implications at the municipal and provincial levels as well, would be to initially create a housing strategy, a long-term strategy. One of the things that's been wonderful about SCPI is that it has enabled a number of things, but it doesn't offer sustainable long-term supports or housing that really will be necessary in the long term to solve the housing crisis and the homelessness situation we have here in Canada.

The second thing to do would be really to look at where there might be some small adjustments that the federal government could make that would in fact decrease the number of people living in poverty or at risk of homelessness. And there would be a number of adjustments. We talk about them specifically. Each would contribute a small amount, but collectively it would certainly help to inform and contribute to an overall reduction in homelessness.

• (1625)

Ms. Judy Wasylycia-Leis: Thank you very much. I wish we had more time.

I'm going to go on to both Judy and Yvonne with one question that maybe you could both answer, and that is tying child care into the issues around mental health. In fact, my sense is there are so many parents, especially women, who are on the brink of very serious mental illness because of the stress they are facing trying to juggle work and family responsibilities without access to quality day care, without knowing that their kids are safe, and hearing all the time that it's their fault and their problem. We're even hearing it in this Parliament, the suggestion that we should just give money, a few bucks, to people to help whatever and never mind the need for quality, non-profit child care.

So tell me a bit more about the impact on the mental health of women and parents. Tell me a bit about what happens to women who can't find that quality day care and that safe, affordable space.

The Chair: You have approximately one minute for the response, Madam Watson.

Mrs. Judy Watson: Thank you.

Studies have shown the impact of affordable housing and income security and the effect they have on mental health. This would affect everyone within the family. It affects the mother and it's going to affect the children. They're going to grow up in a more stressful environment.

So we must first of all invest in affordable housing, in income security for individuals, working with the businesses, as I said earlier, so they invest in the workers, because all of that helps reduce the stress, helps to keep people healthy. Then you would have a better chance for the children if they lived in a healthier home environment.

The Chair: Thank you, Madam Watson. We'll conclude with Mr. McCallum.

Mr. McCallum.

On a point of order, Madam Wasylycia-Leis.

Ms. Judy Wasylycia-Leis: I know I went a little over, but could I just ask for the indulgence of this committee for 30 seconds—

The Chair: No, Madam, it's Mr. McCallum's round.

Hon. John McCallum: Thank you, Mr. Chair.

I thought we'd flogged this horse to death, but I think for the record I should just note the fact that in the last budget the income tax rate was raised, the personal exemption was reduced, and the number of people on the tax rolls went up. I'll just quote a well-known economist, Dale Orr, who in his own words wrote the following. These are the words of Dale Orr:

What the Finance Minister did not say in presenting Budget 2006 was, "Mr. Speaker, with this reduction in the tax free amount from current levels, I have today pushed about 200,000 of the lowest income Canadians back onto the tax rolls".

That's Dale Orr speaking, a neutral economist.

I thought we'd solved that. But I have not much time and I would like to simply ask one question to Monsieur Vinet.

[Translation]

The key problem, as I see it, is that in the last budget, the government spent virtually all of the resources available to it, or \$15 billion per year, which means that there will be little, if anything, left if it doesn't address the fiscal imbalance. The last budget made no provision whatsoever for universities, innovation and research.

[English]

So my one question to you is, if there is little money available, which I think is the case, of all the things that you would like to see, can you name one—preferably not too expensive—that in your view might be the highest priority for your university?

Mr. Luc Vinet: Yes, if you force me to—and this would not address the issue of competitiveness for this country—I think it would be very important to complete the indirect cost-recovery program to bring it up to 40%, because without that we are sinking. We are underfunding our research projects and we are not doing the repairs or the maintenance on our buildings. So the whole university enterprise is in danger.

Hon. John McCallum: That's very useful.

If I have time, I'll ask the same question to Mr. Brimacombe, because you're also in research and innovation. What would be your one single greatest wish?

Mr. Glenn Brimacombe: Indirect costs are a vital program to our members. Roughly half of all indirect costs that are funded by the federal government are invested in our members' institutions. That's point number one.

So I wouldn't necessarily disagree with Mr. Vinet. What is related to our most important recommendation is around investing in infrastructure. Indirect cost is related to it, but I have to tell you as well that what the Canada Foundation for Innovation has done is revolutionize the infrastructure in which we actually undertake research, whether it's health research or university-based research.

Hon. John McCallum: The Canada Foundation for Innovation is about to run out of money, unless the government comes to the rescue.

Mr. Glenn Brimacombe: Hence, one of our recommendations before the standing committee today is not only investing, increasing investments in direct costs, but also looking at how you would rejuvenate an organization like CFI that currently has an endowment of roughly \$3.5 billion.

A voice: Amen, brother.

Hon. John McCallum: Thank you very much.

The Chair: Thank you.

To clarify Mr. McCallum's remarks concerning the amount of money pertinent to your presentations, we should not confuse the

witnesses with comments that only the projected surplus is what's at issue here. We are, after all, charged with the responsibility of making recommendations on the budget—the entire expenditure regime of the government. So I want to make sure that the witnesses don't believe their appearance here today is of little consequence. I wouldn't like that to be on the record, because it is of great consequence.

On behalf of the committee, I thank you very much for being here. I appreciate your presentations very much. We invite the next panel to replace you in the seats you now occupy.

Thank you.

● (1630)

[Translation]

I'd like to announce to committee members that our next meeting is scheduled for 10 a.m. Thursday. Lunch will be provided.

● (1635)

[English]

The Chair: The finance committee will resume its deliberations on the pre-budget consultative process. I will invite those who are not involved in the presentations to escape the room, if they wish to continue their conversations in the back. I thank you all for being here.

Our witnesses will have five minutes to make their presentations. We will commence with the representative from the National Children's Alliance, Peter Dudding, the executive director.

Please proceed, sir. You have five minutes.

I will give you a sign, witnesses, when you have about a minute to go.

Mr. Peter Dudding (Executive Director, National Children's Alliance): Good afternoon, ladies and gentlemen.

My name is Peter Dudding and I'm the co-chair of the National Children's Alliance and the executive director of the Child Welfare League of Canada. Also present with me today is Larry Gemmel, the executive director of the National Children's Alliance.

The National Children's Alliance is a coalition of 66 national organizations working collectively to enhance the well-being of children, youth, and families in Canada. In addressing the questions posed by this committee in the pre-budget consultation process on Canada's place in a competitive world, the National Children's Alliance is pleased to have this opportunity to respond by articulating the enormous importance that Canada's children and youth will have in securing our future.

Our children and youth represent our best opportunity to ensure that in the future, Canada's citizens are healthy, well-educated, and positive contributors to our society and to our economy—I'm sure we all agree with that—ensuring our success in an increasingly competitive world. In seeking the appropriate measures for Budget 2007, we urge the committee to consider the significant role that our members and Canada's voluntary community sector play in supporting the positive development of our children and youth.

The majority of Canada's children and youth are doing well, but those with disabilities, aboriginal children, victims of child abuse and neglect, children living in poverty, and youth who are recent immigrants and visible minorities face many obstacles. It is essential for the well-being of all Canadian children and youth that the current levels of funding to support health, mental health, education, and social services be maintained or increased. Our marginalized populations need consistent support in order to thrive and to have the opportunity to become fully contributing members of society, ensuring that the next generation of the workforce is well educated and positioned to meet the challenges of a global economy.

The committee has already received our full brief, so I will highlight the key factors that affect the well-being of children and youth that this committee will need to consider in creating the budget, securing our future in the competitive world by enhancing and strengthening programs across Canada for children and youth.

In seeking new initiatives to enhance Canada's competitiveness, we urge the government not to lose sight of the important investments in our children and youth that must continue to be made. Of course, the federal government must exercise vision and leadership, both directly through its national programs and indirectly through transfers to the provinces and territories. I want to emphasize the importance of that second point as we talk about children and youth.

Family income is recognized to be a key determinant of healthy child development. Canada's child poverty rate has been stuck at 16% for the last 30 years, and we're doing poorly compared to many OECD countries. The majority of two-parent families are dual income, while 65% of female, single-parent families are employed. This does not mean that all families are thriving. The gap between families with the highest and lowest incomes is increasing; the working poor face job insecurity characterized by part-time, seasonal, or contract work. Typically, these jobs do not provide enough hours or sufficient pay and benefits to enable families to make ends meet. Canada needs to continue to develop a strong and thriving domestic economy in order to ensure the availability and quality of employment opportunities while continuing supports for low-income families. As well, the practice of allowing provinces and territories to claw back the child tax benefit from families on income assistance must be eliminated.

In the area of physical and emotional safety, the reporting of child maltreatment, child abuse, and neglect of children and youth continues to grow in this country. Child neglect remains the largest category, and children witnessing domestic violence has increased dramatically. Community resources play an extremely important role in supporting children and youth and their families, contributing significantly to the social infrastructure that we all want. Among the key indicators of a strong and healthy social infrastructure to Canada's global competitiveness are quality child care options, recreation, education, and of course social services to provide access to parenting skills, adequate income, affordable housing, family violence, substance abuse, mental health, and counselling programs.

• (1640)

The "Out of the Shadows at Last" Senate report on mental health indicates that 15% of Canadian young persons face significant

mental health challenges. The government should move quickly to implement the recommendations of this report, including creating the Canadian mental health commission and the mental health transition fund.

With that, I can see we're at time. I thank you very much, and I'm available for questions.

The Chair: Excellent. Thank you very much, sir.

We'll continue with Deanna Groetzinger. She represents the Multiple Sclerosis Society of Canada.

Welcome.

Mrs. Deanna Groetzinger (National Vice-President, Communications, Multiple Sclerosis Society of Canada): Thank you very much. I am joined today by Yassemin Cohanin, from our Ottawa chapter, who will be sharing the presentation time.

We're very pleased to have this opportunity to speak to the Standing Committee on Finance.

The Multiple Sclerosis Society is a national voluntary organization that supports both multiple sclerosis research and services for people with MS and their families and caregivers. MS touches people across a wide spectrum in this country. In fact, Canada has one of the highest rates of MS in the world, affecting an estimated 55,000 to 75,000 Canadians.

In our brief we have focused on three broad areas of concern to people with living with MS. Today we'll focus our comments on a few highlights, and Yassemin will start us off.

Ms. Yassemin Cohanin (Volunteer, Multiple Sclerosis Society of Canada): Thanks, Deanna.

The first priority area is the area of income security and support.

MS has a profound impact on the ability to work. Most people with MS are diagnosed between the ages of 15 and 40, with the average age of diagnosis at 30. Secondly, MS is a disease that is episodic in nature, especially in the first ten to fifteen years, when it is characterized by unpredictable attacks followed by periods of recovery. Nearly 80% of people with MS are eventually unable to work full time. The challenge we have is that federal disability benefit programs, namely the Canada Pension Plan disability benefit and the disability tax credit, are both tied to income.

For those with episodic disabilities, such as MS, lupus, mental illness, and AIDS, long-term attachments to the workforce become difficult or impossible. For people with MS, there are two threads to the income security discussion. The first concerns people who are unable to work because of the severity of their condition. Programs tied to earning an income often preclude them from eligibility. Given that the issue of income security is a complex one, we recommend that the government establish a special group to study the issue of income support for people with episodic and other disabilities. We believe there is an opportunity to do this within the context of the government's proposed national disability act.

The second thread of the income security discussion concerns people who are well enough to manage part-time work. The current disability benefit programs don't recognize or accommodate the needs of people with episodic disabilities for flexible work options and income support, nor do they recognize the concept of part-time work.

The MS Society has identified specific opportunities for short-term policy and program improvements that would make a meaningful difference in the lives of disabled Canadians and would potentially create savings in administration and program costs. For example, allowing for part-time benefits with part-time work within the employment insurance program would encourage an ongoing attachment to the workforce. Harmonizing the applications for the disability tax credit and CPPD would make it simpler for applicants and provide cost savings to government.

Another recommendation is to allow CPP administrators to do research and carry out a pilot project on approaches that could target people with episodic disabilities. A similar recommendation was also made by the Standing Senate Committee on Social Affairs, Science and Technology in its recent report on mental health.

Deanna.

Mrs. Deanna Groetzinger: Thank you.

The MS Society is also recommending some changes to existing programs to benefit caregivers. These changes would help address the inequity currently faced by caregivers when they leave the workforce to care for someone who is disabled. In so doing, they compromise the future level of their pension at retirement. This is patently unfair, since they save the government hundreds of thousands of dollars in annual costs for hospitalization or institutional care.

Specifically, we'd like to see that EI benefits be extended to caregivers of people who are severely disabled, similar to what is now in place for caregivers who leave their jobs to care for gravely ill or dying family members. In addition, we recommend that the CPP program provide drop-out provisions for caregivers that are the same as the child care drop-out provisions. And finally, the caregiver tax credit should be extended to spouses as it is to other family members. Spouses often provide care out of love and compassion, not because they're required to do so. A caregiver spouse makes an important contribution, and it should be recognized and compensated.

The second priority area in our brief is the area of health care, and I'd like to highlight the urgent need for catastrophic drug coverage

and a national pharmaceutical strategy. Drugs to treat MS are expensive, up to \$25,000 a year, and we recommend that the government look very quickly at moving to a catastrophic drug program as soon as possible.

In health research, the MS Society has its own research program, but we depend significantly on the funding that is available from CIHR. Again, we recognize the importance of this and urge this committee to make a recommendation to the government that CIHR funding be increased and sustained.

Thank you very much.

• (1645)

The Chair: Thank you both very much.

We continue with Imagine Canada representative Teri Kirk. You have five minutes, Madame.

[Translation]

Ms. Teri Kirk (Vice-President, Public Policy and Government Relations, Imagine Canada): Thank you, Mr. Chairman.

Good morning everyone. My name is Teri Kirk and I'm the Vice-President of Imagine Canada.

I'm speaking to you on behalf of Imagine Canada and the approximately twenty agencies listed on page one of our submission. This list includes professional organizations, church groups, cultural associations, volunteer agencies and others that contribute to the quality of life of Canadians which has made us the envy of the world. The community non-profit sector attracts and retains individuals and businesses that help make Canada competitive. Our submission includes an overview of Imagine Canada and of the non-profit community sector agencies that support its recommendations.

[English]

Principally, we urge the Government of Canada to develop a sector investment strategy for the community non-profit sector and to commit to a joint examination of a significant new funding instrument to support investment in the sector, which would supplement and complement federal funding to sector organizations through grants and contributions.

The sector is now sufficiently large in terms of its economic impact—8.6% of GDP—its role in job creation—2.2 million jobs, giving it more paid employment than the manufacturing sector in Canada—and its significance in attracting and retaining people and enterprises in Canada to merit being treated as a sector.

The government has in place a sector strategy for virtually every other sector, whether it be SMEs, manufacturing, IT, mining, or fishing, and yet there is no overarching strategy for addressing the well-being of this sector and informing investment decisions in the sector. This is in stark contrast with the SME sector, for which there are a half dozen crown corporations in place, from BDC to EDC to CCC, to address the financing, exporting, insurance, and other needs of small and medium enterprises.

We're asking that this strategy incorporate a joint examination of investment instruments such as a national foundation, fund or granting council. Examples at the federal level include the Canada Foundation for Innovation, and at the provincial level, the Trillium, the Wild Rose, and the Fondation communautaire du grand Québec.

We would also like to bring forward the Budget 2006 measures, which eliminated capital gains tax on donations of listed stock to charities, and ask that they be extended to private foundations. Considerable work has been done on this recommendation by Philanthropic Foundations Canada and the 20 sector organizations that Imagine Canada is representing here today that support that brief.

Finally, I'd like to bring forward a couple of information items. The first relates to charitable remainder trusts. Again, the Canadian Association of Gift Planners has done considerable work on this. These charitable remainder trusts are existing instruments; however, the law and taxation of these instruments is unclear. Donors and the gift planning community are reluctant to use them when the law remains so unclear, so we're asking for a clarification of the law.

Finally, in respect of the federal charitable donation tax credit, as some of you may know, this is a two-tier credit. For the first \$200 that each of us gives to a charity, one receives a credit of 16%, which moves up to 29% at the \$200-plus threshold. This has given rise to some administrative challenges, with people pooling among spouses or deferring for a number of years to attract the higher credit rate. The recommendation is that we move to a single tier at the 29% level. Associated with that, the federal policy has been to provide a credit based on the highest marginal tax rate, which in the past has been 50%, and therefore, effectively, to match our individual donations. The decline of marginal tax rates, which is of course welcome, has meant that the federal contribution to donations has declined, so that Canadians are bearing more at the 60% to 70% rate.

Those are our comments. I certainly welcome any questions from members.

• (1650)

The Chair: Well done; that's the first presentation we've had that has finished at exactly five minutes. Thank you.

Mr. James Parks is here for the Canadian Bar Association.

Sir, try to do as well.

Mr. James Parks (Chair, National Charities and Not-for-Profit Law Section, Canadian Bar Association): Thank you, Mr. Chairman and honourable members.

We also are pleased to be here, and we welcome the opportunity to make this submission.

The CBA represents over 34,000 jurists, including lawyers, students, notaries, law teachers, etc. I'm here speaking for the charities and not-for-profit section, which has approximately 1,300 members, all lawyers or law students. We've had a long-term interest in tax legislation and tax policy, particularly as it relates to charities and not-for-profit organizations, and we have seven recommendations in our written brief. I'll touch on them briefly.

First and foremost, we echo what you've heard already from the Canadian Association of Gift Planners and Imagine Canada. We strongly recommend the extension of the relief for capital gains, the non-recognition of capital gains, on donations of marketable securities to private foundations. We also believe that should be extended to gifts of real estate.

From an administrative perspective, as we indicated last year, we also strongly recommend the setting aside of resources and a direction to the Department of Finance to simplify the rules in the Income Tax Act dealing with the disbursement quota and the monitoring of the expenditure of funds by registered charities that have been raised, with tax relief for donors. We see that as a serious drain on the sector because of the complexity and uncertainty.

There are some technical issues touched on in our brief that relate to current proposals in the July 18, 2005, draft legislation, including the concept of control for charities where significant donors give a lot of money. If they're deemed to control the foundation, it will be private, which is usually an adverse result.

We're concerned about holding periods. When you track the cost of an asset that's given, if it was acquired within three or ten years its cost becomes its value at the time of a donation. That's problematic where a property stays within a related group.

We also echo the recommendation about pursuing legislation to implement charitable remainder trust. They're a very useful vehicle for donors. We need legislation. The CAGP has taken the lead on that, and we would strongly recommend that this be pursued.

My final recommendation is a technical point, that non-resident charities be entitled to be treated as exempt organizations in Canada, even if they're charities. At present that's not possible because of a glitch in the law. We recommend that the rule be changed so that a non-resident charity, such as a foreign university that wants to come here, is able to seek exemption as an unregistered not-for-profit organization. Right now it can't do that because the Minister of National Revenue must express the view that it's not a charity, and of course that can't be done unless there are some extreme circumstances.

Those are my comments, Mr. Chairman.

The Chair: Thank you very much, Mr. Parks.

We'll continue with the representative from the Canadian Foundation for Climate and Atmospheric Sciences, Jacques Derome.

Monsieur, cinq minutes.

Mr. Jacques Derome (Professor, McGill University, Canadian Foundation for Climate and Atmospheric Sciences): I'm Jacques Derome, member of the board of the foundation. With me is Dawn Conway, executive director of the Foundation for Climate and Atmospheric Sciences.

Weather, air quality, climate, and marine conditions have major impacts on Canada's economy, its sovereignty and security, and the health of its citizens. For example, in 2005, air pollution resulted in over 5,800 premature deaths in Ontario, and the Ontario Medical Association has estimated the total economic impact of that one year at \$7.8 billion.

A major national effort is required to ensure that Canadians and their government have the necessary information on weather and climate to protect themselves and their property, to enhance economic efficiency, to act on new opportunities, and to establish strategic international partnerships. This effort is needed to permit policy and management decisions based on solid evidence, as well as strategic business development.

Since 2001, the Canadian Foundation for Climate and Atmospheric Sciences has been the leading player in Canada in stimulating and funding applied research in weather, air quality, and climate in Canadian universities. It focuses on research projects that are of direct interest to government departments and policy-makers. The foundation has generated the strongest level of interaction among researchers in universities in Canada and in government departments that has ever been realized in atmospheric science, and it has generated more than an equal amount of matching funds from the various research partners.

The foundation recommends a substantial increase in the federal investment for research on smog/atmospheric chemistry, the extreme weather that causes natural disasters, on climate trends and marine prediction to support federal environmental measures. The government's made-in-Canada approach to clean air and climate requires new knowledge, innovative policies, an adaptation strategy, and skilled people. The foundation is an effective and efficient mechanism for generating relevant new knowledge and skilled human resources. It ensures its programs reflect federal needs through both consultations and senior federal representatives on its board of trustees.

We propose that the federal government boost its financial support for research in universities and federal laboratories to generate information for its made-in-Canada approach to environmental challenges and adaptation strategies addressing changing weather, water resources, air quality, and climate conditions.

We recommend support measures for continuous monitoring, archiving, and use of scientific and research data on the environment, including the north and adjacent oceans.

We also recommend enhanced financial support for Canadian involvement in measured bilateral and international science, and

research initiatives related to weather, air quality, climate, marine conditions, and water resources.

Thank you, Mr. Chairman.

• (1655)

The Chair: Thank you very much, Monsieur Derome.

We continue with the Canadian Pharmacists Association representative, Jeff Poston.

Dr. Jeff Poston (Executive Director, Canadian Pharmacists Association): Thank you, Mr. Chairman, and thank you for the opportunity to present to the standing committee today.

The Canadian Pharmacists Association is the national voice of Canada's 29,000 pharmacists.

The focus of our submission today is patient safety and the need for federal investment to ensure a more effective post-market surveillance of pharmaceuticals. As we all know, pharmaceuticals are playing an increasingly important role in our health care system, but as more and more Canadians benefit from drug therapy, the number of drug safety concerns and adverse drug reactions is rising. Adverse drug reactions are sometimes discovered—in fact, it would appear these days that you could almost say they are usually discovered—after extended use of a pharmaceutical product in real world conditions. We saw another example in the media last week, where a painkiller that had been used for many years was linked to increased heart attacks. Over 10,000 adverse drug reactions were reported to Health Canada last year, but this is estimated to only be about one-tenth of the actual events.

Last year the federal government budgeted \$170 million over five years to implement a series of measures to enhance the safety and effectiveness of drugs. While this is a much needed investment, our concern is that the bulk of this funding is targeted towards pre-market approval of drugs, getting new drugs to the market earlier, rather than post-market surveillance in order to assess the safety of drugs in real world use.

Our recommendations centre on the need for significant investment in infrastructure that will enable health care practitioners to contribute to a well-designed program to support effective post-marketing surveillance. The development of this model is essential to the implementation of the progressive licensing framework being proposed by Health Canada.

CPhA recognizes the need for a new progressive licensing framework for pharmaceutical products that will support access to promising new drug therapies while continuously monitoring and assessing for potential safety and effectiveness. Under progressive licensing, patients could receive newly marketed medicines earlier from pharmacies, and monitoring the reporting on these new drugs would be completed by qualified health care professionals.

However, we are concerned that the resources required to implement and maintain such a program are inadequate, making it ineffective.

CPhA would like to see an additional \$150 million over 10 years committed to improving drug safety and effectiveness for all Canadians, including the development of a progressive licensing framework.

We further recommend that an additional \$50 million over five years should be invested in developing electronic tools for pharmacists, physicians, and nurses, allowing them to better participate in the ongoing surveillance of drugs for unwanted effects. Such tools need to be integrated into pharmacy and clinical management software systems used by health care professionals.

The development by Canada Health Infoway of a new system for public health surveillance may have some potential to be further developed to meet the needs for post-market surveillance of drugs.

A recent study indicated that only 63% of physicians and 44% of nurses knew how to report an ADR as compared to 92% of pharmacists. Therefore, we recommend that an additional \$10 million over five years should be invested in training health care professionals in the monitoring of drugs for adverse effects.

These recommendations we're putting forward today are also supported by our sister organization, the Canadian Association of Chain Drug Stores.

Appropriate developments in training and in technology are key to better evaluation and measurement of real world drug safety and effectiveness. While the federal government is appropriately emphasizing pre-market evaluation of drugs, post-market surveillance is increasingly important and also needs to be adequately funded. This will be a key to a successful progressive licensing program.

Thank you.

• (1700)

The Chair: Thank you, sir.

And thank you all for your presentations and for your willingness to accommodate our ever changing schedules here today.

I will mention in advance that you will hear bells ringing in approximately half an hour. That means we'll be called to a vote. We will endeavour, though, to get as many questioners in here as we can in the next half hour or so, and I thank you for your participation in that discussion.

We'll begin with Mr. Pacetti, and we'll go with five-minute rounds.

Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.): Thank you, Mr. Chairman.

Thank you again to all the presenters. Concise, that's what we like.

Mr. Poston, in your last comment you said that we should be funding post-market research. Is that commercialization?

Dr. Jeff Poston: When a new drug gets onto the market, it's perhaps been used in 3,000 to 4,000 people during the clinical trial phase. If you are dealing with an adverse drug reaction that occurs, say, in one in 10,000 patients, then you're not going to know about that.

What we're saying is that when these new drugs get used in the population, there needs to be routine, systematic monitoring and collecting of data on their use in order to make sure they're safe.

Mr. Massimo Pacetti: Is that anywhere in your brief?

Dr. Jeff Poston: Yes. We described it as post-market surveillance in the submission. We talked about it in supporting the progressive drug licensing framework.

Mr. Massimo Pacetti: Thank you.

I have a couple of questions for the Multiple Sclerosis Society of Canada.

You request extra funding for the Canadian Institutes of Health Research. How will that affect the Multiple Sclerosis Society? How will you be guaranteed that the money will go toward research for multiple sclerosis? Is that the idea? How does that get distributed? How is that going to benefit your society?

Mrs. Deanna Groetzinger: Initially it will benefit us indirectly. Essentially we fund research that's directly related to multiple sclerosis, and, as many other health charities, we really depend upon the bedrock of research that CIHR funds for conditions that may be related to multiple sclerosis. We really see it as building blocks. We need a very solid base of well-funded research that the rest of us can build upon.

Mr. Massimo Pacetti: Is there an exchange of information?

Mrs. Deanna Groetzinger: An exchange of information and the knowledge that can be gained from CIHR-funded research will certainly benefit those in other disciplines.

Secondly, organizations such as ourselves partner with CIHR. The funding of research and the research innovations are among the economic drivers of Canada. That's an important aspect of our economy today and I hope a growing one in the future.

• (1705)

Mr. Massimo Pacetti: Does the society actually do research?

Mrs. Deanna Groetzinger: We fund research. Between ourselves and a related foundation, we fund about \$10 million to \$11 million a year.

Mr. Massimo Pacetti: Who do you fund, universities or independent organizations?

Mrs. Deanna Groetzinger: We fund individual researchers based in hospitals and universities across the country.

Mr. Massimo Pacetti: I want to discuss some of the recommendations you've made. On page 7, you strongly urge the committee to recommend that the Minister of Human Resources establish a task force.

If I'm not mistaken, haven't there already been a few disability reports done or issued?

Mrs. Deanna Groetzinger: There have been a number of various reports looking at aspects of disability, but the one we are really looking at is the complex area of income security and support for people with disabilities. I think pieces of that have been looked at. There have been some great studies on the disability tax credit and other studies on CPPD. We think there needs to be a study to put this all together in order to look at the issues facing people with disabilities. Some Canadians with disabilities have among the lowest incomes across this country. As a country, we need to improve this.

Mr. Massimo Pacetti: Again, I understand and don't mean to interrupt, but time is limited.

At what point are we going to ask for action? Are you requesting one more study? I mean, we should be asking for studies and you should be asking for action. I feel the roles are reversed.

Some hon. members: Oh, oh!

Mrs. Deanna Groetzinger: True enough, and in the brief we have definitely concentrated on what we think is actionable that we would like to see happen within the next 12 months. But we're also conscious of the fact that the income securities and supports in this country are multi-level. There are both provincial and federal programs. How are we going to put them together? I think that's the issue.

The Chair: Thank you very much.

Veuillez-vous continuer, Madame Demers, s'il vous plaît.

[Translation]

Ms. Nicole Demers (Laval, BQ): Thank you very much, Mr. Chairman.

Thank you for joining us. I won't have time to put questions to all of the witnesses. However, Ms. Kirk, I do understand your concerns about the community and volunteer sector, because I'm familiar with this environment. I do understand and very much agree with your recommendations.

I have a question for Mr. Dudding. You talk about child poverty, a determining factor in a child's future. To my mind, poverty is a determining factor in the future and health of the global community. I'd like to share with you some of the recommendations we have made to government and to ask you if you believe they can help in the fight against poverty. We ask our constituents to give us some feedback, but we don't always know what people in Ontario, Manitoba, Saskatchewan or Alberta are thinking. The witnesses here today represent a cross-section of Canadian society and perhaps they can tell us if we're on the right path.

In Bill C-269 on employment insurance, we ask that the qualifying period be set at 360 hours of work, regardless of the regional unemployment rate, that the benefit period be extended, that the weekly benefit rate be increased to 60 per cent and that the waiting period be eliminated.

These are just a few of the changes we are seeking. We're also asking that CMHC's \$4.2 billion surplus be reinvested in affordable and special needs housing initiatives. We also want the \$3.2 billion owed to those seniors who were unaware of their right to collect the Guaranteed Income Supplement to be paid to them, because they are among the poorest in our society. We also want the application

process to be automated, so that once seniors have initially applied for the GIS, they will automatically continue to receive it every year. Persons with decreasing independence shouldn't have to reapply for the GIS each year.

In your opinion, could these changes help alleviate the poverty you described?

[English]

Mr. Peter Dudding: The short answer is absolutely. Just to embellish on what you're saying, the single largest group of poor people in this country are single-parent, mother-led families. So anything we can do to address and focus on the needs of that group of people...because we know they are the ones who are going to most directly impact the lives of children. These are mothers of very young children.

Certainly this issue is of growing concern. Your concern that it is impacting the long-term effect on children is absolutely supportable by the evidence, and I would encourage and strongly endorse the propositions you're making.

Merci.

• (1710)

[Translation]

Ms. Nicole Demers: Thank you.

My question is for Mr. Poston. In her 2002 report, the Auditor General recommended that pharmacists be made aware of the over-medication of veterans and federal government clientele. She reported that the department did not collect data on cases where pharmacists had ignored certain information. She also called upon Health Canada to upgrade its system so that pharmacists are provided with names, dosages and dates appearing on at least the last three prescriptions filled so that both you and the consulting physician have more information.

Does Health Canada now relay this information and do you have access to it?

[English]

Dr. Jeff Poston: My association is a large publisher of drug information in Canada, and we received a significant grant from the primary health care transition fund to create a new web portal we call e-Therapeutics. It integrates information about drugs and the treatment of diseases. We've just started to make that available to community pharmacists and physicians in Canada. We're in negotiations and discussions with provincial governments and the federal government to make that more widely available.

So I think the quality of information to health care practitioners is improving. But the focus of our submission is that we really need to do a better job of gathering information about real world safety and effectiveness to actually get better information on how patients are responding to drugs and what the effects are.

The Chair: The next questioner will be Madam Ablonczy.

Ms. Diane Ablonczy (Calgary—Nose Hill, CPC): Thank you very much for excellent presentations. I just wish we had more time with each of you, but your briefs are very complete.

I want to take a minute to thank many of you in the charitable sector for your ad on September 18 showing some appreciation for the measures in the last budget and how they helped you, and pointing out that donations to the charitable sector have increased substantially because of this. It's always nice to know how measures in the budget actually play out in the real world, and it's nice that you let others know too, because we get a lot of criticism, and sometimes approval comes in handy and is encouraging.

I notice some very good recommendations from all of you about further improvements that need to be made. I really appreciate the bar association—they always do great work and complete work—and Imagine Canada, and others. I want you to know we have these under consideration. There are so many competing demands, of course, on government coffers, but we are really actively considering these.

I want to tell you that we're tabling some technical amendments to the Income Tax Act very shortly, and some of the concerns you have might have made it into that bill. I have to confess, I haven't read it line by line yet, but it's pretty thick, so maybe some of your concerns were caught as they flew by.

I want to ask the MS Society—and I think your recommendations are really excellent, particularly the point you make about people with MS, and other conditions too, who can work sometimes, while some days aren't so good, and that really should be taken into consideration. But you mentioned no tax receipts for less than \$250. I thought that was rather a high threshold. Can you explain this a little bit?

• (1715)

Mrs. Deanna Groetzing: Sure. We looked at some other jurisdictions to see how it works there. This is essentially the threshold they have set in the United States. Charitable organizations there are required to provide tax receipts for donations of \$250 or above. Essentially, below that the Internal Revenue Service will accept the claim of a charitable donation based on auditable instruments such as credit card receipts, cancelled cheques, and the like.

It struck us as well that in this day, when increasingly people are filing their income tax by e-filing or by telephone, essentially many people don't include those tax receipts. It's a case of our producing the receipts and mailing them out in the first-class mail, when for many people they're not ever looked at again. Is there an opportunity here to save some paperwork, save some money on both ends and move us into the 21st century in this area?

The other point we made is that by law we're required to send out tax receipts by first class mail. That's 51 cents every single time.

Ms. Diane Ablonczy: That was good. My sister works for a charity, and it drives her crazy, because for every \$25 she has to send out tax receipts, and every time there's a fundraiser she takes days to do it. It is a big consideration, I know.

I want to commend, Mr. Dudding—and I know all of us feel this way around the table in the room—the work your groups do with our kids. This is volunteer time. It's a tremendous commitment, and it makes such a difference in the lives of these young children and young men and women. In my view, and I know it would be yours

too, government programs can never make up for personal involvement and mentoring, caring, and sharing. Particularly for single parents, this is a lifeline.

So congratulations for what you do. We're very sympathetic to your needs and appreciate the brief you put forward.

I wonder whether you could pick out one thing that would help you more than anything. If you could just funnel it down to that—not that there could be only one thing on the table—what's your biggest concern?

The Chair: To compound the challenge, Mr. Dudding, it'll have to be a brief one thing.

Mr. Peter Dudding: That's easy. The brief one thing would be the Canada mental health proposals, the creation of a new Canada mental health commission and the mental health transition fund—a major impact for children and youth across this country, Madam.

Ms. Diane Ablonczy: Good. Thank you.

The Chair: Thank you, Madam Ablonczy.

Judy Wasylycia-Leis, proceed.

Ms. Judy Wasylycia-Leis: Thank you very much.

I'm going to go fast. Five minutes runs out quickly.

Mr. Poston, first of all, you had a very good brief, but I think what you're doing is really just trying to—not cover, that's the wrong word—fill in for government negligence. What you've identified is a clear area of government responsibility, which we've known about for many years—never mind the global economy. Back in 2000 Vanessa Young died from an adverse reaction that should have been identified. Nothing has really been done...I mean, all of what you've recommended should have been done by now; it was part of the coroner's inquest.

It also begs the question about how we put in place a system that was there but was really just taken away from Canadians, starting back in 1996 when the Liberal health minister, Allan Rock, dismantled the drug research laboratory, the one capacity we had in this country to test adverse reactions between drugs and drugs, drugs and natural food products, drugs and food, and drugs and so on.

It just blows me away that we are so far behind in this very vital area. How do we get the government to take responsibility for something that's part of its mandate? It shouldn't be left to groups like yours to have to push for.

Dr. Jeff Poston: Well, I think you're absolutely right; we would agree with that. I think there's probably too much expectation laid at the door of the pharmaceutical industry in terms of solving these problems. I would agree with you entirely that government really has to step up to the plate.

There's been adequate research done; there are a variety of methodologies being developed in order to do this. New technologies will enable it even further. It does require a substantial piece of work, and that's why the amount of money we're recommending is fairly substantial.

But I would agree with you entirely. Government has to step up to the plate, has to fund these programs and has to give direction. The recognition is that there does need to be an emphasis on post-marketing surveillance. The work on pre-market approval has clearly been shown to be inadequate.

• (1720)

Ms. Judy Wasylycia-Leis: Thank you.

I'd like to ask Professor Derome a question. I appreciated your very excellent brief on climate change. If one accepts the argument that John McCallum keeps presenting to our committee, that the cupboard is bare and it comes down to hard choices, I'm wondering if in order to support your proposals we should be looking at the subsidies that now go to oil and gas industries, and whether or not we should be looking at the amount of government money that's going into investing in the oil sands when research shows that's contributing, and will contribute, to greenhouse gas emissions and instability in terms of water and so on.

I'd like your comments in terms of priorities and hard choices we have to face in this whole area.

Mr. Jacques Derome: Well, I think global changes will affect all of us in very serious ways. In terms of revenues, it's clear the government is getting a lot of money from the oil industry, essentially, and some of that money could be reinvested or invested in research dealing with the effects of fossil fuel burning.

There's a lot of uncertainty yet to be determined. For example, we don't know precisely where in Canada the effect will be the largest, how soon it will happen. We know that climate change is taking place, but there's a range of possibilities as to the speed of it and the location of it in detail.

So while we have the gross picture, the overall picture of climate change, there are a lot of holes to be filled at the moment. I think some of the people making the most money from fossil fuel burning could be funding some of that research.

The Chair: One minute.

Ms. Judy Wasylycia-Leis: Thank you.

May I just go to Peter Dudding again. You've raised many issues, but I think the fact that you've singled out the issues around mental health and children is something new for us and very important.

I know we've talked in this country for years about a national mental health strategy. What keeps coming in the way of that?

Mr. Peter Dudding: The fact that we've only talked about it and not done anything about it.

The fact of the matter is that we don't have a semblance of a mental health strategy at the national level in this country, and of course what it means is that we have 13 different systems that could be best described as fragmented. Some are better than others; others are virtually non-existent. It's a problem that is only growing in magnitude by virtue of the fact that 30 years ago we took the decision that we would de-institutionalize, which was a good decision. The fact of the matter is, though, that in terms of then making the investment around good community-based services, we didn't do that.

Ms. Judy Wasylycia-Leis: Thank you.

The Chair: Mr. Savage, you have three minutes.

Mr. Michael Savage: Thank you, Mr. Chair.

I want to echo how impressed I am, not only with the presentations but with the specificity of some of the recommendations, which is useful for the work we have to do—and hearing from great organizations, such as the National Children's Alliance, Imagine Canada, which I'm somewhat familiar with, and the CBA, which always comes with good recommendations and until recently was led by a good Dartmouthian, Brian Tabor, as president.

I want to talk about multiple sclerosis for a second. I'd like to just talk a little bit about health research. You talk about CIHR, and you also indicate that recently CIHR had to impose a 21.5% cut in the budgets of funded researchers. Can you explain when that happened?

Mrs. Deanna Groetzinger: As I understand it from some of the researchers connected with CIHR, in the recent granting period they had to cut the research budgets of a number of approved researchers by 21.5%. When we look at that, we say, well, this is 20% less research that people can do; this is 21% less productivity they can do in looking for treatments and cures for diseases like multiple sclerosis. We find this alarming in terms of the lack of overall budgetary support for CIHR.

• (1725)

Mr. Michael Savage: I agree, and in my involvement with CIHR—in my case, through the Heart and Stroke Foundation—the transformation from the MRC to CIHR has meant so much more in terms of non-profits being able to partner with organizations, bringing their funding together at a national level, pooling it, matching it. I think it's very important and I would hate to see it cut.

The last thing I want to say—because I have probably less than three minutes left now—relates to your recommendation on home care. Home care is really important, obviously, for people with MS, as it is for many people with disabilities. The fiscal imbalance that concerns me is not Ottawa and the provinces, but rich province and poor province. I come from a poor province. Our home care is not good in spite of great home care workers. There just aren't enough of them and not enough money. I wonder if you would agree that when we do implement some kind of national home care, doing it on a per capital basis is going to do nothing to decrease the gap between those provinces that have good home care and those that don't.

Mrs. Deanna Groetzinger: In terms of any kind of home care strategy, what we really need to look at is not in terms of money spent but in money saved. People who could stay at home are people not living in institutions and not living in hospitals. So I think that's a way to approach it, not looking at this as money that's being spent but as money being saved.

[Translation]

The Chair: Go ahead, Mr. St-Cyr.

Mr. Thierry St-Cyr: Thank you all for being here.

I have a few questions for Mr. Derome from the Canadian Foundation for Climate and Atmospheric Sciences.

I read your ten-page brief on climate and climatic conditions. I was, to say the least, surprised and somewhat perplexed not to see any reference whatsoever to Kyoto, unless I missed something. That's a bit of a paradox, given that the important ongoing debate in Canada and around the world on climate change centres on the Kyoto Protocol.

Does the presence of senior federal bureaucrats on your foundation's board of directors — as noted in your submission — account for the lack of a single mention of Kyoto in a brief on climatic conditions?

Mr. Jacques Derome: Not really. Basically, the foundation is accountable to the Canadian Meteorological and Oceanographic Society, which has come out strongly in favour of compliance with the Kyoto Protocol. The Society has clearly made its position known.

More research is needed into climate change and related factors. Obviously we need to reduce greenhouse gas emissions. There are many ways to achieve that objective. However, the methods selected must be as effective as the ones advocated in the Kyoto Protocol. These are minimum requirements, because as we well know, Kyoto is a mere drop in the bucket.

Clear, more needs to be done. There are a variety of ways of reducing greenhouse gas emissions. The foundation believes the government must assume its responsibilities in this area and determine how best to meet its commitment. We firmly believe that emission levels must be reduced, even if the cuts are minimal in relation to requirements.

Mr. Thierry St-Cyr: Relying on the comments and submissions made by the groups who have testified, committee members will be making recommendations to the government as to what it should incorporate into its next budget.

If I've understood you correctly, you maintain that regardless of the approach taken, the government has a duty to invest sufficient funds to meet the minimum targets set out in the Kyoto Protocol. For a society such as yours, this should be a minimum objective.

Mr. Jacques Derome: We'd like to go further than that and impress upon both the government and the public the importance of adapting to the situation. To some extent, climate change will happen regardless of the efforts we make to reduce greenhouse gas emissions. We can mitigate the effects of climate change, but we can't stop global warming. We recommend that the government examine the impact of and ways of adapting to global warming. Make no mistake, we'll have to adapt.

• (1730)

The Chair: I'm sorry, sir, but your time is up.
[English]

We'll continue with questions from Mr. Dykstra.

Please continue, sir.

Mr. Rick Dykstra (St. Catharines, CPC): Thank you, Mr. Chair. I'll be as brief as I possibly can. My questions are to Ms. Kirk.

Your second recommendation is on extending the elimination of capital gains tax on donations of listed stock and environmentally

sensitive lands. It's the third time in the last two days that we've had that request, so it's obviously going to be a common theme.

I wonder if you could just expand a little bit on your first recommendation, specifically the focus on budget measures to support federal investment in this sector.

Ms. Teri Kirk: The sector feels that it's funded significantly through grants and contributions. It's highly appreciative of that funding. That funding instrument tends to be what we might call episodic. It tends to be for a very short term, for six- or twelve-month projects. Previously, grants and contributions included funding for some overhead—what we call the full cost-recovery formula. That's been eroded. This funding model leaves organizations receiving some funding for a couple of staff but perhaps nothing to cover their liability insurance obligations, rent, or a vehicle to support their staff.

We are looking for a strategy and some funding that would complement and supplement the grants and contributions regime. We see this in place in most provinces. The Wild Rose Foundation is a wonderful example. People rally around it. We see that in other provinces. Why wouldn't we in Canada celebrate and have a national foundation that could achieve some of the things that have been achieved through the provincial foundations?

Mr. Rick Dykstra: Thank you.

One of my questions is for the MS Society, on expanding their one recommendation regarding the home care program agreements to address the needs of people who are chronically ill and/or disabled.

I wonder how you feel about that crossing over into provincial jurisdiction. Do you feel it should be, or in fact is, a federal responsibility?

Mrs. Deanna Groetzinger: We basically looked at it in terms of the model for the funding of medicare. The money is spent at the provincial level, but a significant portion of it comes from the federal government through transfers.

I think both the Romanow and Kirby reports on health care a couple of years ago commented on the fact that home care really is an essential part of medicare; it's an expansion. Home care is a very simple, cost-effective way of keeping people out of hospitals and other institutions. It's a bit of a mind shift that health care doesn't just take place in hospitals; it can also take place in the community and be done there very effectively. That's how we're thinking of it.

Mr. Rick Dykstra: So you see that more from a federal perspective as an overall view and taking that view and passing it on to the provinces, versus trying to implement the program itself.

Mrs. Deanna Groetzinger: I think we have some models in place that already work that way. I agree with you that the federal government doesn't need to be in the business of taking over home care, but it has a leadership role there.

The Chair: Thank you.

Thank you, committee members, for your participation.

Thank you to our presenters. We sincerely appreciate your time today and your contributions to our deliberations, and we wish you well.

We're adjourned until tomorrow at 10.

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