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Chair

Mr. James Rajotte

Standing Committee on Finance

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• (0935)

[English]

The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)): I declare the 53rd meeting of the Standing Committee on Finance in order.

It's wonderful to be here in Toronto. We have two days here. We have a total of eight panels over the next two days. This is our final city on our nine-day tour across Canada for pre-budget consultations.

In the first panel this morning, for an hour and a half, we have six organizations with us. I'll read their names in order of their presentations to the committee: the College Student Alliance, the Canadian Dance Assembly, the Residential and Civil Construction Alliance of Ontario, the Employer Coalition for Advanced Skills, Colleges Ontario, and the Professional Association of Canadian Theatres.

Thanks to all of you for being with us here this morning. You each have up to five minutes for an opening statement and then we will go to questions from members of all parties on the committee.

We'll start with the College Student Alliance, please.

Mr. Tyler Charlebois (Director of Advocacy, College Student Alliance): Good morning. Thank you for this opportunity to share with you the thoughts, concerns, and recommendations of Ontario's college and college/university students.

I am Tyler Charlebois and I am the director of advocacy for the College Student Alliance, which is an advocacy and services organization representing over 120,000 full-time college and college/university students across the province.

"Canada Rebranded: Stronger Investments for Greater Returns" is our submission to your pre-budget consultations. It focuses on three recommendations to lead Canada into the new economy.

The first recommendation is that the Government of Canada, in partnership with the provinces and territories, must develop a national education and training strategy.

The second recommendation is that the Government of Canada assist in alleviating the increasing burden of debt that learners are assuming. The Canada student loans program loan repayment policy should be changed to encompass interest relief and debt reduction components.

The third recommendation is that the Government of Canada should establish a separate research envelope for colleges to expand

their applied research, commercialization, and innovation capabilities.

For today's presentation, I'm going to focus only on what we feel is the utmost important issue moving forward. As Canada, North America, and other countries around the globe face economic uncertainty, the CSA is urging the federal government to focus on rebuilding and retraining Canadians for the new economy. If Canada is to rebuild and sustain future prosperity, we must ensure that all Canadians, new and old, have access to an affordable, high-quality post-secondary education and training system. An educated and skilled citizenry will revive Canada's struggling economy and place the country back on the road to recovery and competitiveness. The benefits to both the individual and the taxpayer are worth Canada's increased investment in higher learning.

The taxpayer return on investment is some 15.9% for every dollar spent on Canadian colleges and institutes. With more than \$123.3 billion in income being contributed to the Canadian economy annually by colleges, polytechnics, institutes, and their graduates, this is roughly 8% of a typical year's economic growth in Canada. To that end, the College Student Alliance is calling for the federal government, in partnership with the provinces and territories, to develop a national education and training strategy.

For over the past decade and a half, Canada and Canadians in all provinces have seen an underfunding of our post-secondary education system. This underfunding has resulted in reduced quality and a downloading of costs onto students and their families.

A country as vast and diverse as Canada must be a leader in today's knowledge-based economy. We must be at the forefront of innovation, commercialization, and integration. We must work together to build a strategy that is clear and concise so that all Canadians understand that Canada is a place to live and learn.

A national strategy must look to increase our ability to collect and report data. Currently, Canada is ranked last amongst OECD countries in terms of data collection for quality measurement in PSE. Our lack of data is not only hurting our ability to compare ourselves to other countries, but also is hindering our ability to make sound decisions based on fact rather than pure assumption or speculation.

A national strategy must work to recognize all prior learning and pathways, with a focus on expanding pan-Canadian mobility for learners. Learners must be able to move between the system sectors and provincial and territorial boundaries without increased cost or duplication of their prior learning.

A national strategy must provide our provinces and territories with the appropriate funding: a dedicated transfer to provinces and territories of about \$4 billion annually to restore Canada's investment in higher learning.

Within the framework of a national strategy and transfer, the responsibility would be placed on each provincial and territorial government to construct agreements with the post-secondary education institutions within their jurisdictions to ensure adequate funding to expand access, to increase affordability, and for accountability not only to the learner but also to all Canadians.

Our vision is for a Canada in which all citizens have an opportunity to build on their natural talents and abilities through post-secondary education and training in a system that is adequately supported by both provincial and federal governments and allows learners to move across the country to gain new skills and experiences. Students are united in this call for Canada to develop a national education and training strategy. The time is now.

Thank you for your time this morning.

The Chair: Thank you very much for your presentation.

We'll now go to the Canadian Dance Assembly, please.

Ms. Shannon Litzenberger (Executive Director, Canadian Dance Assembly): Thank you.

My name is Shannon Litzenberger and I'm a contemporary dance artist and the executive director of the Canadian Dance Assembly. We're the national association representing Canada's professional dance sector, and we're also a founding member of the Performing Arts Alliance and a member of the Canadian Arts Coalition.

In the 2009 economic action plan, the arts and culture sector was identified as a key sector—along with forestry, agriculture, the auto sector, and others—recognized as playing a significant role in stimulating the economy. The arts and culture sector contributes \$46 billion directly to Canada's GDP and generates approximately \$25 billion in taxes for all levels of government, which is more than three times higher than the \$7.9 billion that is invested at all levels. Despite economic challenges faced by all sectors at this moment, the cultural sector remains a growth market with substantive potential for further expansion.

As the face of Canada's population evolves, so too does the richness and diversity of our cultural expression. The cultural work force has grown by over 30% in the last decade and now represents 7.1% of Canada's total employment. Cultural workers are typically self-employed, have relatively low earnings, are highly educated, and are exceptionally talented. Indeed, cultural workers are leading Canada into the new credo of knowledge-based economy. While the cultural sector plays a critical role in Canada's economic, social, and creative vitality, the Government of Canada also plays a critical role in ensuring that artists and arts organizations can create, produce, and disseminate their work for the benefit of all Canadians.

On behalf of my colleagues in dance and in the performing arts, I'd like to congratulate the government for recognizing this role and putting into action several investment measures that have assisted a number of dance and arts organizations to remain vital during the economic downturn.

Today there are three recommendations I wish to make that I believe will significantly improve the impact and effectiveness of overall federal investment in the arts. These recommendations are modest given our economic climate and represent about one-twentieth of 1% of federal spending, or less than \$5 per Canadian.

The first is to increase investment to the Canada Council for the Arts to \$300 million over three years. The work of artists and arts organizations contributes immensely to the economic, social, and creative vitality of communities in every riding. In 2008-09, the Canada Council invested \$158 million in more than 4,400 artists and arts organizations whose work reached 689 communities across the country. The impact of the council's work is unmatched. It fuels the market with excellent artistic products by supporting artists and arts organizations in the creation, production, and dissemination of meaningful and engaging work.

New investment will enable it to give attention to critical priorities, including increasing artistic activity across regions, nurturing new generations of artists and arts organizations, and responding to the explosion of new forms of practice that have emerged from an evolving Canadian social and multicultural identity over the past two decades. Furthermore, increased investment will ensure that as our economy recovers, the arts remain a public good available not only to the rich but to all Canadians regardless of their socio-economic status.

The second recommendation is connecting Canada's outstanding cultural product to local and global markets by investing \$25 million in a new market access and development fund. Today Canadians seek better access to exhibitions and productions from across the country and expect to see them at home in their own galleries, museums, theatres, and concert halls. With Canada's relatively small population base spread across vast territory, arts organizations require support to reach beyond their local markets, making their work accessible to markets from coast to coast. The new market access and development fund will ensure that Canadian communities of all backgrounds will have the opportunities to participate in and benefit from the broadest possible range of artistic experiences.

Equally, Canada's cultural product is in high demand around the globe, a testament to the exceptional talent of Canadian artists. For many dance and arts organizations, international export is a vital component of a sound business strategy that ensures investment made in the creation and production of Canadian works will leverage revenue returns through business development in foreign markets.

My last recommendation is increasing the tax credit to 39% on gifts between \$200 and \$10,000 to stimulate the flow of charitable gifts from middle-income Canadians. In the performing arts sector, the economic slowdown has resulted in lost revenues from diminished corporate investments and endowments. A full 53% of Canadians report that they would give more to charitable causes if a better tax credit were in place.

• (0940)

The Government of Canada has already taken steps towards supporting a continuum of arts and cultural activities that includes the creation and production of art, public access to Canada's artistic products, organizational health and sustainability, the development and preservation of physical infrastructure, and arts training. Together with existing investments, targeting arts spending in these three recommended areas will maximize the social and economic impact of public contributions to the arts and culture sector for the benefit of all Canadians. Canadian artists and arts organizations are playing an important role in Canadian society. They contribute significantly to Canada's economic recovery. We are eager to do more in partnership with the Government of Canada.

Thank you.

The Chair: Thank you for your presentation.

We'll now go to the Residential and Civil Construction Alliance of Ontario.

Mr. Andy Manahan (Executive Director, Residential and Civil Construction Alliance of Ontario): Thank you, Mr. Chair.

My name is Andy Manahan. I'm executive director with the RCCAO. Our group has been in existence for only four years. We are made up of both contractor associations and construction unions. We come to the table speaking on behalf of both labour and management, which I think lends credence to our comments.

You have my presentation that I provided in August, so I just want to provide some context. When we were all facing the prospects of a turning economy last year, we were pleased that many governments, not just in Canada but in the western world, were looking at infrastructure as a way to stimulate the economy. Our labour-management alliance decided to come together in mid-January for a round table on providing advice on infrastructure stimulus funding to federal and provincial governments. We came out with a joint statement.

The partnership approach requires working together in difficult times. We recognized that we wanted to invest in the future. Our industry said that we were able and ready to meet the demand. Certainly there were some questions at the provincial government level about the capacity to deal with the major stimulus money that were going to be provided. We recognized, however, that there had been some under-investment over the decades. This isn't a partisan comment in any way. For the past 20 or 30 years, we have not kept up with the level of spending, based on a percentage of GDP, that occurred in the 1950s, the 1960s, and the 1970s. This is a way for us to build confidence through infrastructure and investment, build sustainable communities, do things in a more innovative way, and have some lasting impacts. That was in January.

At the end of that session, our group thought that they should have another session to monitor the impact of the infrastructure funding. We had that meeting on October 8. The group thought that there must be a coordinated strategy. A lot of the projects are very good, but because of the process, the applications and so forth, a lot of contractor members have not seen tendered documents coming out from municipalities. We understand that there has to be due diligence so that funds are spent properly but in our mind, the so-called exit strategy that was talked about in the summer is the wrong approach. We would like to look at a long-term, predictable source of funding. We recognize that this is a bit of an anomaly in light of the increase in investment, but we need to look at life-cycle costing of assets together with a long-term and predictable flow of funding.

In the brief I submitted in August, the first recommendation was to base future infrastructure funding programs on a more rigorous priority setting and to set in place clear programs for sustainable long-term funding of infrastructure.

The second recommendation I put forward in the brief flows from that in that we recommended that an infrastructure simulation platform be developed and supported financially by the federal government. Our organization has looked at what other jurisdictions have done, from Singapore to Finland and even the United States. We believe there is a more objective way of dealing with infrastructure funding. We recognize that under the current program there were constraints applied with respect to deadlines. This meant that some of the projects were not of a high priority. The municipality said that it would not put forward projects that could not be finished by March 2011.

It's not a great criticism, but what we're trying to say is that we should look to the future and build a program that's a bit better. I had a conference call yesterday with the co-chairs of the National Round Table on Sustainable Infrastructure. We think this would be the appropriate body to house this infrastructure simulation platform. We'd certainly like to have more dialogue with various agencies about that.

Recommendation three calls for streamlining the environmental assessment approvals process. There has been a lot of work in accelerating applications, but to plan long-term predictable funding, we need to ensure that there is certainty and predictability in the approval process. We were most heartened that there had been some discussion between the federal government and the Province of Ontario with respect to minimizing duplication in these processes. I understand that this matter has been the subject of a court challenge, but we'd like to see some more action on that front.

Thank you.

• (0945)

The Chair: Thank you very much for your presentation.

We're now going to Mr. Charette and Ms. Fralick.

Mr. Paul Charette (Chairman, Bird Construction, Employers' Coalition for Advanced Skills): Thank you, and good morning to the panel. My name is Paul Charette. I'm the current chair of Bird Construction Income Fund, the immediate past chair of the Canadian Construction Association, and the chair of the Employers' Coalition for Advanced Skills.

Before I ask Pamela to outline our concerns, let me just say that we're here today representing a very large association. We represent over 20 industry association leaders concerned with respect to the current state of our community colleges and technical institutions. Our coalition came together in 2008 to request leadership from the federal government in rebuilding our aging community colleges and institutions across Canada because of our growing concern over the declining state of these important facilities from which our respective industries draw their labour force.

With that brief introduction, I'd like now to turn it over to Pamela.

Actually, I apologize that I forgot to introduce Pamela. Pamela Fralick is the president and CEO of the Canadian Healthcare Association. We'll be sharing our time this morning.

• (0950)

Ms. Pamela Fralick (President and Chief Executive Officer, Canadian Healthcare Association, Employers' Coalition for Advanced Skills): Thanks very much, Paul, and *monsieur le président et membres du comité.*

As Paul indicated, our coalition is very concerned about this growing shortage of skilled workers in Canada and the challenge this presents for all of our industries in the years ahead. While the shortage may seem counterintuitive in a recession, the problem is not a new one, and it's only projected to increase as much of our existing labour force approaches retirement age—many of us around these tables, perhaps, in the next few years.

From a health sector perspective, these shortages are more than theoretical. While I am part....

I'm sorry. Was that an aspersion? I didn't mean....

Voices: Oh, oh!

Ms. Pamela Fralick: I'm including myself. I'm not talking about political retirements. I'm completely non-partisan. Do I get my 30 seconds back?

I am part of a larger coalition but have been asked to speak specifically to some of the health sector issues. I'd like to bring to your attention today five pieces of information, five data points.

The first is that in 2005 the average age of individuals in health occupations was 41.9 years. That's almost two and a half years older than the average age of the general Canadian workforce. One example: in the profession of nursing—I know you'll hear from some of them later on—approximately 38% of the nursing workforce is over 50 years of age and very close to retirement.

The third point, and this should be of particular interest to a finance committee, is that in 2006 just over one million people across Canada, or one in ten employed Canadians, worked in the health system/industry. This represents 6% of the total Canadian

workforce and indicates that it is one of the major employment industries in Canada. It's not just a cost centre.

Fourth point: in 2007 Canada spent \$160 billion on health care. We all know about that. It is estimated that between 60¢ and 80¢ of every health care dollar in Canada is spent on health human resources. In other words, of the \$160 billion, \$96 to \$128 billion went towards health human resources. We really cannot afford to ignore this sector or assume that it's done and checked off our list.

The fifth point: Canada is not alone in having a shortage of health service providers. The World Health Organization estimates that worldwide there is a shortage of more than four million health care providers and there needs to be a 70% increase in the world's health workforce to address current and projected shortages. In other words, we can't rely on other markets; we can't look elsewhere. We must have homegrown solutions.

What does all of this mean? I have some data. I've shared with you some facts, but there is a huge challenge in truly understanding how to move forward. Today I'm wearing the hat representing community colleges and technical institutions. In these areas in particular there is a dearth of information.

One example is in a profession I've worked with closely: physiotherapy. We did a survey a few years ago and discovered that training can range from two weeks to two years. It's not competency based; there are no standards. We can't even come up with all of the data in an aggregate pan-Canadian level to determine where we go in terms of planning for the future.

So governments and health system stakeholders really do need to work to build the capacity to adequately anticipate and accommodate changes in the health system. But, Mr. Chairman and committee members, the skilled worker shortage is not limited to the health sector. Indeed, in almost every sector of the economy, skilled worker shortages are beginning to have a significant impact on the competitiveness and productivity of the Canadian economy. From manufacturing to construction, forestry to mining, aerospace to hospitality, skilled workers are the lifeblood of these sectors and integral to our future economic successes. While immigration is part of the solution—I've already referred to that—it is not a panacea, as new immigrants rely on Canada's community colleges for upscaling and retraining. Unless we significantly increase domestic training capacity, Canadian businesses will continue to struggle in the decades ahead.

I hope that's not the full five minutes.

The Chair: You have one minute left.

Ms. Pamela Fralick: We'd like to bring solutions to you, and my colleague will do that.

Mr. Paul Charette: Thank you.

I'm going to have to speak quickly, then.

Before I get to our recommendations, I want to underscore Pamela's point about the pervasiveness of the skilled trades shortage across the economy. In the construction section alone, a skilled work shortage of 316,000 workers is anticipated by 2017, and that's up from 250,000 last year. When you consider that the overall workforce today is 1.1 million, that means we will need to replace over 30% of our workforce in the next eight years.

I think I'm getting down to the last minute, so I'm going to skip right to my recommendations.

The coalition is very concerned about the declining state of Canadian community colleges and technical institutions. Our industries rely heavily on these facilities. Our recommendations are that we extend the current federal knowledge infrastructure program for an additional five years, at a funding level of \$1 billion annually, and abandon the current 70-30 university/college funding apportionment formula in favour of a more equitable distribution; and to increase federal research funding by 5% to support applied research, product development, and research commercialization at colleges and institutes.

The leadership that the federal government showed in the 2009 budget helped kick-start a number of overdue modernization projects at campuses across this country, but much more needs to be done. In 2008, the Association of Canadian Community Colleges reported an estimated \$7.4 billion investment required in investment.

I'd like to finish on a personal note, if I can, in 30 seconds.

I'm a college grad from 42 years ago. If it had not been for the vision of the federal government in the 1960s in creating the capacity, and for a caring community, I wouldn't be sitting here in front of you today. I think it's very important for us to provide the same opportunity for many Canadians across Canada.

With that, I will close. Thank you.

• (0955)

The Chair: Thank you very much.

We'll go next to Colleges Ontario.

Ms. Linda Franklin (President and Chief Executive Officer, Colleges Ontario): Thank you very much, Mr. Chair.

I'm Linda Franklin, and with me is Bill Summers, the vice-president of research and policy.

I should start by saying we agree entirely with everything Tyler and Paul and Pamela have said, so we really have nine recommendations for you today. We're not going to cover some of what they've done because they've done it better than we could, but we certainly agree with their points.

I'm happy to have the chance today to talk to you about the leading role our colleges have in bringing about economic recovery. In looking at coming out of the recession and building a stronger, more productive economy it's really important, and we think it's right, that the federal government has focused on post-secondary education and the training people need in the new economy.

And they're not alone. In the U.S., Barack Obama has just sent out \$12 billion to stimulate activity at community colleges over the next 10 years. The Canadian community college movement is out in the world, in places like Africa and Asia, building community college systems there to try to mirror what we're already doing here.

That's really important, and the stimulus investment, as Paul said, was terribly helpful for us. We got out of the gate fast and we started spending money quickly because of the huge backlog of need we had in the community college system. We need new capacity because we are looking at an enrolment tsunami. Students are coming to the colleges in greater and greater numbers. We are overwhelmed by the numbers, and that makes sense in a recession because students see colleges as places to come to get job opportunities.

We've always been a leader in post-secondary education, but the world is trying to catch up. Seventy per cent of people in post-secondary education right now are in developing countries, not in Canada or in the United States, so it's critical that we keep moving forward. For us to be competitive in the new economy, we need greater numbers of students being prepared for the jobs of the 21st century and we need companies that are more innovative and are more able to create those jobs.

We have three recommendations for you today: first, as Paul and Pamela mentioned, focusing on expanded applied research; second, investing \$500 million over five years to let us update our instructional equipment to industry standards, so students are training on the best of what's out there; and third, reforming employment insurance eligibility to include retraining, which is critical going forward.

To add some context to this, we agree the government has shown tremendous leadership in this area, and making the college and community innovation program permanent was a key factor in that leadership. This is a great investment, but many small and mid-size enterprises continue to struggle and face barriers conducting research in commercialization, and colleges are uniquely positioned to help solve that problem. If we can, the result will be more businesses becoming sustained innovators, which will lead to sustained job growth. It will improve the knowledge and training that students get, and colleges can work with small and mid-sized companies on innovative projects to get their ideas to market much faster.

We would propose an increased investment of 5%, because total federal research funding in Canada right now sits at about \$2.9 billion. That investment of \$145 million to college-based applied research directed at projects in small and mid-sized companies in particular would go a long way to solving this problem.

Let me turn your attention now to the \$500 million investment in equipment. Recent funding constraints mean that colleges have been unable to keep up with the renewal of equipment across a wide range of college programs. Students in mechanical, manufacturing, chemical, and environmental engineering technology programs need to learn, as they all do, on the most up-to-date specialized equipment. That's particularly critical because we're finding that as our businesses are struggling, particularly in this recession, they are less and less able to take workers who aren't skilled and train them for the first few months of their employment. They need workers to hit the ground running, and if we're going to do that, the colleges need the most up-to-date equipment possible to train them for that.

Finally, we recommend that the employment insurance eligibility be reformed so that more Ontarians can access EI support programs, including retraining. We've certainly seen this in Ontario. Students are flocking into Ontario colleges from situations where they're laid off, and the first grads are finding employment in sectors where they will be permanently employed. But those who do qualify for EI in Ontario receive fewer benefits than their counterparts in other provinces, although they pay the same amount in premiums when they are working. If more unemployed workers in Ontario were able to access EI, more could take advantage of federal and provincial retraining programs and they'd be better prepared for the jobs of tomorrow.

• (1000)

We also think EI reform needs to allow recipients to attend academic upgrading and literacy programs. At the end of the day, we're finding students coming to colleges who've been laid off, who are in their forties and fifties, a lot of them lacking basic reading and math skills, and some have never worked on a computer before. Clearly, you can't succeed in post-secondary education unless those supports are there.

Those are our recommendations, Mr. Chair. We think investing in Canada's workers will really make a difference in economic recovery, and doing it through an investment in colleges will mean that we will come out of the last downturn in the economy better prepared to be a productive, fast-moving, innovative economy.

Thanks very much.

The Chair: Thank you very much for your presentation.

We'll now go to the Professional Association of Canadian Theatres.

Ms. Lucy White (Executive Director, Professional Association of Canadian Theatres): Good morning. My name is Lucy White. I'm the executive director of the Professional Association of Canadian Theatres. Thank you for inviting PACT to speak to you today.

We represent 140 professional not-for-profit and for-profit companies located across the country and working in numerous theatrical traditions from many cultures and languages. Although our

membership is widely diverse, we share the belief that the arts have intrinsic value to Canadian citizens and our society. We share this belief in the value of the arts to Canadians with the Minister of Finance, who said in January that, "Day to day, Canadians experience the essence of this rich and diverse country through the imagery and worlds of its artists."

In PACT's brief to this committee, which you have all seen, we made three recommendations. In the interest of time, I'll be focusing only on the first two.

First, PACT recommends that the government increase the base budget of the Canada Council for the Arts by \$120 million over three years. Second, we recommend that the government invest in a \$25 million market access and innovation program to help Canadian cultural products reach domestic and global marketplaces.

As the basis of Canada's economy shifts towards a knowledge-based foundation, the economy of tomorrow, all fields of endeavour that, like the arts, can tap into imagination, creativity, and innovation, will—again like the arts—generate a high return on investment and create prosperity for Canadians. For example, the federal government invests \$3.4 billion in arts and culture annually. In return, 609,000 jobs are created, \$5 billion in cultural exports are generated, and \$25 billion in tax revenues are returned to all levels of government.

In the last decade, the arts and culture workforce grew by 31%, as compared to 20% for the workforce overall. In short, the arts and culture sector is a significant economic sector that is poised to contribute to Canada's economic recovery across the country.

Government has wisely invested in the development and production of arts through its arm's-length agency, the Canada Council for the Arts, and in 2007 bolstered its support for the council by adding \$30 million to the base budget. That was the first and very welcome significant increase for the Canada Council in many years.

Increasing the base budget of the council will ensure access to the arts for all Canadians. It will allow the council to support newer, younger, and more diverse arts organizations, especially those located in smaller cities and communities across the country, and to address demand for an increasingly diverse range of artistic works. It will allow arts organizations to minimize the impact of inflation on pricing and maintain affordable access for all Canadians. Such an increase now to the council's base budget would raise the curtain on a new era of sustainable growth essential to the creative economy.

Our second recommendation is that the government invest in a \$25 million access and innovation program. While the growth in arts organizations across the country has been extraordinary, many rural and remote communities don't have local theatre, dance, or music companies and must rely on touring companies to visit. In 2007 alone, Canadian theatres on tour played to more than one million audience members worldwide. Canadian arts organizations are committed to providing Canadian arts experience and engaging Canadian audiences, no matter where they reside, from Gaspé to fly-in communities in the Yukon. A new market access and innovation fund would invest in small and medium-sized organizations to help them penetrate existing domestic markets more fully and to explore and expand into new markets across the country.

Worldwide, Canadian art is in great demand, and the opportunity to showcase Canadian talent opens up foreign markets to sales of Canadian arts and cultural products and bolsters Canada's profile across the globe. Increasing the export of cultural products will also boost tourism in Canada by providing the foreign tourist market with exciting reasons to visit Canada.

Recently the government has been focused on short-term funding to stimulate the economy, and the arts and culture sector has benefited from stimulus spending, for which we are thankful. As government turns its attention to economic recovery, the arts and culture sector asks to be recognized as an economic sector poised to contribute to deficit reduction and economic recovery. As my colleague said, a permanent new investment of \$145 million in the arts, which is about one-twentieth of 1% of federal spending, would generate a significant and sustained return on investment for Canadians.

I want to close by reading to you two statements. In 2006 this committee made the following recommendation to government: "That the federal government increase funds allocated to the arts and cultural sector. In particular...funding for the Canada Council for the Arts should reach \$300 million over two years." In June 2009, Parliament agreed, saying that "In the opinion of the House, the government should give direct assistance to artists by increasing the annual budget of the Canada Council for the Arts to \$300 million."

•(1005)

The performing arts are a collaborative practice, and it is in this spirit of collaboration that we ask government to respect the will of Parliament and respond in the upcoming budget to the specific recommendations made by the arts community and by you and your colleagues.

Thank you.

The Chair: Thank you for your presentation.

I want to thank all of you for your presentations.

We will now go to questions from members of the committee, and we'll start with Mr. McKay for seven minutes.

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

Thank you all for your presentations. They were quite interesting; maybe we'll run out of time quite quickly.

I wanted first of all to deal with the dance and theatre folks and your recommendation with respect to the increase in the tax credit for charitable giving, given that your industry appears to be dependent more on charitable giving than government funding. You want to go from 29% to 39%, but you don't say anything about the initial 15%. Do you want to change that as well?

The other question I had on that issue is this. Can you come to any compelling good reason as to why a political tax credit is far superior to a charitable tax credit?

I can't, but I'd like to know if they can.

Ms. Shannon Litzenberger: The rationale behind this recommendation is to acknowledge the fact that the majority of arts organizations are small to mid-sized organizations. This tax credit was formerly 29%. We're asking for a 10% increase for a range of donations between \$200 and \$10,000. It's trying to address the typical kinds of giving from individuals that go to small and mid-sized arts organizations, which represent over 80% of the sector. There's a specific target in that way.

Hon. John McKay: Have you costed that?

Ms. Shannon Litzenberger: No.

This recommendation also is part of a recommendation that came from an organization called Imagine Canada, which represents all charities across the social sector. It's not so specific to the arts; it's something that could have a much more significant impact.

Hon. John McKay: Right, you couldn't isolate just for the arts; you would in effect improve religious giving and other charitable enterprises. It has always struck me as a huge anomaly that a \$100 donation to a political party gets a very generous tax credit but \$100 to a dance company gets not quite so much.

I'm going to have to keep on moving; I have two questions here.

The second question has to do with the commercialization of research as mentioned by three of the witnesses here. I think the number was \$2.7 billion in research or something of that nature. What is not clear to me is whether the college community gets all of that money.

•(1010)

Ms. Linda Franklin: We get virtually none of that money right now.

Hon. John McKay: That's what I thought. You're asking for a \$145 million increase of money that you don't get.

Ms. Linda Franklin: We'd like the whole pot increased by 5% and we'd like all of that 5%.

Hon. John McKay: How does it divide out? How does that \$2.7 billion, whatever, divide out among the various groups?

Mr. Paul Charette: It's actually \$2.9 million of federal funding for research innovation across Canada. Colleges get less than 1% of it.

Hon. John McKay: [*Inaudible—Editor*]...the vast majority. Shouldn't your ask be a more equitable division between you and the universities?

Mr. Paul Charette: We don't want to be putting ourselves against the universities. Obviously the research being done at the university level is vitally important to our economy. What we're asking for is some additional funding, 5% of that \$2.9 billion, to be allocated in addition to the current financing to the college systems across Canada so the colleges can do applied research to help our industries.

Hon. John McKay: I buy the argument that the colleges actually do applied research probably better than the universities. I buy the argument that our industries, for whatever reason, don't do their own applied research. If they're not going to do it, somebody has to do it; and if it's not you, it's got to be somebody else. It seems to be the structure of the thing.

Ann Buller is the president of Centennial College in my riding, and she's beaten me over the head on this issue. I'm a convert.

Mr. Paul Charette: I think I'd like to address the industry.

Of the applied research being done at the colleges today, a great portion of it is being funded by industry in order to get their programs reviewed by the colleges. I know, for example, that at Red River College in Manitoba they did a tremendous amount of research with Manitoba Hydro to build a LEED platinum building in the downtown core of Winnipeg. Most of that research was done at the CARS facility at Red River College. Industry does a huge amount of funding.

Hon. John McKay: There are free-standing labs there, there are pools for experimentation, there's cheap labour with the students, and everything works for an SME. So I buy that argument. Unfortunately, I'm moving on.

Mr. Manahan, you have an interesting point about Highway 407 and P3. The 407 in this community is an absurdity, because we charge people to drive on the 407. I have a choice between the 401 and the 407. Where am I going to drive? I'm going to drive on the 401. So we load up the free road and empty the other road.

I'm keen to know how you would address that issue, because in one of your paragraphs here you start to hint at how that could be addressed.

Mr. Andy Manahan: I'm not going to name the corporate interest, but there is an outfit in Toronto that's looking at satellite-based technology that could be used for the entire road network. I've been having some discussions with this group, because we're interested in a dialogue towards funding for infrastructure, not that we're for any one particular technology or anything like that. This particular group recognizes that for many of you around the table, it would be political suicide to introduce road pricing. Their strategy right now is to have some testing done with parking pricing in limited areas in the GTA.

Hon. John McKay: What's parking pricing?

Mr. Andy Manahan: There's an academic in Los Angeles that says there are people who spend too much time driving around the block. So if you have a satellite GPS-based system in your car, you park where you're allowed to park. You don't have to run out at the

end of a meeting, just five minutes late, and get a ticket for \$30 or \$40.

Parking pricing is one thing. There's distance-based insurance pricing, and then once the public becomes comfortable with that, certainly they'll become very comfortable with the 407. Then I think we need to get into road pricing, because congestion, certainly in the urban areas across Canada, is becoming unwieldy.

Hon. John McKay: That's interesting.

Thank you.

The Chair: We're going to go to Mr. Laforest.

• (1015)

[*Translation*]

Mr. Jean-Yves Laforest (Saint-Maurice—Champlain, BQ): Thank you, Mr. Chair.

Good morning to all the witnesses.

First of all, I have a question for Ms. Litzenberger or Ms. White. In your recommendations, you both asked for the tax credit to be increased to 39% from its present 29%. On the first \$200 of charitable gifts, it is 15%. This is clearly a major source of funding for the arts, as Mr. McKay said.

Have you costed it out? Would it not be preferable, a better source of income for the arts, to instead ask for an increase in the credit on the first portion, say, an increase from 15% to 25% on the first \$200? Would that not be of greater benefit to the arts? Would it not get more people participating?

[*English*]

Ms. Shannon Litzenberger: Isn't it really a question of stimulating the kind of private giving that we're interested in? We want to encourage individuals to give at a more substantial level. I think that's the motivation behind looking at the tax credit between the \$200 and \$10,000 levels.

Certainly we wouldn't be opposed to looking at an increase of the first \$200 from 15% to 25%, but I think it's also acknowledging where the majority of giving comes from, which donors are most significantly contributing to the bottom line for arts organizations.

Just to give a bit of context, in the arts, typically the way our budgets look, on average 50% of income is earned, 25% comes from public funding, and the other 25% comes from private giving. For most organizations, that private giving is in that \$200 to \$10,000 range for most donors.

[*Translation*]

Mr. Jean-Yves Laforest: Thank you.

Mr. Manahan, one of your recommendations dealt with building. In your first recommendation, you say that infrastructure programs like the present one do not take sufficient account of the priorities established in collaboration or in conjunction with those in the field. You mentioned the development of an infrastructure simulation platform that would focus, maybe even correct, the consultation and prioritization process.

What would a platform like that look like? It is more of a theoretical concept, as I understand it.

[English]

Mr. Andy Manahan: Yes, that's correct. It would be more mathematically based in terms of the modelling that is done.

The group we've been talking to over the last few months has actually done some H1N1 modelling for the federal government, so a lot of it has to do with risk management. But essentially it's a way for loading the appropriate data onto a platform, let's call it. And whether there's a disagreement as to one infrastructure project or another, as long as there's agreement on the data that are being used, we think that there would be a more objective way to determine what would be the priority infrastructure project.

I'm not the modeller so I probably can't explain it as well as the person I've been speaking to, but it is a much more objective-based way to do things.

[Translation]

Mr. Jean-Yves Laforest: You said first that there has not been enough consultation or that there is a problem with prioritizing projects that should have been funded. Is it your impression that there are projects where money has been wasted? Are there infrastructure projects that are not really necessary, when it comes right down to it, while there is a really pressing need for others that will not get done?

[English]

Mr. Andy Manahan: Thank you for the question.

I'm not going to comment on any specific projects per se, although anecdotally our groups do hear that a number of projects that are released are perhaps not viewed as the best. They were viewed as more expedient in the sense that this is what could be done within a certain deadline.

Take, for example, the MetroLinx regional transportation plan. That particular plan has been funded, to date, \$9.5 billion by the province. I believe there has been some funding for non-RTP projects by the federal government; for example, the Spadina subway station. But those are long-term projects that require many years of public consultation, engineering design, removal of utilities, and construction phases before you even get to completion. We've been talking about the Spadina subway, for example, for seven or eight years. It's been through two EA processes. So we're concerned that if all of the stimulus money goes out the door, there'll be little money left over for those types of priority projects.

• (1020)

[Translation]

Mr. Jean-Yves Laforest: Thank you.

Mr. Charette or Ms. Fralick, you are very concerned about the shortage of skilled workers in the coming years. But do you see any room for optimism? Are there areas where there is no shortage?

[English]

Mr. Paul Charette: To answer that question bluntly, I think the skilled worker shortage across Canada is pervasive across most industries. There are sector councils that consult with most industries. Our construction sector council has been putting out reports for the last five or ten years. This problem isn't new. It's not going away. We have college capacity problems; we have an integration program that doesn't help a lot of our industries to bring immigrants into Canada with the necessary skill sets; and we're having, frankly, a drop in fertility rate, which is exacerbating the problem even more. This problem is not going away.

[Translation]

Mr. Jean-Yves Laforest: I think that you misunderstood my question; I want to know the opposite. You tell me that there is a serious shortage in the steel industry, but is there a sector where we can say that we have enough workers?

[English]

The Chair: A very brief response, please.

Mr. Paul Charette: I don't know of industries that have a surplus of workers. We represent over 20 national associations, and not many of those associations have surpluses. Otherwise we wouldn't be here today.

The Chair: Thank you.

Merci, monsieur Laforest.

We'll go to Mr. Menzies, please.

Mr. Ted Menzies (MacLeod, CPC): Thank you, Mr. Chair.

Thank you very much to all of our witnesses today. I don't think that it will come as any surprise to you that we would remind you that our stimulus measures were targeted, and "temporary" is the operative word. I'm quite glad that some of your suggestions here today are strategies rather than just asking for money, because we have a real challenge here of what we can realistically recommend to the finance minister to put in next year's budget. So the strategy suggestions are very helpful here.

First of all, to Mr. Charlebois, you referred to a national education and training strategy in your presentation, and you also referred to mobility. My sense is that we still have a struggle with mobility. I know we've gone through it in our own family, moving from one province to the other with our kids. Is the mobility issue an integral part of that strategy?

Mr. Tyler Charlebois: Yes, in terms of a national strategy, what we're looking for in terms of the mobility issue is for people who are training and getting education in other provinces to be able to move to another province and have that education recognized. We have a major challenge in certain pockets of the provinces in the country where that's not happening. Ontario, for example, doesn't actually have a system of credit transfer to go from college to university, or from university to university, to permit that prior learning to be recognized. We're losing many Ontarians and Canadians to other countries, such as the U.S. I have colleagues who graduated last year who are in Australia studying—

Mr. Ted Menzies: Australia's quite aggressive, isn't it?

Mr. Tyler Charlebois: If you move to Australia, I don't know if you're going to come back. Their climate is simply really good—

Voices: Oh, oh!

Mr. Tyler Charlebois: —compared to many climates in Canada.

Mr. Ted Menzies: He's got a point.

Mr. Tyler Charlebois: The mobility aspect is really key to a national strategy to make sure we are looking at education and training as a system, and looking at it as a country rather than as pockets of provinces and territories.

Mr. Ted Menzies: There's competition, and there always will be competition among education facilities, whether they are primary or secondary. Is that a positive or a negative? We want our institutions to compete and be the best they can be, but are we...?

Mr. Tyler Charlebois: Should we be competing against each other, or should we be competing against other jurisdictions? That's the problem: we're losing our competitive advantage by competing just with ourselves for our small pool of population.

• (1025)

Mr. Ted Menzies: Are we competing enough internationally to bring international students here?

Mr. Tyler Charlebois: I think we're falling behind in those terms, and as you've seen from the skill shortage, we need to bring more. We need to do more to attract international students and international immigrants here to Canada. I think that having a strategy that encompasses mobility of learning would go a long way to help.

Mr. Ted Menzies: Good, but then that runs counter to what Ms. Fralick and Mr. Charette are saying in terms of our not having enough spaces for the students we have now. Your comments are very troubling, and I think we can all see this in our ridings, where health care students just aren't being trained.

Is it that we're lacking bodies to fill the spaces, or lacking spaces for the bodies?

Ms. Pamela Fralick: Yes.

Mr. Ted Menzies: Yes to both?

Voices: Oh, oh!

Ms. Pamela Fralick: There are two aspects to the question. One is that generally, in almost every health profession, we have lineups of people trying to get in, but we don't have the spots in the institutions, we don't have the educators to teach, and we don't have

the clinical placements to provide the on-the-ground training they need.

On top of that, when you look at the international realm, there's the whole issue of ethical recruitment. Canada has been known to.... I'm sure you've heard the statistics: the largest number of South African trained physicians outside of South Africa is in Saskatchewan. We have to be very careful—

Mr. Ted Menzies: We have quite a few in Alberta.

Ms. Pamela Fralick: Well, you don't win the cake, but that's exactly my point. It's why I made the comment that in terms of health, we can't rely on the external world. First of all, the United States has been the greatest consumer of Canadian-trained health professionals. If we think it's going to get any better with President Obama's move to bring health care to 47 million new individuals, it's just going to exacerbate. There aren't enough health professionals to go around, and that's why I included the information from the World Health Organization. I think we have to do more to be self-sustaining at a domestic level, and not just for health, but for all the industries we're talking about.

Mr. Ted Menzies: As an Albertan, I'm very troubled by some of the policies we're taking in Alberta to limit entrance into health care.

Ms. Pamela Fralick: We can talk offline about that, if you'd like.

Mr. Ted Menzies: Maybe we'd better not. I shouldn't even be on the record as saying that, but I'm concerned for our constituents, because we have future concerns, and to—

Ms. Pamela Fralick: Can I make one comment?

I do believe that our colleges and other institutions are part of the solution to the issue you raise, in that if we coordinate our work around practising in scope and getting the right health provider in the right place, we don't need the highly educated health professionals to be doing all the functions. We need to have the right number at the right level, and it's at the community college level that we get a lot of our rehab assistants for occupational therapy, physical therapy, med lab, rad tech, etc. If we can focus on coordinating that activity.... We've done a fair bit on the university-educated health professionals, but not nearly as much in a coordinated way on the ground with our community colleges. If we get the right people trained to standards, get the right competency base, and have them do the things we need them to do, it takes the pressure off physicians and nurses and allows them to do other things.

Mr. Ted Menzies: I want just a quick comment from Mr. Charette.

Has the \$2,000 apprenticeship grant program been helpful, or has that pushed more people into apprenticeship? Are we overloading the system?

Mr. Paul Charette: I think it has definitely been helpful, yes. It's a good program. We have problems with apprenticeship training across Canada. Industry needs to step up and do more, and we are working on that.

Mr. Ted Menzies: That's a good point.

Thank you.

The Chair: Thank you, Mr. Menzies.

We're going to go to Mr. McCallum.

Hon. John McCallum (Markham—Unionville, Lib.): Thank you, Mr. Chair.

Thank you, also, to all the witnesses for being here today.

My first question would be for Mr. Manahan.

When you call for infrastructure funding to be on a more rigorous priority-setting basis, it kind of implies that the current system is shotgunned all over the map, with which I agree. My first question is whether you would be in favour of having part of the infrastructure program funded by a gas tax type of mechanism through which the funds can flow directly to municipalities.

•(1030)

Mr. Andy Manahan: Yes, I would be, to a certain degree. Or it could be a similar formula. My one cautionary remark about using any one particular formula, such as the gas tax, is that what we're seeing in the United States—and I think it's going to happen in Canada—is that consumption of fuel is trending downwards because of more fuel-efficient vehicles. There will be more electric vehicles, hybrids, and the like, so there will have to be some sort of replacement for the gas tax portion over the next 10 years. But certainly that would be a much more predictable model for delivering those sorts of funds.

Hon. John McCallum: Thank you very much.

My next question is about colleges, and a few people here might have comments.

I'm from a university background, so I'm strongly in favour of funding university research. But like John, I have a college in my riding, a very good one, Seneca College, and I'm highly sympathetic to their cause. I guess I have the impression that traditionally in Canada colleges have received short shrift from the federal government. They have not been treated seriously. To solve that problem, maybe it would be helpful to have a better understanding of why.

I certainly support what you're saying, but I'm wondering why it is that colleges have had little funding or little expression of interest from the federal government over the years. Is it because they seem to be more creatures of the provinces than universities? Is it a status thing—universities get more attention because they seem to have higher status?

Would one of you, or perhaps both of you, like to comment on that?

Ms. Linda Franklin: I could take a first crack at it.

I think there are a lot of things in play. One of them, frankly, is that most policy-makers in government are university graduates, so they

don't come to the table with an understanding of colleges. In fact, it's something that the president of Seneca has been fighting for a long time. There's an actual prohibition on the federal government hiring college graduates. So we have a stigma, I think, among policy-makers, both in the civil service and oftentimes in the political realm.

I think, too, that people are stuck in a view of the college system that is very old, which is that these are vocational training institutions. Today, when you look at colleges, we do everything from literacy and skills upgrading through to degrees, diplomas, certificates, and post-graduate work. We train university graduates who need training and skills. I'm not sure that the message has been communicated as effectively as it probably should have been about the range of things we do.

Hon. John McCallum: Thank you.

Mr. Paul Charette: If I can just add to that, my understanding is that the college system was created in the fifties by the vision of the federal government providing 75% of the capital funding for colleges. Since that time, the federal government has done virtually nothing, except in the January 27, 2009, budget. They created what was called the CCIP program. It's very much needed and very much overdue, but it really only touches the tip of the iceberg.

The problem with the colleges, I believe, is that as my colleague has mentioned, there's a stigma attached to them. But colleges have changed dramatically. They've become way more technical. And I guess the real issue is that there are a greater number of university graduates in key positions who have not seen the college system in the right light. I believe we have to change that.

There is a report out that says that we will need six college grads for every one university grad in our coming years, and if we don't address the capacity issue, we're not going to get them.

Hon. John McCallum: Thank you. That's good.

The Chair: Thank you, Mr. McCallum.

We'll go to Mr. Dechert, please.

Mr. Bob Dechert (Mississauga—Erindale, CPC): Thank you, Mr. Chair.

Thank you, ladies and gentlemen, for your presentations this morning. They're very instructive.

I have a question for Ms. Franklin and Ms. Fralick and perhaps Mr. Charette and Mr. Charlebois. You've all made good arguments for increasing funding to research in colleges.

By the way, I want to say that I'm very pleased that the government has supported a new campus for Sheridan College in Mississauga this year. It's something that's long overdue for Mississauga.

A voice: And it's not even in his riding.

Mr. Bob Dechert: It's not in my riding. It's in Mississauga East.

But the point is that it's going to do a lot of good for the people of Mississauga and Peel region by giving them the skills they need to compete in the future.

You've all asked for an increase in research funding. We know that we live in a world of limited resources. Recently I was in China and visited a number of universities there. I saw how the Government of China is concentrating its research funding in certain areas of research so that they can become world leaders in specific areas. I'd like to hear, from each of you, your views on whether the Government of Canada should have a national strategy on concentrating these research dollars in specific areas of research. Or should we simply leave it to the college and university sector to decide if they want to support research in every area under the sun?

I'll start with Ms. Franklin.

• (1035)

Ms. Linda Franklin: I'd suggest that a specific area of focus for us is probably small and mid-sized enterprises, as opposed to IT or biotechnology. The reason for that, frankly, is that it's the sector that's received very little attention in this area.

We had a pilot project in the Ontario colleges where we had 10 colleges that started an applied research network focused on small and mid-sized enterprises, and boy, did it ever get a big bang for its buck. I mean, the amount of success stories out of that small three-year pilot project from folks who started new companies and advanced new ideas.... Some of them started with one person working in a basement and now have a few hundred employees.

I think it tells you that if you could focus some resources around applied research, particularly for small and mid-sized companies as an area of focus, you would see a tremendous uptake and a lot of economic activity. If we're looking at focus, that would be my proposal.

Mr. Bob Dechert: That's interesting. Thank you very much.

Ms. Fralick or Mr. Charette, do you have a comment?

Mr. Paul Charette: I would second that. I think there's a tremendous amount of collaboration between the colleges and industry. I think we need a focused approach in that area, leaving it up to the colleges to determine the great projects to research, but with industry in collaboration. I think industry will come to the table if there is a starting point.

Mr. Bob Dechert: So you would suggest some kind of formula whereby the government says it will contribute funding, along with a private sector partner, up to a certain amount, perhaps with matching funding or something like that.

Mr. Paul Charette: I think that's a starting point.

Mr. Bob Dechert: Ms. Fralick, did you have a comment?

Ms. Pamela Fralick: I'll just add one thought. I do support what my colleagues have said on the tremendous benefit of focused funding that sometimes produces magical results, but I'm also a true supporter of not directing so much, of letting it emerge. That's where we do get some magic as well. It has a balance between those two.

Certainly in health research there are examples where government has set policy directives, identified areas where we want research, and put funding in there, and it has produced tremendously. But it is

sometimes the random research that can really lead us as a nation and produce innovative things.

Mr. Bob Dechert: You don't want to close off any area of research—

Ms. Pamela Fralick: Exactly.

Mr. Bob Dechert: —but on the other hand, do we have to focus? We're a relatively small country in the world.

Maybe we could hear from Mr. Charlebois, if he has a comment.

Mr. Tyler Charlebois: I would echo the comments that have been made by my colleagues around the table. But as I focused on in my presentation, I think we do need to look at this and stop doing one-off deals and segmenting our dollars into certain areas. We have to look at it as a strategy, at where we are going and at where Canada wants to go.

Maybe there are specific pools and specific areas that we need to focus on, but we do need to make sure that we have a national strategy, not only in education but on the research side. As you've said, other countries are doing that. They are doing it as a country rather than leaving it up to different segments of their population to do it.

Mr. Bob Dechert: So you think we should focus on a few areas of research.

Mr. Tyler Charlebois: I think we need to focus, but we also need a strategy. That strategy can't be just that focus area; we need to have that strategy in place.

Mr. Bob Dechert: Am I out of time?

The Chair: You have five seconds left.

Mr. Bob Dechert: Is there time for one more comment?

The Chair: Yes, very briefly.

Mr. Paul Charette: Very briefly, I think a strategy is absolutely what's needed, and a strategy that differentiates from the universities. It's what you don't do for the colleges now. For example, no college research chairs are supported by the federal government. That's a travesty. If you don't have leadership, how do you have research? I think you need to look at that.

The Chair: Thank you.

We're going to go to Mr. McKay.

Hon. John McKay: Thank you, Chair.

My first question is to Ms. Fralick, and it has to do with—how should I say?—the insanity of the health care system. The doctors, for better or for worse, are the gatekeepers, but the gatekeepers don't seem to be overly enthusiastic about ceding jurisdiction anywhere. So you have a doctor writing a prescription for a patient. The doctor has taken maybe one or two courses in pharmacology and he's telling the person who has taken four years of it the appropriate prescription for this patient. You have doctors telling a patient whether they need physio or OT, and the physio or OT can't go outside the doctor's prescription, even though the physio or OT has studied the subject matter for four years and probably knows 10 times what the doctor knows.

The difficulty for us as policy-makers is that in some respects the health care business hasn't got its act together. We just keep bandaiding and bandaiding with more and more money, and it becomes less and less effective. I'd be interested in your thoughts on how the health care professions are going to fix themselves.

• (1040)

Ms. Pamela Fralick: Those are difficult waters to tread, because there are professional bodies to speak on behalf of those professions.

Hon. John McKay: I know, but the professional bodies are a bit of a mess.

Ms. Pamela Fralick: First, I believe that the leadership of the professions is on the right track. We've spent five, six, seven years and \$780 million of taxpayers' money developing a new approach to primary health care. It actually does remove the physician from being the gatekeeper and allows Canadians to access health care from the providers that they need to see. The leadership has signed on to that, literally signed on in a charter, and is doing what they can to get it down to the troops. It's a culture change.

Hon. John McKay: So why am I being lobbied by physios?

Ms. Pamela Fralick: I was going to speak to the physiotherapy example but broaden it a bit. One of the true barriers to that direct access is the insurers. The services you're talking about are privately funded. They're not part of the publicly funded system, and many of them still require you to see a physician before you see them. Why do they do that? There is no evidence to support the practice. They do it because they believe it's cost containment. They may believe it's a deterrent. I suspect they put that in place with the best of intentions. I feel it's a barrier and it costs our health system.

If there's one thing that I could have tackled when I was in that role, one thing I would take on from the Canadian Healthcare Association perspective, it is that piece. It needs to be addressed.

Hon. John McKay: I appreciate that I've opened up a huge can of worms here.

Ms. Pamela Fralick: Yes, but I wanted to give you a sense of optimism. We do have a pan-Canadian health human resource strategy in this country. Actually, we have five, and I have them in a file, but one comes from the federal government.

A question I would put to you is: where is it right now and who is coordinating it? Even Africa has a health human resource observatory that will coordinate activities in a non-partisan way. We don't have that. There has been a lot of resistance to the concept, despite the papers that have been written describing what it might look like. Many officials have been surveyed on it. So I think there's

a lack of coordination. That's the third piece. If we could get the players together, we could have a more powerful impact on changing the very issue you raise

Hon. John McKay: Thank you.

— Mr. Manahan, at one point in another life I was the P3 coordinator

Mr. Andy Manahan: I recall.

Hon. John McKay: —for the federal government. It has gone through various mutations. To give credit to the government, which I don't often do, they've actually moved it towards an actual free-standing office. That free-standing office, as I recollect, about a year ago was opened to great fanfare. I haven't heard from it since. Can you give me an update on what's going on in the P3 office?

Mr. Andy Manahan: I was in Ottawa in mid-August for the Association of Municipalities of Ontario's meeting and I used that opportunity to meet with the P3 president, John McBride. They are still staffing, so it was a little slower than we had hoped for. One of the concepts we talked to him about was the \$50 million threshold that Minister Flaherty put in place. We think that's appropriate for AFP/P3-type projects, but it's difficult when you're talking about, say, bridges. We talked about bundling certain infrastructure projects, like bridges, so that the federal government could get more involved with the P3 model.

Hon. John McKay: Thank you.

The Chair: We'll go to Mr. Wallace, please.

Mr. Mike Wallace (Burlington, CPC): Thank you, Mr. Chair, and I want to thank our guests who are here this morning.

I'll try to be fairly quick, because I want to ask a few questions and I only have five minutes.

I'll ask the theatre folks. On the piece that I hadn't seen before... I've seen the \$125 million before from other arts organizations in regard to the Canada Council piece. I think it's a little excessive for this coming year, to be perfectly honest with you, asking for a 50% increase of \$40 million a year.

But on the other piece that you asked for, who would manage the new marketing piece that you had in there, the market access development fund? Who would you expect to manage that?

●(1045)

Ms. Lucy White: We haven't decided among ourselves where the ideal place for such a fund would be. There are certainly a lot of advantages to placing that kind of activity within the Canada Council, which already has a great deal of expertise and knows the client base.

Another alternative would be to place it in the Department of Canadian Heritage. They also know the client base. They have a different approach. I think there are pros and cons with both, and we'd be very happy to work on the program development and make sure it fits the needs of both the community and the program.

Mr. Mike Wallace: This is a new program that doesn't exist at present, is that correct?

Ms. Lucy White: That's correct.

Mr. Mike Wallace: Thank you for that.

I'm going to ask Pamela a question directly, based on what you just said. We had the Canadian Nurses Association in front of us yesterday, and they were talking about a pan-Canadian health services organization. My take-away from them was that we needed to develop one and get it started. But you're saying in your file you actually have a plan or a strategy but you need a group to actually implement it. Is that correct?

Ms. Pamela Fralick: To maybe clarify it, what we have...and I know the folks; we work very closely with the Canadian Nurses Association and the Canadian Medical Association. There is a pan-Canadian health human resource framework that has been bought into. It's developed by an FPT, so federal, provincial...everyone's bought into it. So the framework is there and strategy, the outline of what needs to be done, including a lot of issues around education that we're talking about today.

What we don't have, however, is what we call an observatory, a health human resource observatory, which is a concept that comes from the World Health Organization. There is a European observatory; there is one in Africa and a couple of other places. So it's coordinating all the pieces, because that's not happening.

Mr. Mike Wallace: Okay. I'm not sure I got that message from that—

Ms. Pamela Fralick: My apologies.

Mr. Mike Wallace: No, that's okay, but I'll check my notes, because I didn't keep theirs.

On the infrastructure issue, I want to ask you this point-blank. We're running a deficit that we're not that excited about, but the world is doing it and we're doing it also. There are one-time expenses. Your vision from what I've heard today is more of a longer-term piece that would require one of two things. We either tax more to raise the money to have a longer-term program or we reduce expenditures elsewhere and move them over to infrastructure.

Does your organization have a position on either one of those items?

Mr. Andy Manahan: There is a third way that I refer to in terms of the transportation modelling, and that's user pay. So that is indirectly another tax.

Mr. Mike Wallace: But you talk about political suicide also in the same breath.

Some hon. members: Oh, oh!

Mr. Andy Manahan: Let me give you an example. This glass of water here probably costs about 1.5¢, and that's paid through water rates. If you increase water rates by 10% as they're doing—actually, it's 9%—every year in Toronto, people really don't blink about that. So there are other things—

Mr. Mike Wallace: Just so you know, I was on the municipal council in Halton, and we'd been paying the true costs of water and so on for many years. We were probably a little bit ahead of the curve with municipalities on the piece. So I was interested in what your position was.

My second question to you is this. I've heard from my friend in Peel quite a bit about the sustainable development round table. Let's say we fund it. I need to fund something that's going to have deliverables, and what do you see the round table's deliverables being?

Mr. Andy Manahan: There are a number of things. My understanding is that their mandate is to look at things like life cycle costing. So it's not just a case of making infrastructure investments, but it's a package.

My friend here, Paul, with Bird Construction, many years ago used to talk about how it's not always the low bid that's going to get you the value for your money.

Mr. Mike Wallace: Governments work on cash accounting.

Mr. Andy Manahan: Yes.

Mr. Mike Wallace: So it's money out the door, and we don't have the ability to write it off over time.

Mr. Andy Manahan: Again, I would use the leverage of the P3 model.

Mr. Mike Wallace: Okay.

Mr. Paul Charette: If I could add, I think the P3 modelling is fabulous. P3 Canada has done a great job in collaboration with the provinces. It may be mortgaging your future because there are availability payments that go on for 30 years, but at least we can get infrastructure built today.

It's not a matter of whether we can afford it. Can we afford not to do it? That is the big issue. P3 is one of the delivery methods.

●(1050)

Mr. Mike Wallace: Thank you very much.

Thank you, Mr. Chair.

The Chair: Thank you, Mr. Wallace.

As chair, I'm going to take the next spot.

There are three issues I want to address. First, with respect to the recommendations for a market access and development fund or a market access and innovation program, it's a very similar recommendation, obviously, but the wording around them is a little different in terms of the justification in that one seems to be fully focused domestically, connecting with Canadians, and some of the other seems to be in terms of promoting artists abroad. Is there a component in terms of promoting Canadian artists abroad in this, or is it simply on connecting Canadian artists in Canada to Canadians?

Both of you can address that quickly, please.

Ms. Shannon Litzenberger: Yes, absolutely. There is both a domestic and an international focus in this fund. As you know, there was some reduction in funds that support international export in the performing arts, so we are looking at re-imagining how we can better address the distribution of performing arts products both domestically and internationally.

The Chair: Thank you.

Is that the same answer for you, Ms. White?

Ms. Lucy White: For many arts organizations, there needs to be a balance of both. If you are in Vancouver, for example, a tour might encompass both visits in the United States and visits in northern B.C. To have a fund that could address that reality would be very helpful.

The Chair: Thanks for mentioning the fringe festival, which is a real source of pride in Edmonton. I'm a fan of the Stratford festival as well. I was here for a day when I did the marquee announcement for the fringe festival, and then when the folk festival didn't get money from the same program, I was not quite the same here.

Going forward, is it better advice to the government to simply fund through the Canada Council for the Arts, rather than set up separate festival program funding?

Ms. Lucy White: There are certainly advantages to government to let the Canada Council do what it does best.

The Chair: Thank you. I thought you would say that. I guess I wanted to hear that.

The second issue is about colleges doing more research. I have a friend who used to work in politics, and then, as he tells me, he got into an honest living. He went to NAIT, which you now very well, obviously, in northern Alberta, in Edmonton. He took construction engineering. He actually works for Bird Construction and is a very proud employee of yours. But I think what he and perhaps others would argue is that NAIT now has such a demand that, in fact, they're turning students away who want access to teachers, who want to address one of our fundamental challenges, which is the shortage of skilled labour in Canada.

I take your point about applied research. Colleges obviously do that well, and we should direct some funding there. But there is a caution I would give about getting colleges too far away from their bread and butter, which is what they do very, very well—that is, training skilled labour for the shortage we're going to have. So how do we ensure that we're not turning away students? The concern

from some at the university level, especially in the liberal arts, is that we focused a lot of money on research at the expense of teaching.

Could you address that briefly?

Mr. Paul Charette: I'll address it quickly and then let Linda respond.

In the college system, there's a balance between trades and the technology division, and we need to have that balance. It's not just about the trades. In fact, that's why we carefully worded our coalition. It's about skilled workers being properly trained, and that's not just in the trades. So there's already that balance.

The Chair: Yes. I'm talking about skilled workers.

Mr. Paul Charette: We need to have graduates coming out of the college system who know how to research and innovate problems. If we don't do that, we're doing a great disservice to our industry; they're not coming out, as graduates, as well prepared as they should.

Ms. Linda Franklin: I think there are a couple of things to say about that.

First, you're absolutely right that, at the end of the day, the colleges' core mandate is teaching, and that will never change. But we do have a lot of professors now who frankly have a real interest in the applied research side. So in part, to keep really high in professors, you need to keep them invested in things they are interested in as well.

I think the real value at the college level is that we engage students in applied research, and not just at the very highest levels or the very latest stage of their education but right through their education. So I would argue that there's a really interesting marriage between training and education on the one side and the ability to engage in research activity as a student that is probably a more powerful combination.

•(1055)

The Chair: Okay. I'm just running short on time. I thank you for that question.

I wanted to turn to Mr. Manahan. I found your presentation very interesting. I think you're absolutely right about the challenge related to multi-governmental jurisdictional infrastructure, which is a longer discussion. In terms of the 407, I'm from Alberta, so perhaps I'm a little naive on that. I don't have any scars from the 407 debate, and to me, when I ride on the 407, it seems to work very well. I would just add that.

Perhaps just a brief comment: in terms of the technology, are we actually able to replicate this across the country; and if so, would you only have it on certain types of infrastructure across the country?

Mr. Andy Manahan: On the technology, I'm not an expert, but I did talk to this group I mentioned to you earlier, and they have done some testing in urban canyon environments, and sometimes GPS bounces off the building walls. So there are some difficulties, but from my understanding they're getting to the point where it's quite accurate. I think, really, where we have to focus road pricing—and this is probably a 10-year plan—should be in the urban areas. It's not just Toronto's issue, it's almost every urban area.

The Chair: Thank you.

We do have a few minutes for Mr. McKay. Final round.

Hon. John McKay: Just for clarification for those not from the GTA, the issue is not whether the 407 works well or whether it doesn't work well. It does work well, and if you have \$15 in your jeans you're perfectly fine. But it drives people who don't care about \$15 to the 407 and leaves everybody else driving on the 401, when there should be some more equitable distribution on the two roads.

Anyway, that's not the question I wanted to ask. The issue is with respect to P3—and Mr. Wallace was getting into the core of the issue—if the Government of Canada is going to participate in infrastructure funding. It's reasonable to assume that for the next several budget cycles the government is broke, but one way or another, they're going to have to deal with that reality. There's not going to be too much money available unless you get some innovation with respect to financing. P3s are an obvious way to get innovation.

The core question is—and Mr. Wallace hit on it—the issue that the government, when it expenses everything, it's cash, as opposed to life cycle financing. As part of your discussions, have you had any discussions with the folks at P3 as to whether that accounting methodology with respect to the government's contribution to P3 could be changed from cash to life cycle?

Mr. Andy Manahan: We didn't get specifically into that, but I mentioned earlier that we talked about bundling of bridges, and what we looked at was, in the U.S., the state of Missouri. They had put out an RFP to rehabilitate over 800 of their bridges. That didn't go so well because I think there was an underpricing. In any case, the concept of shifting from cash accounting to the government paying over a longer period of time, I think, is embedded in that concept.

Hon. John McKay: Thank you.

The Chair: Thank you.

I want to thank all of you for being with us here this morning. It was a very interesting discussion. Thank you for your presentations and your responses to our questions. We have another panel right

away, so we'll suspend for a minute or two and say goodbye, and then we'll bring the next panel forward.

Thank you so much for being here.

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————— (Pause) —————

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• (1105)

The Chair: I know everyone is having very interesting discussions, but if I may ask members and witnesses to find their seats, we will begin the second panel of our pre-budget consultations here in Toronto.

We have for the next hour-and-a-half panel a number of organizations. We have with us the Ontario Coalition for Social Justice, the National Council of Welfare, the Canadian Institute of Actuaries, the Wellesley Institute, the Canadian Association of Physicists, the Association of International Automobile Manufacturers of Canada, the Canadian Association of Income Funds, and Hoffmann-La Roche Limited.

So we have a lot of organizations here for the next hour and a half. Let me ask each of you to present, for no more than five minutes, an opening statement, going in the order we outlined. Then we will have questions from members of the committee.

We will start with Mr. Argue, please.

Mr. John Argue (Coordinator, Ontario Coalition for Social Justice): Thanks very much, Mr. Rajotte.

I guess we're going in alphabetical order. I appreciate starting off.

An hon. member: Don't "argue" about it.

Some hon. members: Oh, oh!

Mr. John Argue: I am sure there will be no argument with our views at all, because we have such logical, persuasive views. We look forward to convincing the committee and thereby improving the economy of the province, along with the other people who are here.

The Coalition for Social Justice is a coalition of groups around Ontario, of both labour unions on one hand and community groups. We are interested in advocating social justice in the province but really have been concentrating on poverty, for obvious reasons, in the last number of years, just because of the way low income affects so many people. This is particularly relevant for this pre-budget hearing because of the economic crisis.

I would side with Jim Stanford, thinking of the CBC panel the other day when he was debating with Mark Mullins and...I forget who the investment person was. The two of them were saying that the economic prospects are looking very positive now in Canada, and Jim was saying, wait a minute, there are a lot of factors that are problems because of the huge number of unemployed. This is why we picked the three areas that we have picked

Probably the most general statement that the Ontario Coalition for Social Justice would argue is that we would hope the federal government would adopt a national poverty reduction strategy. We haven't said so directly; we chose instead to concentrate on three particular issues. I'm confident that advocacy for a national poverty reduction strategy will come up in your hearings, but I think the three areas we have identified are key areas that really affect many of the people with whom we deal directly.

Concerning EI, we quote various unions with which we are in association, mainly because of the dreadful effects on union members throughout Ontario—we are Ontario-focused—of the economic crisis and huge job losses, generally in the north of Ontario with mills shutting down and forestry workers having a hell of a problem, but with auto workers, obviously, in Windsor and other union members in manufacturing plants throughout southern Ontario, whether in Cornwall, Hamilton, St. Catharines, or wherever you go. People who were regarded for years and years as having union jobs that were well paid are suddenly facing the prospect of low income or poverty. It is a devastating prospect for the individuals involved and for the communities in which they are placed.

We advocate as strongly as we can that the CLC recommendations with which we finished the section on EI... They have a number of recommendations about increasing the period of time during which EI would be paid—which the government has addressed, to a slight extent anyway, by extending the five weeks for a period of time—but then increasing eligibility for EI so that a greater number of people will be eligible for EI than is currently the case.

I think of the situation years ago. I'm old enough to think of accusations that people in various parts of the country would take advantage of EI because of seasonal work—work for a little bit and then get payment. What the country is facing now, and what your budget subcommittee is facing, is a much more serious economic difficulty, in which EI is really needed for people directly as a result of the economic difficulties we're facing and because of job loss.

The second general area is the temporary worker program. There we have contact primarily with the United Food and Commercial Workers as well as with the centres they operate in five different places in Ontario where migrant workers or temporary foreign workers are assisted. They do excellent work. The difficulty they are having is that here we are, inviting foreign—

I have one minute? Okay, I'll deal with it quickly. I was going to talk about housing, but Michael Shapcott is here, so I don't even have to say a word. The experts will speak directly.

• (1110)

The migrant workers and the temporary foreign workers are facing huge difficulties in not having their rights recognized in the context of the work they actually do. The UFCW and the community centres

that UFCW operates are of great help to those people. The federal government really must take a role—through the budget, I think—in investing in greater employment standards and helping those people become like Canadian workers. If Canada is benefiting from the work they do, I think it's only reasonable and correct that we extend the rights that the workers usually have in Canada.

Why don't I just stop there? Thank you.

The Chair: Thank you very much for your presentation.

We'll now go to the National Council of Welfare.

Mr. Mark Chamberlain (Member, National Council of Welfare): Thank you.

I'm Mark Chamberlain. Thank you for this opportunity.

You have, hopefully, in front of you a full brief that was provided along with an additional document called *The Poverty Profile*; it's bulletin one. I'm going to refer to it a little during the presentation.

It shows graphically that we are at a pivotal point in Canada. If we follow the traditional course, we face an agonizing, slow recovery for many Canadians. Others will not recover or were disadvantaged even in good times. You'll note on page 2 a graph. You'll see that during the last two recessions poverty continued to climb after the recession was declared over, and you'll see how many more years it took for poverty rates to come back down.

On page 3, you'll see that in the last recession, even when the unemployment situation improved, poverty rates did not. That is the story of many working-age Canadians and their children. Now, if you turn to page 5, you'll see an entirely different story. This is where you see a dramatic decline in poverty that reflects policies that help protect seniors from poverty and the effects of the recession.

In the current recession, both good and bad jobs are disappearing, and EI is not as available as it used to be. Welfare benefits have eroded, in some cases to staggeringly low levels. With severe asset limits and hundreds of rules that can sabotage any rebound to get ahead, or any personal resiliency, it is hard to imagine a program having more work disincentives built in than social assistance has; there is nothing more difficult. Poverty and insecurity are costing us a lot, and this is not a recipe for future prosperity in Canada.

On the positive side, some provinces as well as cities have adopted strategic, coordinated approaches to solving poverty. Hamilton is one of those. It is where I live and have been working with the poverty round table. There are both good results and inspiring practices being generated at municipal and provincial/territorial levels of government. But they cannot do it alone.

I'm a businessman. In fact, I'm an engineer and a businessman. I grew a business that Mike Wallace would know very well. It does about a quarter of a billion dollars' worth of business today. It has 600 high-tech employees in Burlington. I'm also a National Council of Welfare member. We come from all walks of life as a council. We all look at the 40-plus years of constructing a tangled safety net and are confounded at its paltry results.

If you look again at the graphs on page 2 and 3, going up and down and landing where we started is simply not progress. We celebrated our 40th year this year as a council and we're disgusted. We have not made progress as a country, as a province, as a municipality. Canada as a whole must make wiser investments to solve poverty and get better, larger, more permanent returns. The federal government has a unique capacity—and not just unique capacity, but responsibility—to help make that happen.

Poverty has many dimensions. It's not always about money, but that is a dimension in which the federal government plays its most significant role. We say that it's not always just about money, but it's always about money. Through EI, pensions, guaranteed income for seniors, and child and other tax benefits, the federal government has the capacity and the mechanisms in place to provide individuals and families with income security and stability. Those types of policies can operate as poverty preventer, safety net, and springboard to opportunity. Government policy across Canada does a relatively good job for seniors, as page 5 of the bulletin shows, but it can and must do far better for children, youth, and working-age adults—all those individuals who are our future workers, our future skilled workers.

The federal government can do its part effectively by, as a first point, restoring and improving employment insurance to safeguard the livelihoods and the assets of workers and their families during the recession and beyond.

Build on child benefits, employment supplements, GST credits and other potentially refundable credits, including disability and caregiver credits, that deliver the greatest benefits to those who are most economically disadvantaged. These benefits can provide more adequate and stable income; cushion periods of financial difficulty; and prevent, to the greatest extent possible, recourse to social assistance. As one woman put it to us, "welfare" really means "farewell"—to hopes, dreams, even your life. All tax and investment measures proposed to the committee should meet this test of

reducing inequalities and providing proportionately more benefits to disadvantaged Canadians than to those who have more money, privilege, ability to pay tax, and options.

Support provincial, territorial, municipal, and aboriginal governments in their efforts to solve poverty and work with them, in consultation with Canadians, towards a pan-Canadian strategy to solve poverty.

● (1115)

And fourth, be a leader in ensuring that our actions as a country match our values as a country. We've got to stop allowing our economics to drive our values and start having our values drive our economics. We speak of deficits. The greatest deficit we have today is our social deficit.

Thank you.

The Chair: Okay, thank you very much for your presentation.

We'll now have the Canadian Institute of Actuaries.

Mr. Robert Howard (President, Canadian Institute of Actuaries): Good morning. My name is Bob Howard, and I am president of the Canadian Institute of Actuaries. We appreciate being invited to this meeting, and I look forward to an exchange that benefits all Canadians.

The Canadian pension system, especially defined benefit, has been challenged for many years, and recent events have forcefully brought home issues that need long-term remedies. It's time to bring together decision-makers at a national pension summit to reach conclusions on a road map and timetable to increase the coverage of private sector defined benefit pension plans, to improve the environment for defined contribution pension plans, to foster sound innovation in post-retirement income security, and to implement intergovernmental harmonization of pension legislation and regulation for the benefit of all Canadians.

On August 6, the premiers indicated their agreement by calling on the federal government to host a national summit on retirement income. We've yet to hear a reply from the government on this important item, and we urge the finance minister to act.

The Canadian Institute of Actuaries would be pleased to assist with this summit in any appropriate way. The institute has met with many members around this table regarding pension reforms proposed in our *Prescription for Canada's Ailing Pension System*. The dire circumstances that the pension system faced when we released that report in 2007 persist, and the economic crisis has made things even worse.

Canadians are not saving enough for retirement. Canadians need defined benefit pension plans, and these plans need to be saved and revitalized. Claude Lamoureux, special adviser on pensions to the institute, has said that if the trend continues “the only Canadians covered by DB plans will be politicians, government employees...”. Imagine how taxpayers will feel about supporting these plans through their taxes when their own workplace offers either a less effective plan or none at all.

We have, in our earlier report, said that legislation should be put in place to remove disincentives to employers starting up or maintaining defined benefit pension plans, which would improve benefit security. This legislation would include three important interrelated changes for pensions plans.

First, permit the use of a 100% employer-funded pension security trust. This is a side fund, independent from but complementary to the regular defined benefit pension fund. It is a practical solution to the surplus asymmetry issue. Employers gain because they can contribute more than the absolute minimum, knowing that if a surplus arises in the future it can be recovered. Pensioners and employees gain because higher employer contributions will make their benefits more secure.

Second, require each defined benefit pension plan to establish a target solvency margin. A target solvency margin would recognize the volatility of pension plans and their assets and help establish a risk-based approach to planned funding contributions. At present, when times are good, employers stop contributing when the plan becomes 100% funded, so when the inevitable downswing occurs, the plan goes into a deficit and members' pensions are at risk. Under our proposal, the funding target would be higher than 100%, so the risk of a deficit would be reduced. Employers would be more willing to accept additional funding through the pension security trust as it remains under their control. The institute would be pleased to work with regulators to develop guidance on the required levels of target solvency margins.

Third, increase the maximum allowable surplus in a pension plan to the greater of two times the target solvency margin or 25% of the going concern liabilities.

Had these proposals been in place prior to the recent crisis, pension funds would have been less threatened and some relief measures may not have been necessary, and the risk of members' pensions being cut back would have been reduced. The task now is to put in place long-term measures that will, over time, improve and safeguard the retirement incomes of all Canadians.

• (1120)

Mr. Chairman, this ends my formal statement. I look forward to answering questions from the committee.

The Chair: Thank you very much.

We'll now go to the Wellesley Institute, please.

Mr. Michael Shapcott (Director, Affordable Housing and Social Innovation, Wellesley Institute): Thank you very much, Mr. Chair.

My name is Michael Shapcott. I'm the director of affordable housing and social innovation at the Wellesley Institute. With me is my colleague Nimira Lalani, who is a research associate.

The Wellesley Institute is an independent research and policy institute dedicated to advancing urban health. In our written submission we made several specific recommendations in terms of the next federal budget. Today we want to focus on affordable housing and community innovation.

Mr. Chair, even before the current recession, hundreds of thousands of Canadians were experiencing homelessness and millions more were precariously housed. Our research shows that the toxic combination of insecure housing and inadequate incomes is causing increased illness and premature death.

Just recently we prepared a paper for the federal government's consultation on housing and homelessness in which we totalled up federal government spending on housing and homelessness. We found that the federal government is actually spending a substantial amount of money. In fact, the figures from the federal government show that it'll spend \$17.5 billion this year on housing-related expenditures. That doesn't include the \$64 billion that's been committed to the banks through the insured mortgage purchase program.

The problem isn't the level of spending, it's the fact that only a small fraction of those dollars are going to reach the households with the most urgent need. I'll give you two examples.

The federal government estimates that the home renovation tax credit will cost about \$2 billion this year. Yet most of the 3.2 million households—and that's about nine million women, men, and children—who are living in substandard housing, according to Statistics Canada, won't be able to qualify for the home renovation tax credit. What's offered to them is another federal program called the residential rehabilitation assistance program, which is funded at \$128 million annually—\$128 million...\$2 billion. What \$128 million buys is assistance for about 20,000 homes a year for ownership and rental homes. If you do the math—20,000 homes, with 3.2 million households in need of repair—it'll take about 160 years at the current level of spending to meet the repair needs of those households.

Another issue we are concerned about is new supply. We continue to have new households that need new affordable housing, yet we're not generating enough new households. Only about 15% of the \$3.5 billion the federal government spends on affordable housing will be devoted to new supply.

Members of the committee will remember that about two weeks ago you voted on Bill C-304, which is an act to ensure adequate accessible and affordable housing. That bill passed second reading and is going to another committee for review. We believe that Canada urgently needs a comprehensive national housing plan, and we commend that legislation.

However, in the meantime we'd like to urge this committee to make a recommendation for a substantial down payment towards a national housing plan. In particular, we want to offer three recommendations: first, an additional \$700 million for new affordable housing supply; second, double the funding for the homeless partnering strategies with an additional \$135 million; third, \$128 million to double funding for the residential rehabilitation assistance program.

I know there's a concern in recommending new spending at this time. I want to say that it doesn't necessarily mean that you have to commit new revenues. The federal government should be starting to re-profile some of its existing housing investments to make sure it goes to the households that need it the most.

In addition, we want to recommend to this committee that the federal government should be reinvesting the estimated \$1.353 billion surplus from Canada Mortgage and Housing Corporation this year. Some of that can be reinvested in affordable housing and homelessness initiatives.

• (1125)

Mrs. Nimira Lalani (Research Associate, Wellesley Institute): The recession is not only making an already bad affordable housing crisis worse, but it is also delivering a critical blow to Canada's non-profit sector. The non-profit sector is a vital web of health, education, housing, community services, recreation, culture, and faith groups that enriches our communities and makes a major contribution to our economy, contributing five times more to Canada's GDP than auto manufacturing.

As the recession deepens, community-based health, housing, and social services are being asked to deliver critically important services with reduced grants and donations. Our partners throughout Canada

tell us that hundreds, perhaps even thousands, of organizations will collapse under the fiscal and service pressures of the recession.

Governments in Britain and the United States, to name just two, recognize that the community sector is vital to the health of a nation and its communities. Canada's federal government is lagging far behind, and the community sector is suffering from a lack of effective partnership at the federal level.

Two days ago, a newspaper column by Microsoft CEO Steve Ballmer had this headline: "Investing in innovation will fuel Canada's economic growth". That's true in the private sector and it's also true in the community sector. Just as Canada needs a comprehensive national housing plan that engages all the actors, the federal government also needs a comprehensive community innovation plan.

We can learn a great deal from the successes and failures overseas, as we build a made-in-Canada plan. In the meantime, the next federal budget should include a substantial investment in community innovation, including \$150 million for a national social innovation fund for social purpose ventures; \$50 million for a national community innovation fund for non-profit enterprises; and \$15 million for a new national health equity fund to invest in innovative community-based, multi-sectoral demonstration projects.

Thank you.

• (1130)

The Chair: Thank you very much for your presentation.

We will now go to the Canadian Association of Physicists, please.

[*Translation*]

Professor Robert Mann (President, Canadian Association of Physicists): Good morning. My name is Robert Mann and I am the president of the Canadian Association of Physicists.

[*English*]

With me is my colleague Dominic Ryan, who is the president of the Canadian Institute for Neutron Scattering.

The CAP represents physicists across the broad spectrum of physics: pure and applied, industrial, government laboratory, and academic physics in universities.

In our brief we present three recommendations: one is an increase for funding in basic research via NSERC's discovery grants program; the second is for a design study of the Canadian Neutron Beam Centre, which I will let my colleague Dominic Ryan speak to; and the third is for new funding for major infrastructure.

To speak to the first recommendation, we contend that basic research has been squeezed in recent budgets.

We are very grateful and appreciative of money that has come in for science. There has been money for the Canadian Light Source in Saskatchewan. There has been money for the Canada Foundation for Innovation. In my own city of Waterloo there has been money for the Institute for Quantum Computing. As a physics community, we are very grateful for all of this.

However, if you are able to look at the graph I supplied in the written material I gave, targeted research in the budgetary trends will go up 62%, but basic research, the pure curiosity-driven research, is going to be down by 3.5%. Basic research, we argue, is essential for society not only because of its intrinsic value—part of being human is in fact understanding and discovering new things—but also because of its importance for the marketplace, in that it keeps the marketplace alive with new ideas and prevents society from being locked into particular technological options.

Lasers, for example, arose out of curiosity about how light and matter worked. Today we see them used everywhere, from grocery store scanners to entertainment devices such as CDs and DVD players to medical applications in eye surgery. All of this came about because people were curious about the interaction between light and matter.

Curiosity about how electrons move through materials gave rise to semiconductors, which are essential for computing as we have it today.

A 2005 NSERC study indicated that \$3.5 billion in revenue from spinoff companies emerges from NSERC's \$1 billion budget. That's a 3.5:1 rate of return, so homegrown curiosity-driven research does indeed generate spinoff companies. It stimulates local industry to do more research and it educates the next generation of students. These students, who are graduate students and include post-doctoral fellows, are best thought of as apprentices. They are not only learning; they are also contributing to the Canadian economy through their process of getting advanced masters and doctoral degrees in the sciences.

We have argued for a 10% increase in this funding. That increase would be \$40 million per year. With that, in recommendation three, we've argued for the need for new money for infrastructure. We need this money because we have to maintain and leverage the maximum benefit from the essential investments that the Canada Foundation for Innovation, NSERC, and other groups indirectly—the Institute for Quantum Computing, CLS, and so on—have made. If we don't keep up money for infrastructure, then the discovery-based money will not achieve its maximum value. This infrastructure money pays

for lab equipment, for facilities, and so on. We estimate the total there to be \$96 million.

Dominic, would you like to continue?

Professor Dominic Ryan (President, Canadian Institute for Neutron Scattering, Canadian Association of Physicists): Australia built their reactor between the time we first started asking for a new reactor and now, and theirs is operating and we still don't have a replacement. The NRU is down again; it has a leak. It has precipitated yet another isotope crisis, and these are warnings that we need to deal with the problem. It's a very compressive reactor. It has done a lot of important work. It has been a leading facility in Canada. It has dominated the isotope production business around the world. We've been producing about 80% of the available molybdenum 99, and it's been a critical resource, but now it needs to be replaced.

The construction of a new multi-purpose reactor, one that will provide medical isotopes, enable cutting-edge materials in engineering research, and provide a solid knowledge-based foundation for the development of the next generation power reactors, is a national issue that transcends the mandates of individual departments or agencies. It relates to science, industry, health, energy, environment, international relations, and education. And only a multi-purpose research reactor will fully support the variety of missions that are currently carried out at NRU.

Generation IV nuclear reactor designs, which allow us to use all the energy available in uranium, will allow us to take what is now a 60-year energy reserve in Saskatchewan and turn it into a multi-thousand-year energy reserve if we use it efficiently in generation IV designs.

Nuclear medicine underpins all modern health care. I'll bet every person in this room knows at least one person who has benefited directly from medical isotopes produced in NRU, whether to treat thyroid problems, heart problems, or cancer. Not having the supply is a problem. Industrial research, neutron beam research, and so on are all extremely important; they're in my brief.

It's an expensive project: \$800 million to \$1 billion. It would generate all that activity in Canada. The construction happens here, the design happens here to support the industries in Canada.

• (1135)

The Chair: Thank you very much, Mr. Ryan. I know it's a very big topic for a short time, but I know you will get questions on it.

We will now go to the Association of International Automobile Manufacturers of Canada.

Mr. David Adams (President, Association of International Automobile Manufacturers of Canada): Thank you very much, Mr. Chair and committee members.

As you know, the AIAMC is the national trade association that represents the Canadian interests of 14 international automobile manufacturers that manufacture, distribute, and market vehicles in Canada.

As you're all aware, this year has witnessed tumultuous change in the automotive sales and production industries in North America, which has been exacerbated by the global recession. Automotive sales are currently down by 3.5% through the third quarter, which is an improvement compared to the second quarter, in which they were down 18.3%, and the first quarter, in which they were down 21.8%. For comparison's sake, sales in the U.S. were down 27% through the third quarter, despite the infusion of a \$2.88 billion "cash for clunkers" program, which was responsible for just over 690,000 vehicle sales in the U.S. over the July and August period in which the program was operational.

The U.S. bankruptcies of both GM and Chrysler, combined with the recession, severely impacted vehicle production in Canada, which is down almost 40% from last year through the end of September.

The production contraction has not affected all companies equally, however, with the production at Toyota and Honda contracting 1.3% and 37.3% respectively, according to automotive news production data, through the end of September. These two manufacturers have a higher percentage of their production sold to Canadians and produce the two top vehicles that were purchased by consumers in the U.S. under their "cash for clunkers" program.

That said, with the recent resurgence of the Canadian dollar, the Canadian automotive market is more susceptible than at any time in the last year to a resurgence of cross-border purchases from the U.S. To encourage Canadians to continue to purchase Canadian vehicles from Canadian dealers, who are still struggling to secure appropriate credit and financing lines, we reiterate the recommendations from our August pre-budget submission as a means of bringing greater parity to Canada and U.S. vehicle pricing.

Our first recommendation was to reduce the finished vehicle tariff on imported passenger vehicles from 6.1% to 2.5% on an applied basis, which is consistent with the tariff on imported passenger vehicles into the United States. This tariff reduction would provide the opportunity for manufacturers to pass on savings of \$900 to the consumer, assuming a \$25,000 value for duty. Tariff reductions would also assist all manufacturers, not just our own members, in meeting the pending fuel economy regulations, as North American

production facilities cannot be converted to the production of new fuel-efficient vehicles in the short term.

The second recommendation we made was to eliminate the green levy excise tax that has been applied on vehicles, with the exception of pickup trucks, that have a combined fuel consumption rating of more than 13.0 litres per 100 kilometres, which was introduced in the 2007 federal budget. While the eco-auto rebate component of the vehicle efficiency initiative introduced in that budget was eliminated at the end of 2008, the green levy continues as an excise tax applied to the vehicle manufacturers. While our members are strong proponents of fuel-efficient vehicles, on a matter of principle it is incongruent that the government would retain one component of the vehicle efficiency initiative while cancelling the incentive component that encourages consumers to make more fuel-efficient choices when purchasing vehicles.

The third recommendation we made was to eliminate the \$100 excise tax on air conditioning, which has been in place since the 1970s. When the tax was implemented, at the time very few vehicles had air conditioning and it essentially represented a luxury tax. Currently the vast majority of vehicles sold in Canada are equipped with air conditioners, so it now represents a tax grab.

I'll leave it at that and wait for your questions.

Thank you very much, Mr. Chairman.

• (1140)

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

We'll now go to the Canadian Association of Income Funds.

Mr. Peter Carayiannis (Director, Legal and Government Relations, Canadian Association of Income Funds): Thank you, Mr. Chair.

My name is Peter Carayiannis and I'm the director of legal and government relations with the Canadian Association of Income Funds. On behalf of the association's members, I thank the Minister of Finance, this committee, and its members for undertaking the important and significant work of a cross-country consultation in advance of the 2010 budget.

Our association made a key request to the finance committee in 2007 on the question of providing a legal framework for the conversion of income trusts to corporations without suffering any additional negative consequences. Our request in 2007 was endorsed by the finance committee in its final report, and I would note at this time that the request was directly in line and entirely consistent with all statements made by the Minister of Finance on the subject of conversion of income trusts to corporations.

The government released draft legislation in this regard in July 2008 and, in a notice of ways and means motion tabled in November 2008, proposed legislation to facilitate the conversions to corporate form along with certain other rules, both tightening and relieving the provisions surrounding such conversions. This motion, however, died on the order paper when Parliament was prorogued last year. However, in considering that motion, which died last year on the order paper, the association is cognizant of the fact that the legislative proposal, as it was tabled and which we have now twice reviewed over the past two years, makes it clear that the relieving provisions are strictly temporary in nature, given that the tax-deferred treatment on conversion terminates at the end of 2012. This deadline was never discussed or raised as an issue by the Minister of Finance in any public statements concerning the issue.

In establishing the deadline of December 31, 2012, with the result of requiring income trusts to convert to corporations or lose the tax-free rollover, the government is putting income trusts at a further disadvantage, and it is a disadvantage inconsistent with the government's stated goal of levelling the playing field. To this end, the association respectfully requests that this committee adopt a motion recommending that the conversion deadline of December 31, 2012, be eliminated.

Thank you for your time. I'd be pleased to take questions at your convenience.

The Chair: Thank you very much for your presentation.

We'll now finish with Mr. Hall, please.

Mr. Jim Hall (Vice-President, Sales and Marketing, Hoffmann-La Roche Limited): Thank you, Mr. Chair.

My name's Jim Hall. I'm vice-president at Hoffman-La Roche, and it is my pleasure to be here in front of the committee today. Hoffman-La Roche is a global biopharmaceutical company that provides medications for oncology, rheumatology, transplantation, metabolic disease, and infectious disease.

All of us are acutely aware that we're in the middle of a global influenza pandemic, and what I'd like to talk about today is being prepared, not only prepared for the current H1N1 pandemic but for any future pandemic that may come along. To that end, the federal government must ensure the appropriate renewal of budgets for pandemic planning and preparedness, set to expire in 2011.

Pandemics and other outbreaks of disease are known to have serious and devastating health and economic impacts. In economic terms, the potential impact of a severe worldwide flu pandemic could cost the global economy \$3.1 trillion and reduce GDP by 4.8%. Canadian Manufacturers & Exporters estimated in 2006 that the impact of a future pandemic could cost the Canadian economy as much as \$60 billion. A more recent study conducted by RiskAnalytica forecast the impact of a moderate pandemic in Canada and predicted that a moderate pandemic could increase hospitalizations by over 67,000 people, increase absenteeism of health care workers and emergency service providers by 25%, and impact the production that occurs within the Canadian economy by over \$11.9 billion.

The Government of Canada has recognized the importance of pandemic planning and has invested heavily in this area since 2006.

This investment has meant that we are better prepared as a country to respond to an infectious disease outbreak than ever before in our history. However, while this planning has allowed us to better respond to this pandemic, we must remember that we are fortunate currently to be in a mild pandemic. The risk of a future, more serious pandemic has not decreased with the emergence of H1N1. Given that H1N1 virus will continue to circulate for a number of years, and given that the H5N1 virus, or the avian flu as it is more commonly known, continues to circulate, the risk of a more serious pandemic continues to be high and should prompt us to be more vigilant, not less.

We must commit ourselves to continued emergency preparedness planning. Budgets for pandemic planning, set to expire in 2011, must be renewed. It is imperative that the government provide sufficient funding to ensure that all the necessary measures, including antiviral stockpiles and emergency response infrastructures, are capable of dealing with this current outbreak in addition to all future outbreaks.

The current pandemic plan has at minimum impressed upon us the importance of being properly prepared for an emergency or health crisis and to take nothing for granted. Canada's pandemic plan, which has allowed us to respond to the H1N1 outbreak in a coordinated way, outlines a response strategy that relies on antivirals and vaccines to protect the health of Canadians. The plan states that antiviral drugs like Roche's Tamiflu remain the only medical intervention available during an initial pandemic response until a vaccine is made available. I would add that even after a vaccine becomes available, antivirals will remain the best option for treatment for those who fall ill despite the efforts of a vaccination campaign.

Any pandemic strategy response must ensure the protection and safety of health care workers and emergency service providers, who will be on the front lines working to contain an outbreak and minimize the negative effects to Canada's health and economic well-being. The Canadian plan provides that antivirals will be used for early treatment for those who fall ill and to protect health care workers through prophylactic use in a very limited way. Emergency service providers such as police, firefighters, and paramedics will not be given antivirals as protection from infection, according to the plan.

In conclusion, the Government of Canada must continue to devote needed resources to pandemic planning and preparedness and ensure that our health care workers and emergency service providers are protected with appropriate preventative use of antivirals.

To that end, Hoffman-La Roche recommends, one, that the federal government must renew and increase its funding for emergency preparedness and response, particularly in the face of current response demands and those that will be required to meet future public health threats; and two, that the Canadian government should commit to increasing its stockpile of antiviral drugs to ensure that front-line health workers and emergency service providers are protected during a pandemic.

Thank you very much for your time.

• (1145)

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

We'll now begin with members' questions, starting with Mr. McCallum, please.

Hon. John McCallum: Thank you, Mr. Chair, and thank you to all of the panellists for being with us today.

Beginning with the Ontario Coalition for Social Justice, the National Council of Welfare, and the Wellesley Institute, I certainly agree with the thrust of what you have said. I think it's also true that while the recession may be technically over, economists in general are in agreement that the unemployment rate has not yet reached its peak, that it may go to 10%, so your concerns are particularly valid at this time.

I'd also point out that we're committed to the 360-hour rule for employment insurance, not necessarily on a permanent basis, but during the time when unemployment is high.

Since I agree with you and since my time is limited, I think I'll have a question for Mr. Howard. I certainly agree with you that pensions are a huge issue going forward in terms of their coverage, their adequacy, and their security. I agree with the idea of a summit, but I thought the definition of summit was the leaders, the Prime Minister and the premiers, so why are you asking for a sort of mini-summit of finance ministers rather than a real summit on this subject?

• (1150)

Mr. Robert Howard: Well, I think it is a real summit in that these are the people who have direct responsibility for pensions across the country. In fact, there are only four provinces that have pensions led by a finance minister. In Manitoba it's Labour and Immigration, in New Brunswick it's Justice and Consumer Affairs, and so on. So these people have never met, and by bringing together a single-purpose summit of the provincial leaders, plus the federal Minister of Finance, then we have all the people responsible for pensions all across the country together in one meeting.

Hon. John McCallum: I don't disagree, except I would have thought that the subject is so important that maybe we'd initially have this mini-summit of those people you described, to be followed by a meeting of the leaders, because it's effectively the leaders who are required to take the decision.

Mr. Robert Howard: We certainly wouldn't have any objection to two meetings rather than none, which we have now. The issue is a very complex one, and it's important to get together the people right across the country to come up with proposals that will reform our pension system so that it can exist in the long term, and so that we have more harmonization across the country.

Hon. John McCallum: Thank you.

To the physicist, Mr. Mann, we certainly criticize the government for downgrading science and for cutting funding to the research councils. How did you define targeted research in your chart?

Prof. Robert Mann: Targeted research is research that is directed typically towards a very particular goal. In the case of the Institute for Quantum Computing, for example, which I can speak to since it's at my own place in Waterloo, that institute's mission is to try to understand the basics of quantum information theory and how it can be applied to perhaps change computers as we know them now, as well as cryptography, communications, and all kinds of things. It's very directed towards a goal, whereas the discovery grants program is fundamentally curiosity-based research—in other words, people trying to find knowledge for its own sake. These two things are not completely disjointed, of course; there is healthy exchange between them. But if you starve one or decrease one at the expense of the other, then to invert a phrase of a well-known Newfoundlander, we have short-term gain for long-term pain.

Hon. John McCallum: Thank you very much. I certainly agree with that. As a former academic, I know we always used to prefer the research grants with no strings attached, rather than the kind where the government tells you what you have to do. My own view is that the academics generally know what's the most important academic subject, and they know that better than the government does.

Here we have the curiosity-driven grants on a down trend, and the directed ones on an up trend, and I agree with you that it's not a happy situation.

How much time?

The Chair: You have two minutes.

Hon. John McCallum: Mr. Ryan, it looks as if the government has no interest at all in replacing the reactor at Chalk River. If that is the case, can you describe what you think would be the consequences?

Prof. Dominic Ryan: Well, you lose your isotope supply immediately and then you become beholden to whoever is going to sell it to you. We lose 50 years of leadership in nuclear power. We were the first to build power reactors outside the U.S. We did all the fundamental work on power reactors for the Americans.

We lose our leadership role in neutron beam research, the triple-axis spectrometer that was recognized by Bertram Brockhouse's Nobel prize, the engineering stress scanner that was used as part of the accident investigation of the Challenger accident. All of that disappears, and there's no prospect of further innovation. We're unable to support our own industries.

We have an example from Saskatchewan, a company manufacturing rolled steel. It may be a boring product, but they developed a new way of making bigger sheets. It wasn't by a recognized method, so they couldn't get it qualified for use in bridges. We were able to demonstrate by doing the neutron measurements on these things that they were equivalent to the existing products and get the standard rewritten. So now they can use it in the 30,000 to 40,000 new bridges and refurbishment projects throughout Ontario. There's a big market. It's a small contribution, but it's a big market that we open up every time we do one of these experiments.

You lose people; you lose the expertise. It'll all go.

•(1155)

Hon. John McCallum: Thank you.

I think my time is almost up. I'll just make a very brief comment with regard to income trusts. I think you know we're on the record as being committed to undoing as much of the damage to that sector as possible, which was caused by the government when it broke its promise on taxing income trusts.

Thank you, Mr. Chair.

The Chair: Okay. We'll leave that as a very non-partisan statement.

Monsieur Laforest, s'il vous plaît.

[Translation]

Mr. Jean-Yves Laforest: Thank you, Mr. Chair.

Good morning to you all. Thank you for coming here to make your presentations. I would like to speak to Mr. Argue first.

The Ontario Coalition for Social Justice has some recommendations for us. You also feel that some employment insurance reform is a priority. You want to bring the number of hours needed to 360. I am sure that you are aware that, of the people without jobs at the moment, almost half have no access to employment insurance.

I am a Bloc Québécois MP. We have made proposals to the government, but, up to now, they have not paid any attention. It is as if they do not give a hoot about the unemployed, the people with no access to employment insurance. But there is an important point to consider. In the last 15 or 20 years, governments, both Conservative and Liberal, have taken \$57 billion out of the employment insurance fund in order to fight the deficit. Now the deficit is going to go up again. The Conservative government is looking for a surplus in the employment insurance fund in the next few years, and eventually, in contributions.

I feel that it is important to include in your recommendations that the government absolutely must stop taking that money and must put an end to its plans to pay off the deficit with employment insurance money, in other words with the money contributed by workers and companies. I feel that it is important.

Do you have any comments on the matter?

[English]

Mr. John Argue: Let me first say that I apologize for not being able to respond in French. However, I'm sympathetic to what you say.

I think the groups within the coalition and the labour unions that participate in the Ontario Coalition for Social Justice think it's vital that a greater number of people who are unemployed have help during their unemployment, to help them and their families avoid the consequences of poverty and the difficulties of losing housing and not having enough to eat.

Second, of course, there are the effects on the communities, too, of not enough money being spent. I think it's clear in various economic studies that in fact people at the lowest level of income are spending money that goes directly into the Canadian economy and therefore benefits the economy generally to the greatest degree.

So we're very sympathetic to what the Bloc Québécois would be recommending. Thank you.

[Translation]

Mr. Jean-Yves Laforest: I particularly urge you to add to your recommendations that, in the future, the government should not take money from the employment insurance fund in order to pay down the deficit. Recently, the people who have paid into the employment insurance fund have paid down the deficit to the tune of \$4 or \$5 million dollars per year. Those amounts came from the surplus generated by the employment insurance fund. The government absolutely has to refrain from doing the same thing in the future.

Do you agree with that? Anyway, my suggestion is that you include it in your recommendations.

[English]

Mr. John Argue: Thank you for the recommendation. I didn't speak to it directly because it's not a clear issue in our policies, but I have no doubt that the members of the Ontario Coalition for Social Justice would agree with you.

So thank you. I will bring that back to our group.

•(1200)

[Translation]

Mr. Jean-Yves Laforest: Thank you.

I have a second question for Mr. Ryan. In reply to a question from Mr. McCallum just now, you said that, with the possibility of the government not investing in the renovations at Chalk River, we clearly run the risk of losing our supply of isotopes. It has now been closed for several months.

Do we have a secure supply of isotopes in our reserves? Do we have reserves or are hospitals getting their supply in other ways?

[English]

Prof. Dominic Ryan: You can't stockpile molybdenum-99. Its half-life is six days. Half of it's gone after six days. So you cannot stockpile it, which is why you have to have a local domestic production facility.

The Australians are just coming online with their facility. Because they're so far from everywhere, they have no choice. And they're expanding to supply the Asia region.

Hospitals now are dependent on wherever they can get it. There's going to be another shutdown of the Petten reactor in the summer. If we don't get NRU back up by then, that's going to be another major problem. It's coming from South Africa and Europe primarily at the moment, but a small amount may become available from Australia.

This stuff is short-lived. You have to move it. You have to use it immediately. There's no possibility of stockpiling it.

We're not talking about refurbishing NRU; we have to replace it. It's 52 years old. You don't fix a 52-year-old car, you buy a new one.

We can build a better one. We can use modern technology. And we can support all the missions that are currently supported by NRU with a new facility and secure our isotope supply for the next 50 years.

[Translation]

Mr. Jean-Yves Laforest: I am not sure that I fully understood what you said in your previous remarks. You talked about building a new, multipurpose reactor. Am I correct?

[English]

Prof. Dominic Ryan: That is correct.

[Translation]

Mr. Jean-Yves Laforest: Could you explain that a little more?

[English]

Prof. Dominic Ryan: NRU, as it stands, is a large-core reactor in which you can do in-core research to study how materials behave in reactors. If you want to develop new nuclear reactor technology, you have to be able to run materials and fuels and understand how they respond. That's one mission that's done. You can put materials in to irradiate them to make medical isotopes. We have holes in the side of the reactor that are designed in, not just leaks, where you can draw out neutron beams; you can scatter off materials to study their properties, both for engineering and materials purposes, and also for fundamental research.

Developing all these technologies within one reactor means that you are serving a very large number of communities—industrial, fundamental, medical, and research—and it's a much more cost-effective way of doing things than building one reactor for each job.

We've really done a great job at NRU for the last 50 years with this very flexible design that is supporting projects that weren't even thought of when it was built. There was no medical isotope business. There was no neutron beam research. Engineering studies with

neutron beams had never even been thought of. These are all things that evolved after we built it. It's a real triumph, a Canadian triumph.

[Translation]

Mr. Jean-Yves Laforest: You are the experts. As you know, the general public hears a lot about the problems at Chalk River. Were they foreseeable? Did you warn the government?

[English]

The Chair: Very briefly, Mr. Ryan. We're way over time.

Prof. Dominic Ryan: I spoke to this very committee two years ago, asking for exactly the same thing. So yes, it's 52 years old. These things always break down eventually. It's obvious.

The Chair: Thank you.

Mr. Dechert, please.

Mr. Bob Dechert: Thank you, Mr. Chair.

Ladies and gentlemen, thank you for your presentations and your suggestions. I very much appreciate your taking the time to share your views with us.

I'd like to direct my first question to Mr. Carayiannis from the Canadian Association of Income Funds. It's good to see you again, by the way. Having been a lawyer in private practice, I can personally attest to the fact that converting companies into income trusts and then converting income trusts back into corporations is good work for lawyers.

Some of my former colleagues may be unhappy with my question to you about the conversion deadline and how that might impact their particular business in the next year or two if we do push back or eliminate that conversion deadline. Can you give us some guidance on how many trusts you think will convert prior to that deadline if the deadline is continued versus how many will convert later if we extend or eliminate the deadline?

• (1205)

Mr. Peter Carayiannis: Thank you, Mr. Dechert, for that question.

To give a specific projection in terms of conversions would be impossible. Primarily, because that information is usually considered proprietary by the trusts, it's sensitive business information. For the most part, the income trusts try to make the decision to convert to a corporate status dependent on business realities at the time of conversion, taking into account the best interests of the stakeholders.

What I can tell you by way of background is that over the last two and a half years some 60 income trusts have converted. They've been acquired by private equity, by pensions funds, and by sovereign wealth funds in some cases, and that represents market capitalization of about \$50 billion. What we expect will happen is that come 2011 income trusts will be subject to taxes, and those that do not convert will pay taxes to the federal government.

I would point out that unlike most of the other presentations that I'm sure this committee has heard across the country where the presenters are requesting additional money from the government, we're in a unique position where we are actually going to be paying more money to the government. By eliminating the deadline for conversion, those funds will continue to flow to the federal government and the arbitrary deadline of December 2012 will be removed. So the income trusts will make a decision based on business realities at the time and in the best interests of their stakeholders at the time.

Mr. Bob Dechert: Thank you.

I have a second question. You had another recommendation in your written brief about a carve-out for oil and gas trusts and other royalty trusts. Can you provide us some guidance on what you think the benefit of that request would be to the Canadian oil and gas sector versus the cost to the government in terms of lost revenue?

Mr. Peter Carayiannis: The specifics of that would be to say that in fact there would likely be no costs in additional revenue to the federal government. Carving out the oil and gas trusts from the application of the SIFT tax would be a great boon and benefit, in the views of our membership, to the province of Alberta and frankly to the economy of the country. It would be consistent with the historical position of income trusts in the Canadian economy and would allow the Province of Alberta and the businesses that operate in Alberta and in the prairie provinces in the energy field to continue to exploit and develop these very important resources for the country.

In short, the answer would be that it wouldn't cost the government anything. It would in fact add to the federal coffers.

Mr. Bob Dechert: Great. Thank you very much.

I'd like to ask a question of Mr. Shapcott and Ms. Lalani of the Wellesley Institute. I was very interested in seeing in your written brief your discussion of immigrant settlement funding. The region I come from, Peel region, is actually the largest welcomer of new Canadians on an annual basis. As you know, our government has been increasing immigrant settlement funding over the last few years through CIC, but specifically, I'd like to know how much more you think is necessary and in what specific areas we should be targeting it.

I also want to ask you a second question about the new Canadian landing fee. One of the presenters to the committee yesterday suggested that it be eliminated entirely. As you know, it was somewhat bizarrely imposed on each new immigrant in the mid-1990s by the previous government, which I thought was quite troubling. Our government reduced it in half immediately when it came to power in 2006. This other organization says we should reduce it to zero, and I'd like to hear your views on that as well.

Mr. Michael Shapcott: Thank you very much.

As you know, on the issue of newcomers, from a demographic perspective it's not just your region but all across the country, in almost every part of the country. Any population growth that we have will be from newcomers as opposed to natural birth and so on. So it truly is a national issue.

One of our perspectives on this is a health perspective, and there's a very curious paradox—in fact a very troubling paradox—that newcomers come to Canada and typically are healthier than resident Canadians. This is partly because we just don't admit sick people to the country; we screen them out. Fair enough. But after five years, typically the health status of newcomers is lower than resident Canadians' health status. So something is happening in that initial settlement period that's driving health downward.

We're in year three of a project. We're looking intensively at a very dense neighbourhood that receives a lot of immigrants in downtown Toronto called St. James Town, looking at the whole combination of factors, whether they are employment and income-related factors, whether they are factors involving the physical environment, housing, and so on. We're looking at the kinds of connections, and it's a bit too early for us to offer some specifics on that.

Generally what we hear from community-based organizations that are involved in the very critical work of immigrant settlement issues is that they don't have the resources they need to meet the needs of the communities, and the resources should in fact be increased. I think this ties in, if I may say so, with our general proposition to this committee around community innovation, that many of these organizations are looking for new ways to effectively meet the needs of newcomers.

● (1210)

Mr. Bob Dechert: So more for programs generally. Some percentage increase.

Mr. Michael Shapcott: Yes, an increase. And on the landing fee, we don't understand the rationale for that either.

Mr. Bob Dechert: It seems rather bizarre to welcome people, invite people to your country, and then immediately impose a tax when they have all these other costs to deal with.

Thanks very much.

I have a question, if I can—

The Chair: You're pretty much out of time, Mr. Dechert. Thank you.

Mr. Bob Dechert: Hopefully I'll get back to it in another round. Thank you.

The Chair: We'll go to Mr. McKay.

Hon. John McKay: I was initially going to ask a question of Mr. Ryan, but both Mr. McCallum and Mr. Laforest have, with your responses to their questions, kind of amplified the actual loss that shutting down Chalk River will perpetrate upon not only the medical community but the academic community as well, so I'm not going to go there. Anyway, thank you for that response.

Mr. Carayiannis, there's nothing on the order paper with respect to income trusts. Am I correct in reading your brief to say that it died when Parliament was prorogued and there's nothing proceeding at this point?

Mr. Peter Carayiannis: That's correct.

Hon. John McKay: So if there's nothing proceeding, where does that leave you? Does that leave you in a forced conversion by 2012?

Mr. Peter Carayiannis: It doesn't necessarily leave a forced conversion. What it leaves is that the tax-free rollover disappears after December 31, 2012. So the unit holders of any trusts that choose to convert after that deadline will suffer capital gains or losses, as the case may be, whereas the trusts that convert prior to that deadline will do it on a tax-free basis.

Hon. John McKay: Your argument is that the date itself came as a bit of a surprise to—

Mr. Peter Carayiannis: The date was never mentioned at any time. It was never discussed at any consultations. It was never announced at any point. It's our position that the date is likely an arbitrary date and, truthfully, is not necessary in terms of levelling the playing field, as was the government's stated intention.

Hon. John McKay: Given that 2012 is still floating out there, and given that the legislation has died, and given that we're a year past the legislation, do you have a specific proposal as to a date?

Mr. Peter Carayiannis: We would actually propose that there be no conversion deadline. It's important for the committee to realize that after January 1, 2011, any income trusts that continue to operate in that role will be paying tax at a rate of 35%.

Hon. John McKay: Yes, 35%.

Mr. Peter Carayiannis: So they will make a decision to convert or not.

Hon. John McKay: So it was arbitrary before, it's arbitrary now, and it will be arbitrary later.

Mr. Peter Carayiannis: We would respectfully request that the deadline be eliminated.

Hon. John McKay: Mr. Howard, your presentation basically is—how shall we say?—from the actuarial standpoint, moving percentages up, moving percentages down, playing with this, playing with that, but it doesn't address the core issue with a lot of pension plans, which is that in their portfolios they have a lot of junk and the junk just won't produce sufficient rates of return, no matter how you play with the required surpluses or any of the other things you're suggesting there.

Have you given any thought to whether the actual asset mixes, the quality of the assets, should be changed?

Mr. Robert Howard: In fact, your proposal on the target solvency margin would have a direct bearing on that question, in that a pension fund that has riskier assets in it would be required to have a larger target solvency margin and therefore would require the

employer to be funding a larger buffer into the plan. If the employer wanted to keep the funding costs to a minimum, then the fund would be using—

Hon. John McKay: Isn't it really beyond the capacity of the employer and the pension plan to say that they've got to replace \$100 million worth of Nortel, if you will, with something? How do you get there?

• (1215)

Mr. Robert Howard: The plain fact is that if there are assets in the fund that are worthless, there is nothing in our proposal or in any action that anybody could take that would change that. We would be encouraging wise investing in any case. That's part of the risk that's present, not just in the defined benefit plans but also in the defined contribution plans in which the individual is directly at stake. If you're saving for the long term, you've got to make investments in assets that will last for the long term. Making bets on risky assets is not in the interests of anybody.

Hon. John McKay: Do you know what percentage of the pension plans actually fall into that category? In what percentage is the asset quality of the portfolio beyond redemption?

Mr. Robert Howard: I'm sorry, but I don't have an answer for you on that one.

Hon. John McKay: Okay. Thank you.

The Chair: Thank you, Mr. McKay.

We'll go to Mr. Menzies, please.

Mr. Ted Menzies: Thank you, Mr. Chair.

And thank you to our witnesses. I beg your forgiveness if I focus on Mr. Howard. I think that in the last year I've spent more time with actuaries and pensioners than I have with my wife, so I will probably focus my questions on you.

You had some interesting comments, and I appreciate your input throughout the whole process. Your association has been very helpful on this process.

I want to point out one thing. Maybe I didn't hear you correctly, but I thought you said there's been no meeting of finance ministers or pension ministers. There have actually been two. In December in Saskatoon the federal finance minister had commissioned two papers from experts, Claude Lamoureux and Jack Mintz. Those papers were presented because he was concerned about pensions at that time. That paper came out early in the year and was what spawned the cross-country consultation process. It was then followed up with the report on that consultation process, which went back to that same group of finance ministers in May of last year.

There will actually be a summit of finance ministers. Not everybody understands, although I'm sure you do, that in some provinces it's not necessarily the finance minister who is responsible for pensions, but all the ministers responsible for pensions will convene a meeting. There's a summit of those ministers in December. The findings of the research working group will be reported back then. That is just a clarification to make sure everyone understands that.

With regard to the employer-sponsored pension security trust, one of the big arguments or concerns I heard was over who owns any surplus, if you will. Who would own this trust? If it's tax-exempt, I would assume that the sponsor owns it, but there were certainly some arguments among different groups. Can you tell us who owns that and who can utilize it?

Mr. Robert Howard: The pension security trust would be owned by the employer, or, more properly, the plan sponsor. The regular part of the pension plan, the general ongoing contributions, are in the pension plan. They're for the benefit of the employees and are essentially owned by the employees. Then the pension security trust sits on top of that and provides additional security to the whole plan, but this top part is owned by the employer. If the assets rise in value, then the pension security trust becomes larger than necessary; the employer would then have the option of withdrawing some of that money. It would be a tax deduction as it went in; it would be taxable to the employer as the money came out.

Mr. Ted Menzies: I think you're headed in the right direction; I'm just not sure what form it should take. But I take your comment that if we had some system of providing surpluses in the good times, we wouldn't have had the disasters that we saw in some of these cases.

The argument against that concept, prior to this, was that it then becomes a tax haven for profitable companies. How do we prevent that?

• (1220)

Mr. Robert Howard: We're also suggesting that there be a maximum surplus that could be put in. Once it grows beyond that, then to the extent that it's in the pension security trust the sponsor would be obligated to withdraw the money, and it would be taxable at that point.

Mr. Ted Menzies: Would it be on wind-up?

Mr. Robert Howard: Yes, on wind-up; certainly it would be.

Mr. Ted Menzies: It would be the same treatment.

Mr. Robert Howard: You can't have it wind up at more than its value.

Mr. Ted Menzies: One quick question is, why 108%; why not 120%, why not 110% on the solvency target?

Mr. Robert Howard: The target solvency margin would depend on the nature of the assets and the liability. It wouldn't be a flat amount; it depends on the profile of the assets. If you had all fixed-income securities, for instance, then it would likely be much smaller than if you had a substantial amount of equities, because there's less risk.

Mr. Ted Menzies: All right. Thank you.

The Chair: Thank you, Mr. Menzies.

We'll go to Mr. Pacetti.

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

Thank you to the witnesses for appearing. It's a very interesting panel.

It's always tough for us to ask questions to everyone. My first question, I guess, would be to Mr. Chamberlain. Your presentation was very interesting, and I think the fact that you come from the business world makes it even more interesting, with the perspective that you have.

In your brief, in recommendation number two, you don't show a cost in wanting to provide for more benefits to the people who need them the most. I'm wondering whether you have a cost. I agree with building on the Canada child tax benefit, the benefit supplement, the working income tax, and all those things, but as for converting "other potentially refundable credits that deliver the greatest benefit"—non-utilized credits—to dollars, would that ever materialize? If people are not making money, would they ever substantially be able to benefit from any tax credit?

I don't know whether we're talking about the same thing.

Mr. Mark Chamberlain: One of the hard things about coming up with these numbers, and we can—we can calculate and give you these numbers—is that we have created a very complex social system; we've made it very complex. It's really quite simple.

In Hamilton, to give you an example, we have 100,000 people living in poverty: 25,000 are kids; 25,000 are people who are actually working but who aren't paid enough; another 15,000 just happen to have a disability. We could reduce poverty in Hamilton by 70% to 80% tomorrow, if we paid a living wage and actually increased our benefits from an OW and ODSP perspective. It's very simple.

Mr. Massimo Pacetti: Those are the solutions we're looking for: the ones that are easy to apply, without having all these different programs. Even in child tax benefits, we have the supplement, then the so-called child care supplement that the present government introduced—and it has become taxable—and there's just so much more.

Mr. Mark Chamberlain: We agree. If we look at the tools in the toolkit today and try to apply and use things there for simplicity of application immediately, it's still a very complex system. We know that with all of the costs of poverty.... Poverty is not "sexy" in terms of its cost, but it's a pandemic. The cost of poverty in Ontario is more per year than SARS, C. difficile, H1N1, and west Nile virus combined.

Mr. Massimo Pacetti: Would giving more money solve anything? Is that a solution, from a business perspective?

Mr. Mark Chamberlain: From a pure business perspective—and I start sounding less the capitalist, which I am, and more the socialist—the difficulty is explaining it. The most important determinant of health is not genetic, not lifestyle, but income. If you want to reduce health care costs significantly in the country, give people income, and they'll solve the problem themselves.

From a business perspective...? I would like to hope and think that our social justice would actually solve the human tragedy of poverty, but it hasn't; it just hasn't. From a business perspective, invest in the people and you'll solve a major deficit problem.

Mr. Massimo Pacetti: Thank you.

Mr. Hall, in your second recommendation you talk about “current response demands” for emergency preparedness and even pandemic preparedness. As a country, are we prepared for any type of threat or serious pandemic? What do we need? Isn't the target always moving? Today it might be H1N1, and then next year maybe SARS. What do we have to prepare for?

• (1225)

Mr. Jim Hall: I think that's an important point. If you look at how we've responded to the current pandemic, you could argue that we are prepared. Canada has done a great job of ensuring that Canadians are protected. I understand the vaccine may be rolling out shortly, which is great news. But we must remember that when we began preparing for the pandemic, it was the avian flu that was really the greater concern, and that concern hasn't gone away; the avian flu is still lurking out there. H1N1 is with us now, and we're dealing with it—thankfully it's a milder pandemic—and are prepared for it.

The point we're making is that the need is still there to continue to prepare and plan and fund future activities, to ensure that if other pandemics come along, we're ready for them.

Mr. Massimo Pacetti: Thank you.

The Chair: Thank you, Mr. Pacetti.

We'll go to Mr. Wallace.

Mr. Mike Wallace: Thank you, Mr. Chair.

Thank you for your participation today. I can't ask everybody a question; I don't have time. I only have five minutes.

I'll turn to Mark first. I know Mark. Mark is not just a business person; he's an award-winning entrepreneur in Burlington and in Ontario, and Ernst and Young has recognized him. He has a new company that has a social responsibility aspect to it.

In your second recommendation—I'm following up on Massimo's comment—you say “build on” and name the four or five programs, including the working income tax benefit. But in your comments, you're recommending, in a sense, that this is too complicated.

Does your organization have a solution in terms of a single approach to income support for those who find themselves below the poverty line? Or is this the easy way to go now, because these programs exist: just to ask for more money? Is that what you're telling me today?

Mr. Mark Chamberlain: Yes. The existing programs, whether it be for housing, which we completely agree with, or for income support, whether through credit or whatever, are all great, because

they're better than the current... It's costing us significantly as a province and as a country to not do it.

The simplest way? Again, I look at it from a business perspective. If I were doing Six Sigma or lean manufacturing for the country, we'd simplify it significantly, because the cost of distribution and the cost of managing these tools is incredibly expensive and complex, and very hard for those living in poverty to actually do something with.

Mr. Mike Wallace: Okay. I appreciate that. Thank you, Mark.

Here is a question for Mr. Ryan. I understand you were checking out what was happening in Australia and so on. My understanding is that prior to our Conservative government taking power, there was what I want to call the “Maple Leaf project” or the “Maple Leaf reactors”. There was an attempt by a previous government to at least try to replace that item.

Could you explain to me what that Maple Leaf project is and whether it has been scrapped, so that we have to start all over again?

Prof. Dominic Ryan: Maple Leaf was the meat manufacturer that had the whole contamination problem; the reactors were the MAPLE program, just to keep the names right.

Mr. Mike Wallace: I mean the MAPLE program; I'm sorry.

Prof. Dominic Ryan: I think Maple Leaf has emerged in a better light.

The MAPLE program was an attempt to isolate one aspect of NRU's business, which was the molybdenum-99 production, and put it into one place and just do that. It would not have addressed the nuclear engineering side, the research of neutron beams, or any other isotope production issues; it was a single-purpose solution.

There are many problems with that project. It was undertaken very poorly from the beginning, and it has never been demonstrated to be cost-effective. This government has said they want to get out of the isotope business. Building the MAPLE reactors was fundamentally a massive subsidy to a single company to manufacture isotopes.

Mr. Mike Wallace: This didn't happen recently. It happened...?

Prof. Dominic Ryan: It was 10 or 12 years ago. They ran out of money before they finished digging the holes. It was badly underfunded; it was a terrible project.

Mr. Mike Wallace: I appreciate that clarification.

Mr. Adams, we've had many discussions about automotive issues. I appreciate your being here today.

Concerning the green levy, I know you talked about the incentive being gone, but the penalty is still there for those cars that the program considers gas guzzlers. Can you tell me, in actual numbers, what it has done to sales in those categories?

•(1230)

Mr. David Adams: I can get those numbers for you, but my anecdotal thought would be that it probably hasn't done a whole lot to affect sales of those vehicles.

Mr. Mike Wallace: I probably agree with you, because I think I know the numbers.

So what we're saying to the consumer who buys a gas-guzzling vehicle is that if you want one, fine, but you are going to pay a green levy for that. And you don't think that's fair?

Mr. David Adams: I think what we're saying is that it makes sense that if you were going to be eliminating one half of a program you would also eliminate the other half of the program. And I think the other aspect to that is if that excise tax is actually visible to the consumer so that they know they're paying more for that particular product, then that maybe speaks to your issue.

Mr. Mike Wallace: I have a very quick question.

The clunker program ended in the United States. Have sales dropped since that clunker program discontinued?

Mr. David Adams: Yes.

Mr. Mike Wallace: Thank you very much.

The Chair: Thank you, Mr. Wallace.

I just want to clarify something with Mr. Ryan.

When I was first elected in the year 2000, there was discussion of a Canadian neutron facility. Is that what you're recommending, or is there a difference?

Prof. Dominic Ryan: The Canadian neutron centre is a revamped version of essentially that project. We have a better conceptual design for it, but it's essentially the same concept. It's a multi-purpose reactor that would service all of the stakeholders in the current NRU facility.

The Chair: You said the formal design and costing is about \$5 million, but what was the cost of the Canadian neutron facility expected to be at that time?

Prof. Dominic Ryan: Our best guess for the Canadian neutron centre would be somewhere in the \$800 million to a billion dollars, but we can't give you a hard number without actually doing a proper design study, which is the first responsible step. It goes back to that MAPLE thing, where the number was decided and then the project was built. What we want to do is do this right, have a proper engineering study and consultation with all the stakeholders so we make sure we build a facility that addresses everybody's issues, cost it properly, and then come to you and say what it's going to cost, and we will deliver it under budget rather than nickel-and-dime you all the time. We don't want to do that.

The Chair: I appreciate that clarification.

Prof. Dominic Ryan: The Australians did it, by the way. They brought theirs in under budget and on time.

The Chair: Thank you.

I want to thank all of you for being with us here this morning, for your presentations and responses to our questions.

Colleagues, I think we have less than an hour for lunch. We're to be back here for our next panel at 1:30.

I declare our meeting suspended. Thank you very much.

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_____ (Pause) _____

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•(1330)

The Chair: I call the third panel to order in the 53rd meeting of the Standing Committee on Finance, here continuing our pre-budget consultations in Toronto.

We have with us for the next panel, for an hour and half, a number of organizations here to present to us. I'll list them in order of their presenting to the committee. We have first of all the Mohawk College of Applied Arts and Technology, the Writers' Union of Canada, March of Dimes Canada, the Police Association of Ontario, the Ontario Federation of Labour, the Canadian Business Press, and the Ontario Municipal Social Services Association.

I want to welcome you all before the committee this afternoon. You each have up to five minutes for an opening statement, and then we'll have questions from members from all parties.

We'll start with Mr. Holgerson, please.

Mr. Ronald Holgerson (Vice-President, Advancement and Public Affairs, Mohawk College of Applied Arts and Technology): Thank you very much, Mr. Chair.

[*Translation*]

I thank the members on the committee for giving me the opportunity to make a presentation today.

[*English*]

Mohawk College is well known in Ontario as the gateway to southwestern Ontario, but it is simultaneously at the outer urban edge of the greater Toronto and Hamilton area. In the brief we presented to you in the summer, we have to correct a few numbers. We're pleased to say that we had a 14% growth in enrolment this past fall, 7% from general enrolment and 7% due to international and second career students, who are workers who have been laid off and are looking for new opportunities. So actually, we now serve 11,500 full-time students, 4,000 apprenticeship students, and 375 international students.

What is unique, perhaps, about the marketplace we serve is the lack of access to post-secondary education, not in Burlington but in Hamilton and in Brantford. In Hamilton roughly 54% of the population and in Brantford 55% of the population have not accessed post-secondary education, and as many studies have revealed, 70% of the future jobs in our economy will demand post-secondary education. So we suggested to the committee in our brief that there were three things we thought were fairly important.

The first was that we're building a new centre for entrepreneurship learning and innovation. The new centre, thanks to a \$20 million investment from the Government of Ontario, will allow us to imbue our graduates with the capacity to start their own businesses and help small businesses grow. As part of our research into achieving this goal, we started to look at all the opportunities there were in the Government of Canada to help entrepreneurial young people. We discovered that there were the Business Development Bank of Canada, the Canadian small business financing program, the Small Business Finance Centre, and the Canadian Youth Business Foundation.

All of these had very impressive websites, but there was not a coordinated approach to marketing the services of those organizations, and we believe that by and large our students are not aware of them. We think it would be a great idea if these organizations were encouraged to consolidate a marketing effort and to present themselves to graduates of universities and colleges, from NAIT or SIASST or wherever, who would like to start their own businesses and help small businesses grow.

So it's our suggestion that perhaps the standing committee might suggest to these organizations, which I gather are in some cases at arm's length, that there are other opportunities that they could take advantage of in order to encourage greater economic development in the country.

The second proposal has to do with continuing the knowledge infrastructure program. In the past round of funding, Mohawk either was too ambitious or perhaps didn't have quite the right angle, and we were declined funding. We accept that. However, we're looking forward to where we're going next and are saying that with the growth we're experiencing, we believe there should be ongoing rounds.

One of the challenges is unique to Ontario. The Ontario government funds all the colleges out of one pot, and the number of students you have establishes a percentage that is your market share of the total volume of that pot. If all the colleges around us are growing with new facilities and we're challenged to grow without new facilities, our market share will go down and our annual operating grant will actually go down. So there would be not only the disadvantage of not having a beautiful new building—although we will have one—there will be the disadvantage of losing market share and thereby operational funding.

In Brantford, we have a lot of encouragement from the city to relocate our industrial zone campus to downtown Brantford. So we're proposing that perhaps the Government of Canada, in renewing the program, might consider \$20 million for Mohawk.

Finally, on behalf of President Rob MacIsaac and the whole college, we'd like to say that we support totally the objectives of the Government of Canada in trying to achieve Advantage Canada: Building a Strong Economy for Canadians.

[Translation]

Thank you. If you have questions, I am ready to answer in either official language.

• (1335)

The Chair: Thank you for your presentation.

[English]

We will now have the Writers' Union of Canada, please.

Ms. Deborah Windsor (Executive Director, Writers' Union of Canada): Thank you for this opportunity. The Writers' Union of Canada appreciates this opportunity to participate in pre-budget consultations.

The union was founded by writers for writers in 1973 and has evolved into the national voice for over 1,800 writers of books in all genres. Our mandate is to promote and defend the interests of creator members and of Canada's freedom to write and publish.

The union has an extremely important role to play in shaping the application of your objectives. First, to support the creative work that is the heart of the Canadian cultural economy, the Writers' Union of Canada urges the Government of Canada in its next budget to introduce a copyright income deduction for creators modelled on that used successfully in the province of Quebec; second, to exempt from taxation subsistence grants for creators that are administered by the Canada Council for the Arts; and third, to increase the Public Lending Right Commission's budget to bring it to the same hit rate as when it was established 18 years ago.

Let me expand a little on those three items. The income copyright deduction has been used in Quebec for several years. This deduction not only corrects a tax penalty but also works to encourage, rather than penalize, those who try to make a living from their creations.

In Quebec the provision applies to writers, artists, filmmakers, and composers; that is, it applies to any artist who produces copyrighted material that generates income. This provision would be easy to administer, and its effect would be to encourage self-employed creators to concentrate on creating new works instead of taking non-creative jobs to provide the necessary income to buy time to create.

The second issue that I raise is subsistence grants. This is one of the most confusing inequities that I am aware of in policies. These grants are created and delivered to artists to provide a minimal stipend to artists to live for several months while they create their cultural product—hence the word “subsistence”—yet by the time the grants are released and income tax comes in, the creator has to then pay back an extremely large portion in taxes.

The third item I mentioned is the Public Lending Right Commission. Canada is very pleased and proud to be one of the handful of progressive countries in the world to have a public lending right commission. The call to create a commission was spearheaded by the Writers' Union of Canada. This small organization provides a modest annual income to Canadian authors whose works are available in public libraries for lending. I don't think I need to explain that there is a royalty earned when a writer sells a book, but when a book goes into a library, it's read repeatedly. Unfortunately, the amount of money that's been invested into the Public Lending Right Commission since its inception has decreased, so we're asking that the government reinvest in the Public Lending Right Commission and in its culture to make sure that the values of the Public Lending Right Commission are at least at a par with what they were 18 years ago.

In conclusion, the cultural sector is large and it's growing. Depending on how you calculate it, it embraces different people. It counts between 5% and 8% of the Canadian labour force. At the heart of this enormous productive, vital part of the economy is a very small core of self-employed creators who earn incomes that are 25% to 50% less than those for comparable jobs in other sectors.

In summary, we are urging the government to remove the tax inequity currently carried by creators with fluctuating incomes through a targeted copyright income deduction and by introducing an exemption from taxation on creator subsistence grants that are administered by the Canada Council for the Arts. We further seek this government's support in ensuring that the Public Lending Right Commission is adequately funded in the next budget.

Thank you very much for this opportunity. I look forward to your questions.

• (1340)

The Chair: Thank you for your presentation.

We will now have March of Dimes Canada.

Mr. Steven Christianson (Manager, Government Relations and Advocacy, March of Dimes Canada): Good afternoon, Mr. Chair and honourable members. My name is Steven Christianson and I run government relations and advocacy for the March of Dimes. With me today are my colleagues Janet MacMaster and Dr. Robert Meynell.

I'll try to be as quick as I can. I'll briefly describe what March of Dimes is and then I'll move into our recommendations.

Since 1951, March of Dimes has worked to identify, eliminate, and prevent barriers to the full participation of Canadians with disabilities in all aspects of our society and economy. Today we are one of Canada's largest service providers to Canadians with disabilities and to their families, caregivers, employers, and communities.

We're all about inclusion and participation. Consistently, the one thing that stands in the way of participation in the economy and society is a barrier. For someone who uses a motorized wheelchair, for example, a barrier can be as simple as one step—just one step that prevents entry into an establishment and participation in the economy, the workplace, educational institutions, and government itself. Barriers have the effect of blocking those with a disability.

What do we achieve when we eliminate these barriers? We achieve accessibility and we bring forward a degree of inclusion that we did not previously have.

Many things are helping to eliminate barriers, including government programs and services, of which there are many good examples; we can talk about that later. Some are federal, some are provincial, and some are co-managed. All are critical, and all need greater attention, especially in the areas of affordable and accessible housing.

Today we are going to take a different approach. We're going to take this opportunity to focus on something probably not so conventional, coming from a charity: taxation. In fact, we're going to recommend consideration of tax incentives to help the small

businesses of Canada and our communities and villages from coast to coast to provide a stimulus that will eliminate the barriers right there in their communities, helping to facilitate inclusion and participation of Canadians with disabilities and beginning to deliver immediate measurable improvements in accessibility at the grass-roots level. Along a theme similar to the recently introduced and much-used home renovation tax credit, we recommend the introduction of a tax credit, a tax deduction, and the consideration of an accessibility bond.

Many of us are aware that small businesses are critical pillars in our communities. They offer service provision, employment, entertainment, dining, social experiences, shopping—you name it. However, many are situated in structures that were designed long before many of us gave due consideration to the valuable contribution of Canadians with disabilities. There are steps that prohibit entry, washrooms that are inaccessible, and doors that are too narrow. However, if there were some form of tax recognition for small business owners to proceed with installing ramps, for example, or electronic door openers, or washroom retrofits, the cost of achieving greater accessibility is more doable, the economy gets that added stimulus through the retrofits and renovations, and Canadians with disabilities can participate and contribute economically in even greater numbers to our local economies and, most importantly, live in a more inclusive society.

The tax incentives we're talking about should not replace or take precedence over the critical role that government has in the direct funding of programs and services, but should be implemented alongside existing measures.

The world is changing. We all know that. Canadians with disabilities and Canadians who are seniors are a growing force in this country. Businesses are beginning to recognize this fact. In our experience, throughout the country many would avail themselves of an opportunity such as the measures we are recommending. If it's acceptable to you, I'll take another 60 seconds and briefly describe the measures we're talking about.

The first is an accessibility tax credit. The credit would be available to small businesses, and there are various definitions we can talk about. An accessibility tax credit would cover a range of pre-approved accessibility expenditures, such as the purchase of adaptive equipment, removal of architectural barriers in facilities or vehicles, or the production of printed materials in accessible formats.

For comparative purposes, we could take a look at the U.S. application of such a credit. The amount of the tax credit under the American system is equal to 50% of the eligible accessibility expenditures in a year, up to a maximum of just a little more than \$10,000. Under their regime, there's no credit for the first \$250 of expenditures, and the maximum credit is \$5,000.

● (1345)

The second recommendation is an accessibility tax deduction that would reduce a business' payable taxes, recognize the expenses incurred in making it accessible, stimulate economic activity, and help enhance accessibility. Again, we're talking about the small businesses in our neighbourhoods and on our main streets.

The deduction would apply to the removal of architectural or transportation barriers and adaptations to a building or information system. We can talk about how the American system is using that, with their accompanying legislation.

Finally, we recommend an accessibility bond. The Government of Canada could provide for the public issuance of an unspecified amount of general obligation bonds, the proceeds of which would be used for the purpose of funding various improvements to accessibility initiatives nationwide, generate competitive investment yields to the buying public, and be subject to attractive tax-reducing measures similar to other government-issued bonds.

In closing, achieving accessibility on a go-forward basis is less complicated, but retrofitting today's world represents a considerable challenge, as we're finding out with legislation in Ontario and increasingly in Manitoba and Quebec.

The Chair: Thank you.

Mr. Steven Christianson: Thank you for this opportunity to share our recommendations.

The Chair: Thank you very much.

We will now go to the Police Association of Ontario.

Mr. Larry Molyneux (President, Police Association of Ontario): Thank you, Mr. Chair.

My name is Larry Molyneux. I am president of the Police Association of Ontario. With me today is our chief administrative officer, Ron Middel. Both Ron and I were front-line police officers for over 25 years prior to taking on our current responsibilities. Karl Walsh, president of the OPP Association, and Mike McCormack, president of the Toronto Police Association, had hoped to attend this presentation with us. We offer our regrets that they could not attend.

The Police Association of Ontario is a professional organization representing over 33,000 police and civilian members from every municipal police association and from the Ontario Provincial Police Association. The PAO has a history of working with government and community partners to ensure safe communities. Safe communities are a key to ensuring Canada's place in a competitive world. Canadians have a right to feel safe in their homes, on their streets, while at play, and in their schools. Safe communities create trust and comfort, attract investment, and can only lead to a stronger Canada.

The Government of Canada's tackling crime agenda consists of significant legislative changes as well as policies and programs designed to address community safety issues. The government has taken much-needed steps to ensure an effective justice system; however, this addresses only half of the community safety equation. A comprehensive justice and community safety program is dependent upon an effective judicial system coupled with adequate levels of professionally trained and resourced police personnel to ensure and enforce the rule of law.

Recently passed legislative changes have resulted in a consequential requirement to invest in additional front-line officers. Therefore, the PAO urges the government to fulfill their campaign promise and provide sufficient long-term funding to put at least 2,500 more police officers on the beat in our provinces, cities, and communities. Based on a projected cost of \$100,000 in salary and benefits per officer, the PAO estimates that this initiative could cost approximately \$250 million per year.

We acknowledge that partial funding has been provided for the 2,500-officer commitment. Under the community development trust, Ontario received \$156 million to partially fund 329 officers over five years. The five-year funding arrangement, however, has a detrimental impact on municipal participation in the program. Investing in a new police officer is a long-term financial commitment. Unfortunately, due to this initiative's short-term nature, many municipalities are reluctant to participate in it, as they are now concerned about the future fiscal pressure they will be facing once the program's funding runs out.

Labour costs currently account for approximately 9% of the operating expenditures in police service budgets across the province. For many reasons, municipalities are consistently pressed to reduce their expenditures on police services, but high-quality professional policing is significantly compromised by budget restraints and cutbacks. We simply cannot continue to provide the level of policing that taxpayers demand within the current staff complement.

Crime is becoming more sophisticated, organized, and technically complex. Criminals are using cutting-edge technology, and the police are hard pressed to keep pace. Often investigations into these matters consume a great deal of time and resources. Criminal organizations do not face budgetary restrictions that prohibit the acquisition of equipment or personnel; it is the police charged with protecting citizens and taxpayers who face the budget restrictions. We are playing catch-up with the criminals in many instances.

The Mayerthorpe incident in 2005, in which four RCMP officers were killed during a raid on an Alberta farm, serves as an example of what can happen when a police force lacks adequate staffing levels, proper equipment, and appropriate supervision.

The threat of terrorism also has had a significant impact on law enforcement resources. The events of 9/11 and other tragedies have reinforced the need for police services to have adequate staffing levels and resources. Recent high-profile arrests, such as those of the Toronto 18, claim shares of policing budgets to provide trial security and prisoner transfers. Our capacity to respond to terrorist threats must be addressed as an immediate priority.

Ongoing fiscal pressures appear to have the greatest impact on general patrol officers. As the specialization of police tasks increases, resources are drawn from the patrol units. This places increased pressure on the remaining front-line personnel, contributing to stress and morale issues.

With the range of duties expanding, the increase in the number of officers has not kept pace with the rate of population growth over the past decade. Statistics Canada recently reported that the number of Canadian police officers per 100,000 citizens peaked at 206 police officers per 100,000 in 1975. Between 1975 and 1991, the number of police officers grew at about the same pace as the Canadian population, maintaining an average of around 200 police officers per 100,000 citizens. The latest figures show that the number has dropped to 195. There are fewer police officers on the beat now than there were 35 years ago, and the population and challenges have changed enormously.

● (1350)

In conclusion, budget 2010 is an excellent opportunity to demonstrate the government's commitment to policing and community safety. Safe communities attract businesses, promote growth, and improve the overall quality of life of Canadians.

Also, 2,500 new police officers will improve the overall effectiveness of a tackling crime agenda. Therefore, the PAO urges the government to invest in community safety and provide provinces with the necessary long-term sustainable funding for an additional 2,500 police officers on the street.

We appreciate the opportunity to participate in this important process and we thank you for your support and interest in community safety.

We would be pleased to answer any questions.

The Chair: Thank you very much for your presentation.

We'll now go to the Ontario Federation of Labour.

Mr. Samuelson, you have five minutes for an opening statement.

Mr. Wayne Samuelson (President, Ontario Federation of Labour): Thank you very much.

Let me begin by, of course, thanking you for this opportunity. In the short time allocated to me, I am going to try to talk about three complex issues: jobs, employment insurance, and pensions.

As you all know, this province was the economic engine of our country at one point. We are going through an economic crisis like I've certainly never seen in my lifetime, and I suspect you haven't. Unlike the recessions we saw in 1982 and 1992, there aren't massive layoffs; there are massive plant closures. In effect, those jobs are gone. They haven't laid people off to have them come back in the near future.

If you've had the opportunity to travel in northern Ontario to Kenora, Marathon, Thunder Bay, and Dryden, as I often do, you'll find communities with 40% and 50% unemployment, where the mill in the town is gone. It has closed. In many cases, it was the single employer. In one town I was in, the actual scrap metal for the mill was worth more than the mill, and that's not to say what the impact is on those families. If you travel down the 401 corridor to Kitchener, London, and Windsor, you'll see unprecedented impacts on communities.

I went through the recessions in 1982 and 1992. I had to collect unemployment insurance. Many people today can't collect it. There's something wrong with that. I'm sure you talk to people who are suffering. I'm less sure about how you face them when you know that there's a surplus of more than \$50 billion in that fund and they can't get coverage in a plan that they paid into.

This issue also connects into....

Do you think that's funny? Excuse me. Did I say something funny?

● (1355)

The Chair: [*Inaudible—Editor*]...Mr. Samuelson.

Mr. Wayne Samuelson: No, he was laughing. I thought he...I missed something.

As for pensions, I went to work in a tire factory when I was a teenager. My neighbours worked in a tire factory. Their parents worked in a tire factory. Today, if you go to that community of Kitchener, you'll find whole neighbourhoods where people have decent pensions because they belonged to a defined benefit pension plan. I don't know what it's going to look like in 20 or 30 years from now, because the plant I worked in is gone. It's in Mexico. Many of those plants in Kitchener that built tires and made automotive parts are closed now.

Sixty-two per cent of people don't have a workplace pension, and more and more people are going to be in that situation. I'm sure you're well aware of the proposals put forward by the Canadian Labour Congress and others around increases to the CPP and the OAS. I would ask you to seriously consider this. I'm going to be quite frank. We need to think about this today for the people who are going to be impacted tomorrow. Every day that we don't act, the more pain people will face down the road.

Finally, I don't have to tell you about the need for us to put a major focus on creating good jobs that pay decent wages. As the president of the Ontario Federation of Labour, I can tell you that I am shocked at how little focus there has been on this for the last two years. Sure, I've spoken to many groups of politicians over the years, and I've spoken to business leaders, but I am at a loss to figure out why somebody in government doesn't say that this is something we've never seen before.

Put some people in a room and try to deal with this crisis, because it is going to change our province. It's going to change our country. I think it deserves attention like we've never seen before.

I'm sorry, but I have a document for you that is not here yet. I know you'll all be holding your breath waiting to read it.

The Chair: We do have a document from you, actually.

Mr. Wayne Samuelson: God love them.

The Chair: Thank you very much for your presentation.

We'll now go to the Canadian Business Press, please.

Mr. Bruce Creighton (Director, Canadian Business Press): Good afternoon, and thank you for the opportunity to appear before the committee. My name is Bruce Creighton. While my day job is president of the Business Information Group, I'm here today in my capacity as director of the Canadian Business Press.

It has been said that for every industry, profession, or business in Canada there is a specialty publication aimed directly at keeping its participants informed about their businesses, about what's new and interesting to them, and what trends they can expect in their respective fields. However, since this type of business media is so carefully targeted to specialized audiences, many people are simply unaware of its existence or of how broad the industry really is.

Doctors, lawyers, teachers, construction companies, oil workers, grocers, benefits professionals, dentists, pharmacists, welders, pilots, hard goods retailers, and automobile dealers all have their own publication geared to their particular needs.

The Canadian Business Press is the industry association for Canada's 740 business, professional, and farm publications. In fact, the Business Information Group's parent company, Glacier, is the largest publisher of farm publications in the country. Industry publications known as business to business, or B2B, represent 27% of all magazine titles in this country, 25% of the sector's revenues and expenses, and 29% of the industry's full- and part-time employment.

Many of you would be familiar with our members' titles, which include: *Canadian Consulting Engineer*, *Journal of the Canadian Dental Association*, *Oilweek*, and *Québec habitation*.

In early 2009 the Honourable James Moore, Minister of Canadian Heritage and Official Languages, announced the creation of the Canada periodical fund. The announcement, which stemmed from a budget 2009 commitment, is set to provide Canada's magazines and community newspapers with a total of \$75.5 million to support their publications. The Canadian Business Press strongly endorses the objectives of this program and thanks the minister for his foresight in this matter.

Our industry is in a time of transition: increased foreign competition, transformation to digital media, new business models, and a bruising recession impacting readers and advertisers alike. Any reductions in government support will no doubt push many magazine titles out of business.

Unfortunately, the funding formula of past programs, the Canada magazine fund and the publishers assistance program, and the one initially proposed for the Canadian periodical fund fail to fully appreciate the cultural and economic significance of B2B publications. The formula favours broad-based readership rather than narrow vertical market publications like those of the Business Press.

Our publications require extremely high penetration rates because of our business model. B2B periodicals have always received a lower portion of the funds designed to support the magazine industry, a portion of which the Canadian Business Press finds unjust. My company, the Business Information Group, is faced with challenges stemming from existing programs and regulations. I cannot, for instance, insert an upstart publication that we're trying to get off the ground to cover a new vertical market into an existing publication and still receive funding from the publications assistance program. This stifles growth and in many cases leaves an industry seeking information unserved.

While I applaud the Government of Canada for revisiting the eligibility criteria for the Canadian periodical fund and hope that many of the aforementioned issues will be addressed, I hope this presentation has demonstrated that B2B publications have different needs from their consumer peers. Therefore, to enhance the viability of this industry, the Canadian Business Press recommendations to the House of Commons Standing Committee on Finance are the following.

One, the Government of Canada should expand the eligibility of the Canadian periodical fund to recognize the uniqueness of business publishers. Secondly, the federal government, under a separate program, should increase funding for the business publishing sector to assist the industry through this period of transition.

With that, I thank you for your time. I look forward to any questions you might have.

● (1400)

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

We'll now finish with the Ontario Municipal Social Services Association.

Mr. Etan Diamond (Manager, Policy and Research, Ontario Municipal Social Services Association): Thank you.

My name is Etan Diamond. I am the manager of policy and research from OMSSA. I am here replacing Kira Heineck, the executive director, who had a personal emergency this morning.

The Ontario Municipal Social Services Association represents the municipal services to managers of Ontario, which administer local human social services throughout our province. Our association promotes policy development and program delivery in the areas of economic security, employment support, social housing, homelessness prevention, and children's services.

In 2009 the federal government invested in Canada's physical infrastructure by providing funds for roads, bridges, buildings, and houses. In 2010 OMSSA believes that the federal government must now invest in Canada's people: the people who drive on those roads, who cross those bridges, who work in those buildings, and who live in those houses. This commitment to Canada's human infrastructure will have the triple benefit of stimulating the economy, reducing poverty, and fostering healthy families and communities.

I am pleased to turn the microphone over to Janet Menard, the commissioner of human services in Peel region and a member of our board, to talk more specifically about our recommendations.

Ms. Janet Menard (Board Member, Commissioner of Human Services for the Regional Municipality of Peel, Ontario Municipal Social Services Association): Thank you, Etan.

As you know, 2009 has not been kind to many Canadian families. Plant closures, factory layoffs, and fluctuating markets have removed much of the economic security that Canadian families deserve, and our members are seeing the results first-hand on a daily basis. Compounding the problem, federal supports such as employment insurance have failed to provide a sufficient safety net for the victims of Canada's economic restructuring. We believe that the federal government must step in and reinforce that safety net with direct and immediate improvements to our nation's employment insurance program. By improving EI through changes to eligibility requirements, the federal government can lift those Canadian families who are in danger of slipping into poverty because of unemployment. Such EI improvements will help keep these families on a more secure financial footing and will accelerate our country's economic turnaround.

If EI improvements offer the most immediate benefits, our recommendation to expand investments in affordable housing and homelessness prevention focuses on mid-term outcomes. OMSSA appreciates the current government's investment to make affordable housing available to more Canadians. The infusion of funds into social housing and other housing programs has been welcomed by our communities across this country. And I can assure you, we're making the very best use of those dollars. But it is not enough, and the planned withdrawal of federal funds, starting in 2011, is a huge cause for concern.

Furthermore, affordable housing is more than bricks and mortar. Being able to afford a place to live is not as meaningful when a person has no access to sustainable employment, child care, good schools, recreational opportunities, and mental health and other services. Therefore, OMSSA recommends that the government expand its housing investment to allow for the development of human infrastructure, not just houses themselves but the human and social services that turn a house into a home and a neighbourhood into a community. For example, sustainable programs for mental health or addiction counselling can make a difference in preventing homelessness and can help the government's bottom line.

But the benefits don't stop there. In Toronto, for example, the Streets to Homes program reduced demand for public services by moving homeless people into more permanent shelter. Emergency room use declined by 40% and police-facilitated detox admissions fell by 75%.

Finally, our third recommendation brings with it the greatest long-term rewards: investing in the children of Canada. OMSSA agrees with the federal government's position that parents are in the best position to decide on and make choices for the care of their children. If parents can choose safe nurturing environments for their young children to play and learn, then our families, our communities, and our society will become stronger. Yet in 2010, Ontario's children and families will have their choices limited because of the withdrawal of federal support for the early learning and child care system. Almost 9,000 child care spaces are at risk, at a cost of \$63.5 million federal dollars, leaving Ontario's parents with 9,000 fewer choices for their children's healthy development.

OMSSA strongly recommends that the government recommit to our children's future by investing in a true system of early learning and child care services. In this way, the federal government can take a leadership role in providing parents with real choices for quality early learning for their children. A recommitment to the children of Ontario makes good economic sense as well. Modern economic realities mean that most parents are in the workforce. Being able to choose a quality early learning system means they can confidently enter and remain in the workforce, knowing that their children are being cared for in a safe and stimulating environment.

• (1405)

Mr. Etan Diamond: Thank you, Janet.

In conclusion, I want to note that the government's own research through Infrastructure Canada confirmed that investment in social infrastructure contributes to the economic vitality and competitiveness of Canadian cities. OMSSA agrees that such investments can revitalize our economy. By improving employment insurance, the federal government can let parents focus on getting back to work rather than on getting food on the table. By investing in services to support housing and prevent homelessness, the government can help people turn their streets into liveable communities rather than being forced to live on the street. By recommitting to early learning opportunities, the government can help our children look forward to a prosperous future.

In short, smart investment in a strong human infrastructure leads directly to healthier and stronger communities. It is time to invest in the people of Canada. This is a strategy that makes sense.

Thank you.

The Chair: Thank you very much for your presentation.

We will start members' questions with Mr. McCallum, please.

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

Thanks to all of you for being with us this afternoon.

I'd like to start with Mr. Molyneux and the police officers.

The government, in its election campaign of 2008, committed to 2,500 officers?

• (1410)

Mr. Larry Molyneux: It was in 2006.

Hon. John McCallum: It was 2006? Okay.

And when you hire a new police officer, it's probably for 20, 25, or 30 years. Are you telling me that funding is only for five?

Mr. Larry Molyneux: That's correct.

Hon. John McCallum: So how is the town or the municipality supposed to do that when they're only getting the money for five and they have to be thinking in terms of 20 or 25 years?

Mr. Larry Molyneux: That's the very issue we have concerns with. That's why a lot of the municipalities didn't take advantage of this program. As for the ones that did take advantage of the program, after five years there is no more funding, so it will have to be funded by municipal coffers.

Hon. John McCallum: Okay. If you leave that issue to one side, the funding so far is sufficient to hire how many if it were fully taken up?

Mr. Larry Molyneux: Well, \$400 million was given from the federal government. For 2,500 officers, we add that up to be \$250 million per year, but only \$400 million was given for all of Canada.

Hon. John McCallum: That is \$400 million over how many years?

Mr. Larry Molyneux: It's over five years.

Hon. John McCallum: So they've given you \$80 million a year and you say that the amount you need is what?

Mr. Larry Molyneux: We would need \$250 million a year.

Hon. John McCallum: So they've given you less than a third of what you need and for only five years instead of permanently.

Mr. Larry Molyneux: That's correct.

Hon. John McCallum: That helps me understand this. Thank you.

Mr. Samuelson, we in the Liberal Party are very interested in pensions. We're having an all-day round table on Monday in Ottawa to consider many ideas, including the ones you've presented. I'd like to ask you about your idea of doubling the benefits under the CPP from 25% to 50%. I have two questions. I'll put the two questions as one.

First of all, does that mean you double the premiums immediately? Second, someone my age wouldn't get much unless I was subsidized by the younger generation, so does your plan involve younger people subsidizing older people or is it subsidy-free?

Mr. Wayne Samuelson: Thanks for the question.

Let me deal with the first question. First of all...no, let me deal with the second question, because I'm really concerned about you. I think what we're saying is—

Hon. John McCallum: I'm not saying I deserve much. I just am asking that question.

Mr. Wayne Samuelson: I think you're probably going to do okay.

Voices: Oh, oh!

Mr. Wayne Samuelson: I suspect that this will be one of the issues of debate. I think our proposal talks about phasing it in over time, so in effect the benefit would go to those who pay over time. It's similar to how we've done changes to CPP in the past.

In terms of the calculation about doubling the benefit and whether you in fact double the premium, we've done some research, and I think you're aware of this. I hope you are. If you aren't, I'm sure the Canadian Labour Congress can provide it. It would say that because of the effectiveness and efficiency of a national plan such as that one, there wouldn't necessarily be a doubling.

But I think there's probably a bigger issue here—

Hon. John McCallum: But I don't have time. I have more questions and limited time.

Mr. Wayne Samuelson: Oh, okay. I'm sorry.

The Chair: You have about three and a half minutes.

Hon. John McCallum: Go ahead.

Mr. Wayne Samuelson: Okay. You wouldn't necessarily have to double it. Calculations have been done that say you wouldn't have to, but clearly you would have to phase it in. That's my point about saying that you need to make these decisions today in order to provide for tomorrow.

Hon. John McCallum: I totally agree. I think pensions are a huge issue. We're seeing it with all these stories in the *Globe* and so on. It's starting to come alive. I really agree with you. It's crucial for the country.

Mr. Wayne Samuelson: Thank you.

Hon. John McCallum: I now want to ask a question to Ms. Windsor, if I may.

Your second and third proposals I think I'm fine with, but I have a little problem with your first one, where you talk about the tax penalty implicit in the Income Tax Act in terms of copyright income.

If you go by the theory that a dollar is a dollar is a dollar as far as income is concerned, why is it a tax penalty implicit in the Income Tax Act when income from copyright is taxed? I would have thought, generally speaking, that any kind of income ought to be taxed.

Ms. Deborah Windsor: The income that a creator earns is so minuscule. Being self-employed, creators unfortunately don't have pensions, benefits, or even the ability to participate in EI, even if they pay through another job.

They have a very unbalanced schedule to start with. Then, when it comes to copyright income, they don't have adequate deductions to apply against it so they end up with peaks and valleys in their income. Also, their income is received in a fluctuating manner. The author of a book may take three years to write a book. That author will put in three years' work, will get an advance in the fourth year, and then will be taxed in that fourth year as if he or she had generated all of that income in one year.

By implementing a copyright income deduction program, you would be able to somewhat chop off the top—

•(1415)

Hon. John McCallum: I can easily understand the case of income smoothing, but I still don't understand why you call it a tax penalty. I think you've achieved something similar to tax smoothing, which I would support—

Ms. Deborah Windsor: Yes.

Hon. John McCallum: —but I have trouble not with proposals numbers two and three but with the first one.

I'll ask Mr. Holgerson a question. I like your idea of encouraging federal government agencies to support youthful entrepreneurs. I wasn't aware that the Business Development Bank did that at all. Now, does it?

Mr. Ronald Holgerson: We searched the websites of all of those organizations, and there were opportunities in all of them for you to start a business. Whether it specifically does it for young entrepreneurs I was not able to determine in the information I've perused.

Hon. John McCallum: Maybe a good idea would be for the Business Development Bank to be encouraged to start up such a thing.

Mr. Ronald Holgerson: I would also—

Hon. John McCallum: I'm certainly not aware that it's active in that area.

Thank you, Mr. Chair.

The Chair: Thank you, Mr. McCallum.

We're going to go to Monsieur Laforest.

For those of you who require translation, there are headsets, and English is on channel 1.

Monsieur Laforest.

[*Translation*]

Mr. Jean-Yves Laforest: Thank you, Mr. Chair.

Good afternoon to all the witnesses.

I find that presentation particularly interesting. As you well know, we have been all across Canada; we have been to Vancouver, Edmonton and to several other cities. A number of groups have made presentations to the committee and to the government on various aspects of our social, economic and community life. But, on the matter of employment insurance, very specific proposals have been made along the same lines as Mr. Samuelson provided just now.

The noteworthy thing today is that a group like the Ontario Municipal Social Services Association, in a way, backs up what workers' representatives are saying. They are saying that, because the employment insurance program has not been reformed, and because it does not reach enough of the people living in very difficult circumstances, it affects many people in areas such as health, affordable housing and homelessness. People are having a great deal of difficulty because of the employment insurance program, as I said to a social development representative this morning. Half the people

without jobs, if not a little more than half, are not eligible for employment insurance benefits.

I would like to hear your comments on that, Mr. Samuelson. Let us certainly not forget that, for the last 15 or 16 years, under both the Conservative government and the preceding Liberal government, the employment insurance program has been used to pay off Canada's deficit. Fifty-seven billion dollars has been taken from the fund. It is important for associations that are demanding improvements also to make proposals to serve as warnings to the government. They should say that the employment insurance fund must never again become a deficit insurance fund and that the deficit must not be paid off by the workers and employers who pay into the employment insurance fund.

I would like to hear your opinion on that, Mr. Samuelson.

[*English*]

Mr. Wayne Samuelson: Listen, I think that what happened is absolutely outrageous, that people took money from the fund that workers and employers had paid into.

As I said earlier, I travel a lot. I've travelled across this province. I've been into these small communities. People have come to me and they've talked about what it's doing to them. And they don't understand. You know, they've paid into this fund, some of them for years and years. And when they need it, it's not there for them.

I think it's tragic. If you sense any frustration in my voice, it's because we all know what needs to be done. We all know how to provide the benefits to these people who need them so badly. But it seems to me there doesn't appear to be the political courage to stand up and do it. And I feel so much for the people who are impacted.

I should point out to you—for me, it's a bit personal—about the plant I talked about, which they closed about three or four years ago, that half of those people still don't have jobs or they're going through temporary work agencies. They've run out their EI. They've spent their severance. They're now selling their homes. And I think it's outrageous that we just sit back and allow this to continue.

Thank you for your comments. I just ask the committee to deal with this.

•(1420)

[*Translation*]

Mr. Jean-Yves Laforest: Thank you.

I have a question for Mr. Holgerson. I am not very familiar with the Ontario education system. I know the Quebec system much better, of course. It has both private colleges and public colleges. Is it the same here in Ontario? Is Mohawk College a private college? If so, how much do students have to pay to attend it?

Mr. Ronald Holgerson: There are 24 public colleges in Ontario that receive money from the province. There are also private colleges. Mohawk College is one of the 24 public colleges. The students pay tuition fees and the government provides scholarships for each student.

Mr. Jean-Yves Laforest: When you say that Mohawk College has perhaps not received its fair share, I imagine that you mean compared to the other public colleges.

Mr. Ronald Holgerson: Compared to the other public colleges and to our competitors.

Mr. Jean-Yves Laforest: With private colleges too?

Mr. Ronald Holgerson: No. As far as I know, perhaps one private college, Redeemer College in Hamilton, has received a little money, but most money is spent in universities and the public colleges.

Mr. Jean-Yves Laforest: What are the main programs you offer?

Mr. Ronald Holgerson: We have programs in health sciences, in engineering, in business, and so on. Public colleges in Ontario offer programs in all imaginable areas. We have more than 110 programs that lead to careers in all areas.

Mr. Jean-Yves Laforest: Do you also have general, pre-university programs?

Mr. Ronald Holgerson: No. In Saskatchewan and Alberta, colleges provide two years of education before students go into university. But in Ontario, colleges are institutions where the programs usually lead to jobs.

Mr. Jean-Yves Laforest: Okay, they are self-contained programs. Great.

Thank you, Mr. Chair. That is all.

[English]

The Chair: We'll go now to Mr. Wallace, please.

Mr. Mike Wallace: Thank you, Mr. Chairman.

Thank you for coming. I'm going to do some rapid-fire questions. I don't think I'll get to everybody, but I'll do my best. I'll start with my friends from Mohawk College.

Obviously you applied for the KIP program and you didn't get it. What isn't getting built?

Mr. Ronald Holgerson: Expansion of the facilities to take in more students at the Fennell campus and at the Brantford campus will not take place. We've grown significantly at the Brantford campus and we just applied last week to the southern Ontario development program governed by FedDev. The principal campus is the Fennell Avenue campus, and we are not able to expand opportunities for students in engineering technology, human services, and health sciences.

Mr. Mike Wallace: Those programs would have benefited the most if you got extra money.

Mr. Ronald Holgerson: Yes.

Mr. Mike Wallace: Okay. I may come back to you, but let me ask you something right now. Getting new capital is one thing. Then you have to operate the place. Would you have had the operating money in place to be able to operate?

Mr. Ronald Holgerson: Based on the expansion involving individual students for whom we get tuition and the government grant on a first-student basis, the answer is yes.

Mr. Mike Wallace: Thanks very much.

I have a question for the Writers' Union of Canada. I'm very interested in the taxation for the grants, the ones that keep you alive for a little while. What's that amount? Does Margaret Atwood get

that, and the guy in my own town? Who qualifies, and how much is it? I have no idea.

Ms. Deborah Windsor: They are small amounts—well, they are not that small: they can go as high as \$10,000.

Mr. Mike Wallace: Do you mean annually?

• (1425)

Ms. Deborah Windsor: No, it's one shot, one time. It's for writers who have to identify that they are working on a work and that they need money to buy time to write it. That money is used for groceries and rent.

Mr. Mike Wallace: That's per project.

Ms. Deborah Windsor: Yes. It's very competitive.

Mr. Mike Wallace: Then you pay income tax on that annually.

Ms. Deborah Windsor: Yes.

Mr. Mike Wallace: I'm interested in that, so I appreciate your bringing it forward, because I had never heard of it before. I've been on this committee for three years in a row now and I don't think I've seen that one brought forward before, so I appreciate it.

I have a question for the March of Dimes. I appreciate your submission on the taxation issues for business. I completely understand that, but I'm going to ask you a different sort of question, if you don't mind.

Some people who came to my office relatively recently have issues with the definition of "disability", because it doesn't apply to them. They don't feel it applies equally to everybody. Some disabilities are identified and some aren't; it depends on the doctor you may have. Are your clients having issues with that? I just happen to have a little run on that in my office.

Mr. Steven Christianson: We do, increasingly.

The March of Dimes started out as a service organization for people with physical disabilities. That was fairly clear-cut. Some of those disabilities would have been temporary, and some acquired—brain injuries, automobile accidents, etc.—but increasingly invisible disabilities are being considered. We increasingly do get those, as well as neurological disabilities.

The view of disability is really an expansive concept. It's an evolving concept, frankly, because we don't have all of the information on disability today that we will have in 15 years. As well, we have various jurisdictions that include itemization in some cases, and in other cases it's more of a conceptual definition.

Mr. Mike Wallace: I appreciate that, because it's something I'm working on for some of my constituents.

To the Police Association, just very quickly, the program that we announced in 2006 when we first formed government was clearly a five-year program, and the other.... I'm from Halton, one of the safest places, with a good police force. I think we've actually taken advantage of the program and have more police officers. Based on my conversation with the chief, the money has worked its way through.

Regarding the money that's been allocated to this—and some of it has flowed—is it the province that's pushing back or is it just the municipalities?

Mr. Larry Molyneaux: The Province of Ontario is the only province in Canada that has actually utilized the funds for what they were intended. All the other provinces utilized those funds for enhancement of different crime prevention initiatives, and some joint forces operations; but the Province of Ontario actually used it for brand new front-line police officers. I'm a Miltonian, so I know Halton quite well, and they did utilize the amount properly.

The push-back is from the federal government. The provincial government was given this amount of money—\$156 million out of the \$400 million—and the Province of Ontario utilized it properly.

Mr. Mike Wallace: Okay, thank you.

I have a final question, Mr. Chair, but I don't know how much time I have.

The Chair: You have about a minute and a half.

Mr. Mike Wallace: Okay, perfect.

Mr. Samuelson, you didn't get a chance to talk about the jobs part of your piece here, and I'm just trying to get information from you on this.

Part of what I see, rightly or wrongly, is that the mobility of labour is also an issue, that people may have to go to where the jobs may be. We were in Winnipeg, where there's a 4% unemployment rate. We were also in Regina recently. Some areas of the country have less unemployment, and you're absolutely right that northern Ontario is suffering tremendously with unemployment issues.

Does the OFL have a position or a comment on how the federal government could do more for the mobility of labour, or are you not interested in that at all?

Mr. Wayne Samuelson: I think workers, unfortunately, have to be interested in it. I think we should be trying to figure out how we can develop strategies to rebuild those communities in the north. If you go to our website and click through it, you will find dozens of videos of children talking about what it's like when their mother or father leaves on Friday and comes home three weeks later.

• (1430)

Mr. Mike Wallace: Right.

Mr. Wayne Samuelson: I don't think it's anything we want to see. So I think we should be trying to be far more aggressive in maintaining these small communities across northwestern Ontario.

I'm going to tell you something. In my opinion, I think many people—and I'm not making this personal, just recalling my experience—have just written them off, saying there's nothing we can do for them. These people are way up there and nobody worries

about them, but I'll tell you, if you want to get an eye-opener, jump in your car and just drive along from Sault Ste. Marie and just stop in any town and talk to people.

Mr. Mike Wallace: Thank you for that.

Thank you, Mr. Chair.

The Chair: Thank you, Mr. Wallace.

We're going to Mr. McKay.

Hon. John McKay: Thank you, Chair.

Mr. Creighton, in another life I used to practise law, and every month I'd get this enormous bill, primarily from Thomson, for all of my periodicals. After a while, I started to resent the amount of money I was paying out to Canada's richest family. Here you're proposing this publication assistance program. Would Thomson Reuters be entitled to that program?

Mr. Bruce Creighton: Thomson made a fundamental decision, maybe 15 years ago, to get out of what I'll call the "news business." They're into the data business, and so they sold off a lot of their community newspapers. They've retained a share of *The Globe and Mail*, but they actively got out of all of their other magazine/newspaper businesses years ago.

Hon. John McKay: I thought they did law publications. They sold off that business as well?

Mr. Bruce Creighton: Well, they're into what we generally refer to as the data business.

Hon. John McKay: In this case it was reports on precedents and reports on pricing.

Mr. Bruce Creighton: Right, whereas the magazines that I'm referring to are general information, general news for that specific vertical industry, not necessarily—in terms of the legal area—giving you judgments that have taken place. That tends to be covered more by the data businesses. There are some trade magazines that do provide that information.

Hon. John McKay: So would that kind of publication qualify?

Mr. Bruce Creighton: There are some legal publications that do qualify, but Thomson Reuters specifically got out of that business. They really wanted to cater to accountants and lawyers, but more on the legal data business, not on the general news information.

Hon. John McKay: I must admit I would have a choke reaction to subsidizing the Thomson family, as would probably everyone else at this table.

My second question is to Ms. Menard. It has to do with choices with respect to child care. The government essentially sends you \$100 and says make your own choice, and if your own choice is, in this particular situation, loaded to looking after your own kid, then essentially, child care spaces shrink.

What would you say to the government with respect to their \$100 day care money?

Ms. Janet Menard: It falls far short of the actual costs of child care. Home child care is an option, but we encourage families and the government to invest in regulated child care, where children are stimulated, where they're provided with a healthy lunch, where they learn to interact with each other to solve problems and in essence form the foundations that are important for later life. There's great research that demonstrates that the cost of investing in the early years results in...I think it's \$4 saved for every \$1, in terms of the social cost that you avoid in the future.

Hon. John McKay: Essentially, though, the choice is no choice at all.

Ms. Janet Menard: Exactly.

Hon. John McKay: Thank you.

Mr. Samuelson, on improvements to EI, the 360 hours has pretty well been dismissed by the government at this point. They've said it's \$4 billion when in fact it's probably \$1 billion. You've added a number of other things on here. My reaction to your suggestions—and I thought there were some pretty decent ideas in here—was first of all, who's paying for this? Is it the taxpayer, is it coming out of general revenues, or is it being paid for by employers and employees?

• (1435)

Mr. Wayne Samuelson: I'm sure you're aware that changes made a number of years ago put the plan out on its own. I can't help but note the \$50 billion-plus surplus that this fund had. Interestingly enough, one would have thought it would be wise, during the good times, to hang on to that for the more difficult times. I'm sure it costs somebody money. I don't think there's any doubt about that. But I'll tell you, it can't cost as much as the impact it's having on these families. I'll repeat, these are people who worked, did everything they were supposed to do. They got up every morning, they went to work. They paid benefits. And through no fault of their own, they find themselves caught.

Hon. John McKay: I understand the argument, and there's not a person who disagrees with you on that point. In fact, most of the people around this table will never collect EI either. I paid for it all my working life. But that's not the point.

The point is that the government was going to be faced with a choice, either to raise the premiums on EI, as a separate fund, or to go into general revenues. So what would your advice be on that point?

Mr. Wayne Samuelson: Quickly, I'd go back and get the money you stole out of the fund.

Hon. John McCallum: It's gone.

Mr. Wayne Samuelson: Then it comes out of general revenues. The government of the day took the money out of the fund; it was a surplus. Maybe they had good reason for it. I'll let others decide that. But I know one thing. Today those people need that help. However you figure out how you're going to get the money, they need the help.

Hon. John McKay: I just wanted that information.

Thank you.

The Chair: Thank you.

Thank you, Mr. McKay.

We'll go to Mr. Dechert, please.

Mr. Bob Dechert: Thank you, Mr. Chair.

And thank you, ladies and gentlemen, for your presentations. I appreciate your suggestions and your time in putting together these presentations.

I'd like to first ask a question of Ms. Menard.

It's good to see you again. I believe the last time we were together was at an announcement of a retrofit project for Peel social housing. For Mr. Pacetti, that is in the federal riding of Mississauga—Streetsville, which is represented by one of his colleagues. There was no cheque on that occasion, but it was an important project, and I know that Peel does a wonderful job in trying to provide social housing for those who need it. I agree with you that you can't have quality of life without a quality place to live.

I hope that was helpful. In your comments, I think you said that it was.

What more is needed to be done in Peel region? Can you talk about how the provision of affordable housing impacts on the integration of new Canadians, since you know that's a major issue in Peel region? And further on that point, can you tell us what more needs to be done generally in terms of newcomer settlement services?

We've been increasing support for settlement services through CIC since 2006, but there's still a need in Peel. You and others have told me that. Maybe you could give us a little background on that.

Ms. Janet Menard: I'd be happy to.

To answer your first question in terms of what more needs to be done by way of affordable housing, in our region we have 13,000-plus families on a waiting list, and if they signed up today, by virtue of our turnover they'd have to wait 21 years to get social housing. Obviously that's not a solution.

We're happy to invest in social housing and we use whatever provincial dollars are available, but we absolutely need a partnership at all three levels of government. We need the federal government at the table. We need—

Mr. Bob Dechert: This is the first time the federal government has made investments in social housing in 20 years, I think, since the mid-1980s. Is that correct?

Ms. Janet Menard: I'm not an historian on social housing.

• (1440)

Mr. Bob Dechert: That's just my recollection. That's okay.

Ms. Janet Menard: We do get money for rent supplements through the federal government, but those dollars are scheduled for termination in 2011 and withdrawal over time, so that's a huge concern for us. We need money to build more social housing. We need dollars to increase the rent-geared-to-income subsidies that allow people to live in social housing. And we need to increase rent geared to income.

We need one of two things. We need money to invest in those funds, or we need capital dollars when we build the buildings to keep the operational costs low. If we can keep the operational costs low, then the people paying market rent can create revenue that can be turned into subsidies. So whether the federal government helps us in the construction or the subsidies, we need partners to help us.

The impact that the lack of affordable housing has on newcomers is dramatic, on a number of levels. I'll just speak to one that I think is extremely important and that you'd be interested in. It's the fact that newcomers cannot take the time they need to get their credentials, to get Canadian experience. They end up taking survival jobs that don't really allow them to move to jobs that are appropriate for their skills and resources. Newcomers actually come here with great education, great resources, and because they're spending their hard-earned low incomes to put roofs over their heads, they're not able to move and integrate into society.

Mr. Bob Dechert: I'm sorry, I have to ask you to pause there, but I may come back in another round. I want to ask a quick question of Mr. Samuelson.

I agree in terms of your concern about plant closures in Ontario. In my region of Mississauga and Peel, we've experienced a lot of plant closures in manufacturing. This is of grave concern, not only in Ontario but across Canada.

You know our government has significantly increased funds for skills training for older and laid-off workers and extended EI benefits for two years for those who are taking skills retraining. What more do we need to do to help workers in these places you've mentioned acquire the skills they need to go into different lines of work, recognizing that those plants that have closed are probably not coming back?

Mr. Wayne Samuelson: The short answer—

Mr. Bob Dechert: Of course.

Mr. Wayne Samuelson: —is that the way we're doing it now ain't working. It seems that we haven't taken it seriously.

Mr. Bob Dechert: Do we direct people into specific areas of training? What do we do?

Mr. Wayne Samuelson: No, I think we get the people at the table, and we acknowledge that this is something we've never seen before. The people aren't going to go back to these factories. They're going to have to change. We have to understand that.

Then we put long-term supports in place. We put more responsibility on the employers who are leaving. The plant I worked in—and this is seared in my mind—announced they were closing six months before they closed. They opened a help centre two months after they closed. In that eight-month period, society and government should have been in there. We should have been pulling people out. We should have been offering them real training alternatives. I could

write a book on the people I know and what they went through—the processes they had to undergo to get small amounts of money, the reasons they couldn't qualify. Frankly, I just don't think we take it seriously.

Mr. Bob Dechert: We need longer periods of training.

Mr. Wayne Samuelson: Yes, longer periods of training, a lot more money, quicker intervention, more responsibility on employers—all that is necessary.

Mr. Bob Dechert: For the record, what was the name of the plant?

Mr. Wayne Samuelson: BFGoodrich.

The Chair: Thank you, Mr. Dechert.

Mr. Pacetti.

Mr. Massimo Pacetti: Thank you, Mr. Chair, and my thanks to the witnesses for appearing. It's a challenge for us to get questions to everybody around the table.

Mr. Christianson, you were talking about an income tax deduction, and you also spoke about a tax credit. What would the difference in accessibility be for both? In your first recommendation, you talk about a tax credit and then you talk about a tax deduction. Where do you see the differences? Could you clarify that?

Mr. Steven Christianson: The deduction would apply to the removal of architectural or transportation barriers, adaptations to a building, or an information system. The credit would be for smaller items, not necessarily major retrofits to the organization but perhaps the production of accessible formats.

Mr. Massimo Pacetti: The reason I'm asking is that the idea is to try to simplify a credit or a new idea, but I think you're making it more complex.

● (1445)

Mr. Steven Christianson: These are examples of existing regimes and fiscal tools that are in use. By explaining these, we're merely pointing out that it can be done. We put this within the context of the legislation being developed here in Ontario. There is proposed legislation on a built environment standard, but the challenge is that retrofits have not been included.

Mr. Massimo Pacetti: I'm in Quebec. They have building codes and city codes. Before you get a permit, the building has to be accessible to the handicapped.

Mr. Steven Christianson: Yes.

Mr. Massimo Pacetti: Obviously you might have old businesses that don't necessarily have to transform, but any type of renovation or improvement has to take these things into consideration. Wouldn't you have the same thing in Ontario?

Mr. Steven Christianson: We do have the same thing in Ontario. What we're talking about, though, are the retrofits. With the new built environment standard in Ontario, this will apply to all work on a go-forward basis as well as to major renovations. This is also the case in some other jurisdictions where this is under consideration, like Manitoba and British Columbia. Anything that is inaccessible today will remain inaccessible tomorrow, and that's pretty huge. In Ontario alone, we have upwards of 360,000 private sector entities. That's a lot of activity, but we're finding that the consumer base in our communities is simply not participating. They're not able to contribute.

If we go along our main streets, just here in Toronto, to some of our favourite destinations—the Roncesvalles, the Danforths, the Queen Street East—I defy anyone in this room to find more than two or three accessible establishments. It's no one's fault. In a place like the Danforth, which is my home community, we have gone from establishment to establishment to test this. It's no one's fault. When we bring it up to people—

Mr. Massimo Pacetti: And if they were to get tax credits and tax deductions, it would help them.

Mr. Steven Christianson: They're small businesses, family-owned businesses. They want to do the right thing, a good social thing, a public good as well as an economic good. But how? Do they cut expenses elsewhere? Do they lay people off?

Mr. Massimo Pacetti: I want to talk to the Police Association.

Mr. Molyneux, how is the money transferred? How do you know Ontario used the money specifically? Was it supposed to be used specifically to hire a new police officer?

Mr. Larry Molyneux: Yes, the original agreement was for brand new front-line police officers, not to supplement anybody who's retired but to actually increase the number. The Minister of Community Safety in the Province of Ontario, along with the different associations, came up with a formula, and that formula spoke to—

Mr. Massimo Pacetti: So what would have happened in other provinces?

Mr. Larry Molyneux: In other provinces they used it for crime prevention initiatives.

Mr. Massimo Pacetti: That's what you were saying, but why wouldn't it have been used for hiring front-line officers?

Mr. Larry Molyneux: Well, what happened was that the money from the federal government went to the provinces and there were really no stipulated rules to each province to say, this is a done deal, you must do it. The Province of Ontario took the lead and did follow the guidelines.

Mr. Massimo Pacetti: Okay.

I have a quick question to the Writers' Union. The third part in your brief talked about the public lending right. What is that?

Ms. Deborah Windsor: The Public Lending Right Commission is a commission that was set up with Massey funds many years ago to provide funding—

Mr. Massimo Pacetti: When you talk about many years ago, when was many years ago?

Ms. Deborah Windsor: I'd say at least 30. What happens is that a writer's income is based on royalties, and when they sell a book, they get 10%, if they're lucky, of that sale. When a book is sold to a public library, they get ten cents or one dollar. But then it's read by many people. So our Public Lending Right Commission has funds that were originally established through the Massey fund, and they do tests of all the public libraries and the university libraries in Canada to see which books are found. When they find a book it's called a hit, and a hit rate is applied. If a writer has 10 hits, they get 10 times the hit rate. If they get 20 hits, they get 20 times the hit rate. So they're generating revenue for their books that are in public libraries and being used. But that hit rate has gone down to about a quarter of what it used to be, and we have more books available, more writers producing works, and fewer dollars having to cover this larger group of authors.

• (1450)

Mr. Massimo Pacetti: But what are we talking about in terms of dollars?

Ms. Deborah Windsor: I can't give you an answer to the dollars. I'd have to go back and prepare that for you.

Mr. Massimo Pacetti: Okay, that's it. Thanks.

The Chair: Thank you, Mr. Pacetti.

We'll go back to Mr. Dechert and Mr. Menzies.

Mr. Bob Dechert: Thank you, Chair. I'm going to split time with Mr. Menzies.

Mr. Molyneux, in your brief you mentioned the Toronto 18 investigation and trial and the cost that created for Peel Regional Police. I've heard from Peel Regional Police about this. Can you give the committee a flavour of what the cost of that was? I want to point out that the crimes those people were planning to commit would have impacted all the members of Parliament in this room and a lot of other people across Canada.

Mr. Larry Molyneux: I don't have that number. It's very difficult. But what I can tell you is that this was a joint forces operation. If you were following the newspaper yesterday, the RCMP detonated a bomb to show you the impact that this would have had. That was a joint forces operation with Peel, Toronto, OPP, RCMP, and a lot of other municipal services. Then when you have that joint forces operation, you travel all over Ontario and through Canada to arrest these people, to bring them to trial. There's wiretap information, there are search warrants.

So to put a dollar figure on that, we don't have that.

Mr. Bob Dechert: But they were national costs essentially borne by the local police force.

Mr. Larry Molyneaux: Absolutely. So on national costs, the only one that would have been through the federal government is the RCMP. The rest would have been provincial, through the municipal governments.

Mr. Bob Dechert: Thanks very much.

Go ahead, Mr. Menzies.

Mr. Ted Menzies: Mr. Molyneaux, there was a police college, a brand new facility, announced in my riding in Alberta and it's my understanding that it has been a little slow. We're still hoping it's going to happen, because I think the training capacity for training provincial police is part of the issue, isn't it? That was funded or supposedly going to be funded by the province. Is training specifically provincial?

Mr. Larry Molyneaux: Training is provincial. In the province of Ontario training is funded by the provincial government and it is subsidized that way. Also, any new applicant who applies to policing, who gets hired, actually has to pay tuition to the Province of Ontario. Each province does do it differently. I only can speak to Ontario. So that's the way it works in Ontario.

Mr. Ted Menzies: But training capacity is a problem.

Mr. Larry Molyneaux: Prior to taking this job I was actually at the police college in Toronto as a supervisor, so I can speak first-hand. It was difficult because we were going to the maximum, and every police service in Ontario continues to hire people. The difficulty is that the pool is getting smaller and smaller. Right now there's a capacity at the Ontario Police College of 540 officers that can be trained at any given time. That happens about three times a year. Again, specifically in Toronto, we are hiring 144 officers three times a year. That's one whole class at the Ontario Police College. Then you've got the OPP hiring large numbers too, so the numbers dwindle with the municipals. This money here is increasing when you're hiring these new officers, but there's not enough for that sustainable funding once they meet that five-year criterion.

Mr. Ted Menzies: I have two minutes left.

To Mr. Samuelson, I will make the same plea to you as I did to many presenters in my cross-country consultations on private pension plans. I can't tell you how many union members came to the microphones and said they didn't know what their pension plan was, what they had to retire on.

I realize that your negotiating process is difficult, and I'm not going to blame anybody. You're dealing with these sponsors who want to, shall we say, shift the liability or their costs to the future and are willing to accept increases in pensions in lieu of an immediate increase in wages, and I realize that's the way negotiations go. I don't think the sponsors realized the liabilities they were taking on. I don't think the pensioners or the employees realized the concerns. We see it today with the bankruptcies; they don't know what they've got. The system is broken; we know that. But communication with your members, to me.... And I encourage this to any union representative. Please communicate what those people have, what they can expect as a pension.

● (1455)

Mr. Wayne Samuelson: There are lots of problems in the pension system. I don't think people knowing what they're entitled to, what they expect to get, is the major one.

Every day I get a call from a union leader about another company going with CCAA. We could go on at length about what needs to happen. A lot of it is provincial, admittedly, around regulation. There's going to be Ontario regulation coming in the next few months. Frankly, my answer is that as somebody who worked in a tire factory, I negotiated a pension and I expected the government to regulate the pension system so I got the pension when I retired. I don't think it was a lot to ask. Frankly, I'm still shocked when I bump into people who tell me about widows whose pension has been cut in half or to 75%. This is not something I ever thought would happen when I was negotiating pensions in a factory.

I could go on at length about why it happened. A lot of it is provincial. Your responsibility, I would argue, is to create that debate. I think the work you've done to have that debate is good. But I would ask you to turn your eyes to the public pension plan, and we'll work like heck here in the province of Ontario to try to get the regulations fixed here.

Mr. Ted Menzies: Thanks for your effort.

The Chair: Thank you, Mr. Samuelson. Thank you, Mr. Menzies.

I want to thank you all, presenters, for your submissions to the committee, for your responses to all of our questions. If there's anything further you'd like us to consider, please do submit that.

We will bring forward the next panel in about two to three minutes, so we'll suspend the committee for that time.

Thank you.

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(Pause)

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● (1505)

The Chair: Colleagues, we will continue with the fourth panel today, continuing our pre-budget consultations here in Toronto, the ninth of the nine cities we are visiting in our cross-country travels.

We have with us here for the fourth panel today a number of organizations. We have the Canadian Paraplegic Association; Mr. Richard St. Denis, as an individual; the Registered Nurses' Association of Ontario; the Victorian Order of Nurses; the Canadian National Institute for the Blind; and Social Innovation Generation.

We'll ask each of you to give an opening statement of no more than five minutes, and then we'll have questions from members.

We'll start with Mr. Drewett.

Mr. Bruce Drewett (President, Canadian Paraplegic Association): Thank you.

I'm Bruce Drewett, the national president of the Canadian Paraplegic Association, and I have with me Mr. Bill Adair, executive director of CPA Ontario, who will join me in the presentation.

I would like to start by thanking the standing committee for giving us the opportunity today to talk about a very critical issue relating to our membership, that is, housing affordability, accessibility, and availability.

First, I'd like to say that when we poll our members on an ongoing basis, the issue of housing is at the forefront of the issues of most concern to our almost 40,000 members with a spinal cord injury. It's an issue for them, whether a matter of affordability, accessibility, or availability. All of these are paramount. It also becomes critically important when we look at the overlay of people who are living in poverty and the co-relationship with people having safe, affordable, and sustainable housing. It's a serious issue.

It's no secret to any of you, I'm sure, that the incidence of people living in poverty among the population we represent is significant, and it should come as no further surprise that the problem becomes much exacerbated when people don't have housing available, which really is the stabilizer for all sorts of other opportunities in society, whether it's having a job, transportation, and opportunities for recreation, and so on. Without a house to live in, it's pretty darn difficult.

The other thing I would like you to keep in mind today, as we go through our discussion, is that when we look at trends within our community of those acquiring a spinal cord injury, there is a greater prevalence among seniors of those experiencing a spinal cord injury these days. So when we look at the issue of disability, the three considerations of spinal cord injury, aging, and poverty prevalence together set out the very serious way this has to be considered, given the interface we have among the various issues.

Bill is going to provide an couple of anecdotes that actually demonstrate the seriousness of these issues for our community, and then I'm going to close with some recommendations.

• (1510)

Mr. William Adair (Executive Director, Canadian Paraplegic Association): Good afternoon, and thanks for the chance to present today.

My job is to add a little colour commentary, which isn't pretty, but I'll give you a few stories. As Bruce said in regard to the clients we're working with—over a thousand people a year—about half have spinal cord injuries from traumatic causes, and the other half have disease-induced spinal cord injuries. The latter group is growing and in fact is a larger number now, which comes with the aging of the population. So we're expecting to see a greater trend in the number of people who have a spinal cord injury in the country.

Our clients, the people we work with, enter into the cycle of poverty and discrimination through no fault of their own, which oftentimes keeps them away from workforce participation and from

full citizenship activities, and puts them in prison, in a sense. It puts them in a situation where they are homeless.

One example would be a gentleman we're working with who has an MBA from Harvard University. He's a Canadian from Montreal who moved back to Toronto and was ready to pursue a career but was in a car crash. He went through the acute care services and the rehabilitation support services. Then his home was not accessible; his apartment that he had purchased wasn't renovated in time and wasn't ready. So he went into a long-term care facility. He had to live there for four months. He ended up with a pressure sore and was readmitted to acute care, and the nasty cycle of recurring health complications started to set in. He still is not gainfully employed seven years later. We in Canada have lost, albeit not permanently, a very capable leader who could be leading a company and a business. We've also lost the tax dollars he could have contributed. So this is a shame, and it's centred around housing.

This time of year, we tend to get up on our roofs and clean the leaves out of the eavestroughs, and we have a client who broke his neck after falling off a ladder while doing this. He went through acute care and then through rehab, but because he was not a high-income earner, he did not have the resources to renovate his own home. He did not have the ability to purchase an accessible apartment or to rent an accessible apartment. So he is now separated from his wife and his two younger children and is living in a long-term care facility. Again, he is burden on our welfare system. And the heartbreaking thing is that he's not back to work, and not even with his family raising his kids.

Our clients are often locked into the cycle of poverty because, once they access appropriate housing after a fair bit of waiting, they're loath to leave to go anywhere else. So they're pretty well locked in, because if they have a job in one community but are moving forward in their careers and have to move to another community, they usually won't go because there's no accessible housing in that community. So they have to stay where they are.

That's a bit of colour for you, and I'll cut it there.

The Chair: Just be quick, 10 seconds, Mr. Drewett.

Mr. Bruce Drewett: Thank you.

From the time of injury to death, it takes about \$2 million to invest in a person who experiences spinal cord injury. Having housing and other affordable opportunities would help to alleviate some of those expenditures. It's important for all of you to remember—and hopefully it will never happen to you—that you could become clients of ours at any time, any place, anywhere. Spinal cord injury doesn't discriminate: it could be a family friend, or whoever, or you. It's important for everybody here to take into account how you'd like to be treated if it occurred to you.

Thank you.

The Chair: Thank you for your presentation.

I'll now go to Mr. St. Denis.

Mr. Richard St. Denis (As an Individual): Thank you.

Good afternoon. Thank you to the committee for allowing me the time to address you today.

My name is Richard St. Denis. I'm from Windsor, Ontario, a city with one of the highest unemployment rates in the country. I'm also a proud member of the Canadian Auto Workers, CAW Local 444, working at Chrysler Canada in one of the hardest hit segments of our economy, the manufacturing industry. While I'm disappointed that these meetings aren't happening in Windsor or Essex County, I do appreciate the opportunity to be here today.

I come before you with two very specific recommendations for you to address in the next federal budget with regard to unemployment insurance. The first is for the two-week waiting period to be removed. Premiums are required to be paid by workers on the very first dollar they make on their paycheques. Benefits should be paid from the first day that a worker loses their job and a valid claim is established.

Under the current system, a worker laid off tomorrow must first serve the two-week waiting time, followed by two weeks of served time, and then wait until the next week for payment. That means a minimum of five weeks before they see their first dollar from the EI program. This is the time when they most need the money, but the system makes them wait five weeks before they see their first payment.

The second recommendation is for the employment insurance clawback to be removed. No other insurance has this type of system. When a person buys insurance to protect against a loss, employment or any other, the insurance should be paid when there's a valid claim established.

This is the only insurance that is mandatory to purchase, yet it only pays based upon income levels. Anyone required to pay the clawback on their income tax return has already paid the maximum premium into the program and should be entitled to those benefits when they need them. The clawback is a penalty imposed on the workers that contribute the most to the EI system, and it's not fair.

Even though the current very high unemployment rates happened as a result of the economic climate in Canada, the employment insurance program continues to operate at a surplus. This money belongs to workers who contributed to the fund, not to the government. It should be used to support workers in their time of need, when they're faced with layoffs or a dramatic decrease in their income levels.

Thank you for allowing me the time to bring forth these two very important recommendations. I hope you consider them very seriously in the next federal budget and implement them both.

If you have any questions, I will be happy to take them at the appropriate time.

• (1515)

The Chair: Thank you very much for your presentation.

We'll now go to the Registered Nurses' Association of Ontario.

Ms. Doris Grinspun (Executive Director, Registered Nurses' Association of Ontario): Thank you and good afternoon. My name is Doris Grinspun and I'm the executive director of the Registered Nurses' Association of Ontario, RNAO.

RNAO is the professional organization for registered nurses who practise in all roles and sectors across Ontario. Nurses want this budget to help build a healthier society, and I'm proud to bring our message to you today. Our presentation addresses three issues: maintaining fiscal capacity, ensuring access to nursing care, and creating a national anti-poverty strategy.

The federal government plays a key role in addressing social and environmental determinants of health, particularly through transfer payments to provinces and territories for health care, post-secondary education, social assistance, social services, early childhood development, and child care. The huge shortfall in investment in physical, social, and environmental capacity may be linked in part to the long-term decline in federal program expenditures as a share of the GDP. This, in turn, is related to tax cuts. We have no objection to reducing the deficit over the business cycle. But when deficit fighting is teamed with tax cuts, the inevitable consequence is a reduction in already strained government programs, especially those related to social and environmental determinants of health.

In the interest of health, we urge that the government recover the fiscal capacity to deliver all essential services—social and environmental services—by adopting a more progressive tax system and using revenue sources that encourage environmental and social responsibility, such as green taxes.

We also believe more emphasis must be placed on ensuring access to nursing care. We know that adequate registered nurse staffing is associated with better health outcomes, such as lower mortality. Access to RNs varies across the country. But overall, according to the Canadian Nurses Association, there is a shortfall of almost 11,000 RN full-time equivalents as we speak. The situation is urgent because patient activity is increasing across all sectors. The RN workforce is aging and the RN-to-population ratio is lower than it was in the past. To put it simply, we are producing far too few nursing graduates. If no measures are taken, the CNA, the Canadian Nurses Association, warns that the shortage of RN full-time equivalents will be 60,000 by 2022. That's why we urge the government to earmark conditional transfers to provinces and territories in two areas: \$135 million to support nursing education and \$250 million to support 10,000 additional full-time RN positions.

The third area on which we want to comment is poverty reduction. Taking action on poverty is literally a matter of life and death. There is an overwhelming amount of evidence that those who live in poverty and are socially excluded experience a greater burden of disease and die earlier than those who have better access to economic, social, and political resources. Aboriginal people, recent immigrants, and people living with disabilities are all disproportionately bearing the burden of unacceptable poverty. We just heard about that from our colleagues.

A recession causes more poverty, particularly among the newly unemployed. This recession has been particularly brutal, with full-time employment falling by nearly 400,000 jobs. We are asking for the following. A comprehensive integrated federal plan for poverty elimination that is linked to and supportive of provincial and territorial poverty action plans is urgently needed. It must have targets, indicators, and timelines for transparency and public accountability.

Reform Canada's employment insurance system, EI, by immediately expanding eligibility and improving benefit levels, especially for the most economically vulnerable workers with low wages and dependants. We support you fully on that.

We appreciate the opportunity to speak to the committee, and we look forward to your attention and action in regard to these important health and nursing issues.

• (1520)

The Chair: Thank you very much for your presentation.

We'll now go to the Victorian Order of Nurses.

Dr. Judith Shamian (President and Chief Executive Officer, VON Canada (Victorian Order of Nurses)): Thank you very much.

I'm Judy Shamian. I'm the president and CEO of VON Canada, an organization that has proudly served Canadians for 112 years, and we are currently in thousands of communities.

I will focus today primarily on the workforce that supports our health and social system. Yesterday, you heard from the Canadian Nurses Association in Winnipeg, and you heard from the Registered Nurses' Association today, but my emphasis is unpaid workers, family caregivers. There are four million to five million caregivers in this country who support primarily an aging population. It does not include the disability group and other groups.

In the interest of time, I'm going to start with the recommendation and then explain the rationale behind the request.

We ask the federal government to expand the current financial tax credits for caregivers. The relief will help compensate for expenses incurred by families who must purchase services, equipment, and supplies that assist loved ones to live independently at home. Specifically, the tax credits could be enhanced in three ways, and those instruments exist today and can easily be expanded and improved.

One, increase the amount of the caregiver and infirm dependant credit, which would help caregivers with more of the costs they incur. And again, there is sufficient research that shows that families incur significant cost out-of-pocket.

Two, allow the caregiver credits to phase out more gradually with the dependant's income, which would assist more caregivers. Currently, if somebody earns \$18,000, they no longer qualify for this credit. According to Human Resources and Social Development Canada, although nobody will call it the poverty line, the poverty line is around \$28,000 a year. So we are cutting off caregivers, who are giving their health and their resources, at \$18,000.

Three, make the caregiver credit refundable, as Quebec has done, which would extend support to lower-income caregivers. Quebec has done a very good job of it over the years, and there is a lot for us, as a nation, to learn from it.

Just to give you some context, as I said, four million to five million Canadians are family caregivers. Often we who are going to the homes see one client, but by the time we finish taking care of that client, there are two clients, because often Mary is looking after Sam, who is 78 or 85, and there is nobody there at night.

Many of you are nodding your heads. I am sure you all hear this in your constituency offices, and we all have that experience. So if five million Canadians are caregivers, then literally we can do the math: one in six persons you encounter provide some form of caregiving support. Many of them quit their jobs, so we're looking at productivity and success in this country. There is a lot we can do for them in simple ways to demonstrate our support and as health givers, caregivers to our own. VON, for example, fundraises for over 20 charitable programs. We have 9,000 volunteers to support family caregivers, whether it's respite or volunteer driving or other initiatives.

So I call upon you to consider those three or more options that you have in your power, to make the lives of caregivers in this country better.

Thank you.

• (1525)

The Chair: Thank you very much for your presentation.

We will now go to CNIB, please.

Mr. Christopher McLean (Director, Government Relations, Canadian National Institute for the Blind): Thank you very much.

My name is Chris McLean. I'm here representing the Canadian National Institute for the Blind. Thank you for this opportunity to present to the committee.

In its August 14 submission to the pre-budget consultations, CNIB proposed two recommendations, which I will try to address very briefly today.

First, CNIB is calling upon the Government of Canada to assume a role in the establishment of a nationwide accessible public library network for persons with print disabilities.

Second, CNIB is calling on Canada's federal government to work with Canadian vision health stakeholders to develop and implement a Canadian vision health plan.

Established in 1918, CNIB is a nationwide, community-based registered charity committed to research, public education, and vision health for all Canadians. For over 90 years, CNIB's library has provided access to library materials for Canadians who are blind or partially sighted. For CNIB clients, these library services represent an information lifeline to a knowledge-based world. At present, our digital-based library delivers about 5,000 books to print-disabled readers every week. We offer access to a collection of 80,000 titles. We build our catalogue by negotiating international partnerships with libraries of the blind all over the world. The books that we can't acquire through other libraries of the blind we record ourselves in a suite of studios housed at CNIB and employ hundreds of dedicated volunteers.

As such, CNIB is the only dedicated provider of English-language alternative format Canadian content, and a partner in the provision of French-language content with the BANQ, Bibliothèque et Archives nationales du Québec. We are very proud of this history. However, we know that Canada's system for the provision of library services for print-disabled readers needs reform, and we've known this for quite some time. According to StatsCan, there are about 836,000 Canadians identifying themselves as having significant vision loss. In addition, an estimated three million Canadians have a print disability. Only a very small fraction of library materials are available to this population in a format they can use.

Access to literacy is a fundamental right of all Canadians. Equitable, accessible public library services are the bedrock of Canada's commitment to literacy. CNIB provides these services currently at an annual operating cost of \$10.8 million, entirely from charitable fundraising. That is not a sustainable practice; neither is it a practice that will address the widening information gap, nor will it address the expansion of the print-disabled population because of aging.

To this end, CNIB is seeking a partnership with provincial and territorial governments and the federal government to form a foundation for a nationwide equitable library service. In 2006, Library and Archives Canada committed to the initiative for equitable library access, also known as IELA. This initiative would define the framework for an equitable library system for every Canadian.

CNIB supports the objectives of IELA and we're committed to its successful implementation. In the spirit of this support, CNIB is consulting with Library and Archives Canada on a business case to establish a network hub for the production and distribution of alternative format library materials, founded on the CNIB library's existing infrastructure.

In March 2009, CNIB delivered proposals to all Canadian governments, federal and provincial, on a budget requirement to sustain services from coast to coast. In October 2009, CNIB met with Library and Archives Canada to finalize its business case for your consideration and to establish a new and non-governmental organization mandated to serve all print-disabled Canadians.

Moving forward, we ask the federal government to ensure that the conditions for an accessible, equitable library service for all Canadians are in place.

What would that look like? First, all readers must be able to access services in their communities through the public libraries, and public libraries need a centralized resource to fulfill this commitment.

Second, services must be sustainable. That means services must be publicly supported and not have to rely on charitable giving.

Third, services must be equitable. All print-disabled Canadians must be able to access services regardless of the nature of their disability.

● (1530)

Finally, services must be universal. Readers must be able to access services no matter where they are in Canada. Simply, no reader can be left behind; we need more books for more readers, and we need sustainable funding for an equitable system.

So I leave you with a request for the committee's support of CNIB's business case, the Library and Archives Canada, to quickly and urgently implement a model for library services for everyone.

The Chair: Thank you very much for your presentation.

We'll now finish with the Social Innovation Generation.

Ms. Hewitt.

Mrs. Allyson Hewitt (Director, Social Entrepreneurship, Social Innovation Generation): Thank you very much.

My name is Allyson Hewitt, and I am the director of social entrepreneurship at the MaRS Discovery District here in Toronto. It's one of the nodes of SIG, the Social Innovation Generation. SIG is a national network, a collaborative of the McConnell Foundation in Montreal, the PLAN Institute in Vancouver, the University of Waterloo, and MaRS. I'm very pleased to be here speaking on behalf of SIG.

Our mission is to promote the use of social innovation to address intractable social challenges, and much of our work is focused on the non-profit sector, so it's been a great learning for me to sit and listen to my colleagues here today.

Our objective in being here is to impress upon the committee the very important role federal public policy can play in stimulating and supporting social innovation in all parts of Canadian society, particularly in the charitable community non-profit sectors.

SIG is proposing to make Canada's non-profit sector more financially stable and less dependent on decreasing revenue streams from government and philanthropy in order to bring more innovative ideas, services, and products to meet the social needs of Canadians. In our work, SIG looks for ways to create environments where ideas can flourish, and the Government of Canada plays a major role in facilitating and encouraging the growth of this environment for those engaged in what we call social purpose work.

As outlined in our August brief to the committee, our proposal asks that the Government of Canada introduce a new optional legal structure under federal law that enables the creation of hybrid public benefit corporations, or community enterprises. A hybrid structure would encourage access to capital, a critical issue for the social purpose sector. The model we're suggesting has been successfully incubated in the United Kingdom and in a different form in the United States. We all know the importance of the non-profit and charitable sector, both in terms of the services it provides and the millions of people it employs, but we may not be aware of the revenue model that supports this work.

Overall revenue for core non-profit organizations in Canada can be broken down as follows: 36% from government, and—this is a number you may not be familiar with—43% from earned income, 17% from gifts and donations, and 4% from other sources. However, in the past 15 years we've seen significant shifts in the funding profile of this sector. The federal government expenditures as a percentage of GDP have decreased from 21.5% in 1992 to 17.1% in 2007. This has meant reductions in government funding for services and activities in the sector. Charitable donations as a percentage of core revenues also declined between 1994 and 2004.

I know previously you heard from the Wellesley Institute. In a report they published in May 2009 they said the most significant charitable issue—selected by 63% of the respondents—was that all of a charity's activities must be charitable. It's a requirement that is at odds with the funder expectations that charities be sustainable, be entrepreneurial. It's also at odds with reality; 43% of the income in this sector is being generated entrepreneurially. So if you take into account all of those issues, you'll see we're at a bit of a disconnect.

The existing legislative and regulatory regime was designed in a different era. Canada's community non-profit and social sectors have challenges accessing capital and diversifying their operating income because of restrictive tax regulations and capitalization options. These financial barriers are unnecessary obstacles for an emerging new breed of the people I work with, which is social entrepreneurs, and they limit the potential impact of their innovations. This sector needs the flexibility to explore new forms of social finance.

As part of our work at SIG, at MaRS we have advised hundreds of clients on their marketing strategy, business plans, funding options. Outlined here is just one example of a social enterprise that has encountered problems due to regulatory restrictions or lack of capital options.

In Toronto we have an organization called Eva's Phoenix. They run something called the Phoenix Print Shop. It's an award-winning print training program for homeless youth. It works with businesses to offer them an environmentally responsible print option. The challenge is that they are competing with others, but they are doing a training program. In order to stay competitive, they need to buy state-of-the-art equipment. They can't be competitive without access to capital. It's not something they're going to get grants and donations for.

• (1535)

The proposal outlined in this document represents an opportunity for the government to support the community non-profit sector in ways that build sustainability and resilience, language we hear all the

time without the supporting structures behind it. It will demonstrate that the Government of Canada wants to unleash creative energies, to release previously unexploited financial resources and capacities to support this sector.

I'm going to stop right there. I thank you very much for your time and look forward to your questions.

Congratulations for getting through this part.

The Chair: Thank you very much for your presentation.

Thank you to all of you.

We will start members' questions with Mr. McCallum, for seven minutes.

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

Welcome to all of you.

This is not our last meeting of the tour, but it's our last meeting of the day.

Perhaps I could start with the VON. My mother used to be a VON nurse, so I know a little bit about it.

I totally agree with you that this issue of unpaid family caregivers is critical and will become more and more important with an aging population, obviously. I was not aware, though. Are you telling me that the existing tax credit is not refundable?

Dr. Judith Shamian: With the current tax credit, if you don't earn anything you don't get a tax credit. In Quebec, if you have the expenditure and you earn zero, you get it as a benefit.

I see our esteemed colleague there nodding his head, and he probably knows far more about it than I.

Mr. Massimo Pacetti: I'm not so sure.

An hon. member: Are you talking about him?

Dr. Judith Shamian: Yes. You guys are all public servants, and you came to it to do the right thing, so I really have a lot of respect for you. I do.

Hon. John McCallum: Okay. Well, I certainly agree with the thrust of what you said, and I'm particularly disturbed that it's not refundable, because I don't think people with lower incomes should be deprived of this assistance by virtue of having low incomes. So it seems to me it's long overdue that it be refundable.

Dr. Judith Shamian: There are two things. One is the fact that they just can't submit a claim. If you have no income, you don't submit a claim, right? The second is the gradual phasing out at the income of \$18,000—the credit gradually gets lower and lower and then at \$18,000 you are at zero. Who can live on \$18,000? And there are at least two people if you are a caregiver.

Hon. John McCallum: Well, it sounds as if it needs a lot of fixing.

Dr. Judith Shamian: I agree.

Hon. John McCallum: And I'm sure it can be fixed, given money.

Now to Allyson Hewitt, I really like this idea. I've had some discussions with Tim Draymin and Paul Martin about this idea. I think it's great. And the fact that the U.K. and the U.S. have been doing it for some time suggests that we are behind. I think this idea has been pushed for some time.

My question is perhaps a slightly unusual question. Why has it not already happened in Canada? What is the main source of resistance? Is it the bureaucrats in the finance department? Is it politicians? What is it?

• (1540)

Mrs. Allyson Hewitt: I think it's basic awareness. I really think people don't have a sense that there's a social enterprise sector in Canada and how vibrant it is. In the U.K. we've had some great champions. They've been able to push it through a social finance agenda. We have been without those champions, or certainly to date we've been unable to find them.

But you're right, Paul Martin is absolutely someone who has emerged in this space. I think if we can narrow down exactly what it is that we want, it'll happen.

It's really quite confusing—

Hon. John McCallum: Well, maybe this problem is partly that you haven't formulated it clearly enough.

Mrs. Allyson Hewitt: I agree. It's all quite new, and I think just learning from what's happening in the U.K. and the U.S., we can now.... They've been doing it for a couple of years, particularly this new hybrid structure. We can take their learnings and accelerate their learnings for Canada, make it our own.

Hon. John McCallum: Okay.

On the CNIB, I won't ask you a question because I had the pleasure of visiting with two of your colleagues in my office the other day, but I certainly think it's a great project and I'm in support of it.

Mr. Christopher McLean: Thank you very much.

Hon. John McCallum: A number of you were talking about poverty issues and that kind of thing. Let me just say I believe that while we may be technically out of the recession, we're not nearly out of the recession in human terms, because the jobs always lag behind other things. Most economists think that joblessness will continue to rise and probably reach 10% next year. So we're going to have what you might call a jobless recovery, which isn't a real recovery.

Regarding a lot of the things you are saying, the importance of them are strengthened by that point.

So what's my question?

Some hon. members: Oh, oh!

A voice: It was a good one, though.

Hon. John McCallum: It's the end of the day.

Mr. Massimo Pacetti: He deserves to be heckled by all of you.

Hon. John McCallum: On the question of paraplegics, you say that you wish the government to renew the residential rehabilitation assistance program for persons with disabilities. That seems to be a core program, a core part of what your requirements are.

Mr. Bruce Drewett: Yes.

Hon. John McCallum: When does this program end if it is not renewed? And do you have any indication yet from the government as to the likelihood of renewing?

Mr. Bruce Drewett: I don't think we have received that indication. If anyone is able to enlighten us or clarify that, that would be great. But we certainly feel that its ongoing renewal is critical, and in fact, we are recommending that it be expanded, given the unmet need that exists.

I just want to say, on the poverty thing, that if the disability community had a 10% unemployment rate, I think it would die and go to heaven, actually. We have an unemployment rate of close to 50% in the disability community. I just want to respond to that particular piece, because it would be great for us if we could get even to 10%.

Hon. John McCallum: I don't think we can legislate that.

Mr. Bruce Drewett: No, but it is a wish on our part, that's for sure.

Hon. John McCallum: What is the renewal date?

Mr. Bruce Drewett: I'd have to look at that, to be quite honest with you. I don't have that particular date in hand, but I will get that. We can get that to the committee.

Hon. John McCallum: I have one last question for Mr. St. Denis.

You know, we've heard so many pressing demands because of poverty and the recession and so on. In terms of employment insurance, we have urged the 360-hour rule across the country, at least for the duration of the period of high unemployment. I would question you as to the priority of getting rid of the clawback, because the clawback is designed to take back EI benefits from people who have high incomes, correct?

Mr. Richard St. Denis: That's correct.

Hon. John McCallum: If you have high income from investment income or other sources, and if it's high enough, your EI benefit, or part of it, will be clawed back.

Mr. Richard St. Denis: That's correct.

Hon. John McCallum: Maybe it would be nice to get rid of it, but given all the other pressing, urgent social demands we're hearing about, I'm not sure that getting rid of the clawback from people who have high incomes would be at the top of my list of priorities.

Mr. Richard St. Denis: I'd like to address that, if I could.

When you buy house insurance and your house burns to the ground, the insurance company builds you a new house, regardless of how much money you have in the bank. When people put money into the unemployment system, which is collected by the government, it's in trust for them until they have a time of layoff.

I come from the auto industry, where we have long periods of downtime, and people end up collecting. When we get back to work, for the balance of the year you may end up making enough that you exceed the threshold. Because of that, come income tax time, people are faced with thousands of dollars of debt they owe the government, because they collected from a system they paid into. They shouldn't be penalized for that, when, if you look back over the last two years, the EI surplus has been about \$3 billion per year. That money belongs to the workers. If I lose my job tomorrow, why should I be penalized because I have a good-paying job? I don't think that's fair.

As for the two weeks of waiting time, that was initially put in place a long time ago by what was the Unemployment Insurance Commission. It was designed because when you lost your job today, tomorrow you went and stood in line, filled out forms, and handed them to somebody who had to process the paperwork. It took time to get you into the system. Today that's all been downloaded onto the worker. If you lose your job today, tomorrow you can go online and fill out your forms. You do all the work yourself. If you go into the unemployment office, you go to a computer and you do all the work yourself. You input it right into the system. So why are there two weeks when you have to go without any benefit? You're not allowed to work during that time.

• (1545)

Hon. John McCallum: I wasn't complaining about that point.

Mr. Richard St. Denis: Oh, okay. That was the other recommendation. I wanted to speak to both of them.

The Chair: Thank you, Mr. McCallum.

We'll go to Monsieur Laforest.

[Translation]

Mr. Jean-Yves Laforest: Good afternoon to all our guests.

My first question is for Mr. Drewett and Mr. Adair. You said that paraplegics or people with spinal chord injuries experience high levels of poverty. I think that you even said that it is higher than in the general population. Do you have statistics on that? How many paraplegics are living near or below the poverty line?

[English]

Mr. Bruce Drewett: Our experience in the disability community is that poverty rates more generally are at least twice as high as those in the average population. We do know that with the greater occurrence of aging there is a greater incidence of poverty given the minimized opportunities that people have at an older age.

For the younger generations, we are gradually seeing some increase in the prosperity of people who experience a spinal cord injury, but quite often it is many, many years out. I don't have a particular percentage in terms of that, but it's at least double what we would see for the regular population, with higher percentages experienced in the aging population with spinal cord injury.

[Translation]

Mr. Jean-Yves Laforest: I have no difficulty believing that. Paraplegics have a harder time getting jobs. I am sure that, to start with, access to training is limited.

When we were in Ottawa three or four weeks ago, we had a group before us advocating on behalf of people with disabilities. I asked a question about a comment I had heard over the summer when I met several people with disabilities in my constituency. They told me that the very fact of getting a job, should they get one, causes some reduction in the benefits to which they, as people with disabilities, are entitled. When they work, they apparently lose benefits.

Are you aware of situations like that?

[English]

Mr. Bruce Drewett: I think what the rules are around that depend on a province-by-province basis, as social assistance is quite often administered at the provincial level, but certainly in Ontario a person is given a particular threshold if they are receiving support through the Ontario disabilities support program. That may be in the order of \$900 to \$1,000 a month. Anything they make over that is typically clawed back. Certainly, trying to live on \$900 to \$1,000 a month in the GTA, for example, is virtually impossible these days.

To be sure, the whole incidence of clawback, based on exceeding a particular maximum and so on, is a problem in this province. I'm sure it's a problem in many other provinces as well.

• (1550)

[Translation]

Mr. Jean-Yves Laforest: Thank you.

My second question goes to Mr. St. Denis.

One of your proposals was to eliminate the two-week waiting period before employment insurance benefits are received. You also say that they should be paid much more quickly. I should tell you that those proposals are both in the plan that the Bloc Québécois has submitted to the government. The government asked the opposition parties to submit proposals. They have not yet been implemented.

As to the benefits being paid more quickly, we made the point that the employment insurance program should assume good faith on the part of people claiming benefits. Applications are examined afterwards anyway. If there are mistakes or applications that are not justified, someone asks for the benefits to be repaid. Do you agree with that reasoning?

[English]

Mr. Richard St. Denis: Yes. If people are abusing the system, I don't see any reason why they shouldn't be held accountable. However, for most of the claims, if the individual files the claim electronically, it's supported by an electronic filing from their employer, so the EI system has the ability to very quickly verify the information that's in the application prior to paying out the funds.

Also, even if there is a short delay in terms of verifying the claim, the argument is that it should be paid from day one even if there is a short delay. It shouldn't be that you have to put in two weeks with no paid benefits. They collect money off your paycheque from the very first dollar you make, so why is there that two-week window?

You can't work during that two weeks or they'll take it right off your cheque when you do finally get it. They're penalizing people if they work during those two weeks. So why not start the claim from the day the person is unemployed?

[Translation]

Mr. Jean-Yves Laforest: Thank you.

I have no further questions, Mr. Chair.

The Chair: Thank you, Mr. Laforest.

[English]

Mr. Dechert.

Mr. Bob Dechert: Thank you, Mr. Chair.

And ladies and gentlemen, thank you for your presentations and your suggestions. I find them informative and helpful.

Ms. Hewitt, I'm having a bit of difficulty understanding the optional legal structure that you're suggesting. I know there are currently non-share capital corporations available under the Canada Corporations Act, part II, I think it is. What is it about the legal structure you're requesting that's different from the current law?

Mrs. Allyson Hewitt: In the United Kingdom, they have what they call community interest companies. In the United States they have L3Cs, low-profit limited liability corporations. We've looked at both of these to see what they could do to increase access to capital for those engaged in social purpose work. Right now, if you're operating a charity or a non-profit, when you go to generate revenue there are limitations. Moreover, you can't get access to capital through equity investments. If you want to scale your operation, access to capital is restricted to things like donations. That's very challenging.

We're looking at impact. We want to help high-potential, high-impact organizations scale up through alternative legal structures.

Mr. Bob Dechert: In one of my previous lives, I was the chair of a charitable foundation. I remember the CFO of the foundation constantly reminding us that we were doing certain things that could be seen by Revenue Canada as being profitable, and that we had to scale those back or risk losing our charitable status. Where do you draw the line, though? That frustrated us. We couldn't get donations for certain events, but people would pay to come to them. If you made a profit from an event, or if you did too many of those events and made too much profit, then suddenly you crossed the line and became a profitable organization, at which point you'd lose your

charitable status. How do you balance that requirement? How do you open it up without having people abuse the system and turn what is essentially a for-profit business into a charity to avoid taxes?

• (1555)

Mrs. Allyson Hewitt: This is actually one of the barriers. There's a perception that it's interfering with for-profit. If you look at what they've done with the CIC model in the U.K. and with the L3C model in the U.S., you'll see that they've addressed this. They put provisions on things. There's an asset lock on the amount of profit you can make when you sell something. Ultimately, going back to my law school days, it's all about the reasonable man, and the test is whether or not there is an actual community benefit. We call it an embedded double or triple bottom line—a for-profit mission, a social mission, and/or an environmental mission. Looking at all those factors together, I think we can easily craft something that will work for the sector.

Mr. Bob Dechert: My next question is for both for the Registered Nurses' Association and for the VON. I want to thank you both for the services that your members provide. My mother received services from the VON that were very helpful, and I appreciate that. I know that millions of Canadians receive those same services.

Why aren't more students choosing to train as nurses? What can we do to encourage them? Secondly, what more can we do to help nurses who were trained abroad to have their qualifications and work experience recognized?

A few years ago, I was hospitalized with pneumonia. The nurse from the Philippines knew more than the doctor who was assigned to me. I was suspected of having tuberculosis. She told me that she came from the Philippines, where she had dealt with people with tuberculosis for 25 years, and that she knew I didn't have it. But the doctors had that on my chart.

I would like to hear your views.

Ms. Doris Grinspun: First, let me make a correction. There are actually more people who want to come into nursing than we can admit to the schools.

Mr. Bob Dechert: So we need more openings.

Ms. Doris Grinspun: This problem results from infrastructure issues, the need to fast-track faculty, the need to support clinical placements, etc. We are asking for the full support we need to increase nursing education as well as support for infrastructure and clinical placements. We're asking for \$135 million to support nursing education and \$250 million to support 10,000 additional full-time RN positions. This is not a lot, really. Doctors got way more.

The difficulty is to get the support we need to produce these people. They're ready to come. Schools simply cannot accept the many who are waiting. That's a good thing, because in the U.S. that's not the situation. So that's a good thing for Canada.

Mr. Bob Dechert: You don't need to encourage people; you simply have to make it easy for them to get—

Ms. Doris Grinspun: And then if we produce them, while we still should keep our borders open to those who individually choose to make this country their home—and you have two good examples with strong accents who have done so—we do oppose very strongly the active recruitment by either governments or employers going abroad and taking their nurses, or doctors for that matter.

Mr. Bob Dechert: Why is that?

Ms. Doris Grinspun: You gave the example of the Philippines. In the last few years, numerous hospitals have closed in Manila because they don't have enough nurses, even though they're known to produce nurses—

Mr. Bob Dechert: But those people voluntarily want to come.

Ms. Doris Grinspun: —and because it has been transformed into a business proposition—

Mr. Bob Dechert: I am sorry to cut you off, but may I ask you a question? When people get here who voluntarily choose to come here—

Ms. Doris Grinspun: That's absolutely—

Mr. Bob Dechert: —what do we need to do to make it easier for them to qualify to be nurses here?

Ms. Doris Grinspun: Reading programs, so they're not treated as second-class citizens. And they have entry, like people with disabilities, to full-time employment, to all the positions so there are no structural barriers to become, for example, administrators, deans. How many deans, both in nursing and otherwise, how many CEOs in hospitals do you know who don't look like most of us around this table, meaning white women or men? We do have many structural barriers in this country for people from diverse communities.

• (1600)

Mr. Bob Dechert: Ms. Shamian wants to make a quick comment.

Dr. Judith Shamian: My only comment would be that actually all of the governments, provincial and federal, have invested in internationally educated nurses and doctors over the last few years, and I think we need to evaluate how successful we are so we can do more of it in a more effective way. Some of it is working well, some is working less. It's been on the radar screen of many of the countries, and I support Doris' comment that we need to be careful. Voluntary is one thing. I am an immigrant to this country. You're an immigrant to this country.

Mr. Bob Dechert: No, I wasn't suggesting we actively recruit. I'm only saying, once they're here, how do we help them to qualify?

Ms. Doris Grinspun: We're on the same page. We have good examples. The CARE program is a good example for people who are already here. That's a good example, and we need to do more of that. We also need to do reading programs.

The Chair: Thank you very much.

We go to Mr. Pacetti, please.

Mr. Massimo Pacetti: Thank you, Mr. Chairman.

Thank you to the witnesses for appearing. It's a difficult task for us to put questions to all the groups, so I thank you for coming.

I have one quick question to the Canadian Paraplegic Association. The program you talk about, the residential rehabilitation assistance program, is that the one that was delivered through the social assistance—

Mr. Bruce Drewett: Yes, I believe that's true.

Mr. Massimo Pacetti: It had a limited amount of money, and most of it went to just one riding, is that correct? That's the one that went to Flaherty's riding.

Mr. Bruce Drewett: I can't answer that in terms of where the money was funnelled.

Mr. Massimo Pacetti: Not to be partisan, but because there was a very limited amount of money, there was only one area, in my understanding, that—

Mr. Bruce Drewett: That might be correct, but I can't say specifically.

Mr. Massimo Pacetti: The reason I'm asking is that there was a request also from my riding and they couldn't get any money. I'm only wondering how much money is needed to—

Mr. Bruce Drewett: We're looking at a far more general application of this program. As I say, based on our knowledge of the pent-up need that's out there, we're recommending that \$100 million be added to the expansion of that program.

Mr. Massimo Pacetti: That was only a temporary program, I believe.

Mr. Bruce Drewett: Yes, and that's why we're saying it needs to be renewed so that—

Mr. Massimo Pacetti: Not even renewed but—

Mr. Bruce Drewett: —it becomes more of a permanent type of program and is able to meet that need that is clearly not being met.

Mr. Massimo Pacetti: Is that your only request? I would imagine you would have other requests.

Mr. Bruce Drewett: We're looking in there, as I say. Obviously a number of federal and provincial agreements have been, to say the least, tenuous in terms of their renewals, certainly in the province of Ontario among others.

The other thing we are certainly looking for is more of a stated commitment that where there are federal investments being made into affordable housing programs, we're looking for a specific percentage of those housing units to be made accessible.

Mr. Massimo Pacetti: Besides housing, are there no specific medical—

Mr. Bruce Drewett: There's a whole variety of issues out there. We're focusing today on housing, because we can't address everything out there, but to suggest that somebody could live in housing without the types of health supports that are needed to keep one in one's unit on a day-to-day basis would obviously—

Mr. Massimo Pacetti: That's what I wanted to know. Thank you.

I want to get to the Social Innovation Generation, Ms. Hewitt. I'm from Quebec, and I'm surprised you didn't use any examples. Quebec is way ahead.

Mrs. Allyson Hewitt: Absolutely.

Mr. Massimo Pacetti: Actually you're one of the only groups that have come forward because our theme was on sustainable future and social economy. So you're one of the groups that we were looking forward to hearing from.

I'm disappointed, I guess, that you haven't looked at the Quebec model. We fund a lot of these organizations. In your brief you're asking for other departments or agencies to be formed in order for this money to be transferred, but the federal government can do it through regional agencies. I understand there's no regional agency here in the Toronto area, but what happens in Quebec is that the regional agency transfers money to the local development agencies and they decide how to distribute the money.

In my riding there have been tons of examples of where it has worked. They've done recycling of bicycle parts—that's the latest one. I was at an opening two weeks ago. We've done all kinds of projects, whether it be just hiring local people for local restaurants—you name it—or anything that needs to be done from a local perspective or services that need to be delivered. There's a cohesiveness done through either the non-profit organizations with schools or CEGEPs that we have in Quebec. So there's a good model to be used there. There is a lack of funding, because you need somebody to be there on a full-time basis or you need somebody to be there in at least a supervisory role.

I don't know whether you've looked at those. I'd like you to comment on that.

• (1605)

Mrs. Allyson Hewitt: Quebec is absolutely a model. What we were talking about here is some federal legislation, which is why I didn't address Quebec. Before I came to this session, I just presented with someone from Quebec on the social economy, writ large, and how effective that is, and the kind of funding that has been made available to social purpose groups to actually make a difference. There's a whole cultural issue, from co-op movements all the way through, and an understanding of the social economy in a much different way.

So absolutely, it's a model and absolutely we use it. I just didn't—

Mr. Massimo Pacetti: Yes, actually you just made a good point. We were in Winnipeg yesterday and we went to a credit union, and they explained to us their involvement in the community. They also finance some of those projects through the credit unions they manage.

Mrs. Allyson Hewitt: Well, Desjardins is a leader, for example, in this area—

Mr. Massimo Pacetti: Yes, but Winnipeg is also big on the credit unions.

The Chair: We have another round coming up.

Mr. Massimo Pacetti: John is going to take over the rest. Thank you, Mr. Chairman.

I'm sorry, very quickly, this is for the Canadian National Institute for the Blind. Aren't most of your documents and literature now being transferred to an electronic model so that there's voice translation available?

Mr. Christopher McLean: If you're talking about commercial production—

Mr. Massimo Pacetti: I'm not sure. My understanding is that you can now go on the Internet and actually get a book and somebody can actually read it to you.

Mr. Christopher McLean: For the most part, no. Only about 5% of the material you would get through a library is available in alternative formats.

Mr. Massimo Pacetti: So wouldn't it be better to just get it on an electronic format rather than translated to print?

Mr. Christopher McLean: That actually is something that we've been negotiating. However, publishers are very hesitant to make their material available in an alternative format. I think it's mostly out of fear that the same thing would happen to their industry that has happened to the music industry.

The Chair: Thank you.

We'll go to Mr. Wallace, please.

Mr. Mike Wallace: Thank you, Mr. Chair.

Thank you for joining us today. I only have a few questions and I only have five minutes anyway.

I am going to ask Mr. Denis a question. I appreciate what you have put in front of us today. Obviously, based on your answer, you have thought the issues through very well and gave what I thought were reasonable answers. Understanding that it's an insurance program, and regardless of what your situation is, if you pay an insurance fee you should get the benefit that you thought you were getting.

I personally think we should be more proactive as a federal government in making sure there's a mobility of labour so that you go where the jobs are. Now, my family has been in Canada for many generations, but my in-laws came from Italy for work. They made a big move. I'm just looking forward to seeing if you or your colleagues have been thinking about the question of whether the federal government has a role that it's not playing now in making sure that if jobs aren't available in Windsor, they might be available in Winnipeg. Should that be our role or not? If it is, do you have any ideas on what we should be doing?

Mr. Richard St. Denis: I know of people personally who have moved for employment. I know some people who have gone out west. I know some people who left Windsor because we've lost plants, who have transferred up to Brampton, for example, because there's employment there.

Certainly in terms of supporting people who are looking for employment, I think that's a good thing. And if there's some sort of credit that you could provide to them to allow them to move so that they can find work, that's a good thing.

The problem we have in Windsor is 15% unemployment, so if we could get to 10%, that would be a good thing. Right now, we have an unemployment rate of between 14% and 15%, and the people there are looking for work, but there is just no work for them to find.

In our industry, part of that is because of the loss of the Auto Pact, and now we have all the foreign imports coming over—but that's another issue completely. I'm here specifically for the people who are unemployed, who are running out of options in terms of trying to find a job. There are just no jobs available in Windsor. So moving is certainly a good thing, but if you lose your job, why should you have to wait five or six weeks before you see any money? You're not going to move right away.

•(1610)

Mr. Mike Wallace: I understand your arguments on EI. I think you made some decent arguments and you've obviously thought it through. I just don't know whether, based on your discussion with your colleagues, moving to where there might be employment is an option. If it's something you're forced to do, is there something we should be doing to help encourage that?

There are parts of Canada that may not be as lucrative as they were at one time, such as Saskatchewan and parts of Manitoba. Alberta was at one time, but now unemployment is high there. But I appreciate your position.

Ms. Hewitt, I have a question for you. I'm a little confused about the structure. I don't want the details, but I want to know why. Is this new corporate structure that would be in the tax act to help not-for-profits?

I was on the board of the Burlington Arts Centre. They have a store, and it helps fund their cause.

Are we trying to help not-for-profits? Are we trying to find entrepreneurs? We had Mark Chamberlain here earlier, who's definitely a business guy, but he has a social conscience that he wants to do some things with.

Who are we targeting, and why do we need it? What's the end goal?

Mrs. Allyson Hewitt: Ultimately, if you look at the spectrum, you'll see that charities historically didn't generate any income, and then you had for-profits that didn't give anything back to the community. We're putting pressure on both sides of that, so now you have things such as corporate social responsibility and income-generating non-profits. Our sweet spot is ultimately in the middle with this embedded double- or triple-bottom line.

What we're trying to do is put some pressure on the middle, but we need to create a new legal structure that exists in the middle. There isn't anything there right now.

Mr. Mike Wallace: Are you putting that pressure there because those two things are having a hard time surviving? Is that the issue?

Mrs. Allyson Hewitt: We're putting pressure on them because we think it's the right thing to do, from a sustainability point of view, both economically and for the environment, and for social issues and to encourage innovation. If we can get people to use the brain power that's currently in the private sector and the passionate brain power that's currently in the non-profit sector—you can tell where I come from—we can have people make money and make a difference. We're trying to encourage that. Right now, access to capital is a critical issue right along the spectrum.

There's this whole thing called impact investing. We used to go to ethical funds; that was a big movement. Now this is almost the next level of that.

Mr. Mike Wallace: The person providing the capital, in your model, would still expect a rate of return. It just might not be quite as high because they're giving a social benefit. Is that it?

Mrs. Allyson Hewitt: Correct. Perfect.

Mr. Mike Wallace: Thank you very much.

The Chair: Thank you, Mr. Wallace.

We'll go to Mr. McKay.

Hon. John McKay: Ms. Hewitt, you seem to be quite popular today. Mr. Dechert and Mr. McCallum anticipated some of my questions.

My line of questioning has to do with unintended consequences. I just finished a book called *Dead Aid*, which is an analysis of aid in Africa for the last number of years. Arguably, billions of dollars have been poured into Africa to no discernable consequence, for the best of reasons, and with good people.

One of the points the author makes is that when we buy bed nets and send them over for Mr. Dechert's tuberculosis, we actually put Africans out of business.

Dr. Judith Shamian: It's malaria.

Hon. John McKay: Is it malaria? Okay.

With respect to unintended consequences, you used the example of the Phoenix project. If I were a print shop in the neighbourhood, I'd be a little upset that there is an enterprise that gets government funding and I have to compete with it. You'd start to hear the same complaining that, say, CTV and Global do with CBC. Tell me how you deal with that criticism.

•(1615)

Mrs. Allyson Hewitt: If you look at it who's being "employed" by Eva's Phoenix, they are marginalized homeless youth. We either keep them in a shelter system and they go on to prisons, go on to be a drain on the system, or we give them real skills.

The print shop down the street is not going to hire them; they're not set up to hire them. They don't have social workers or other kinds of folks on staff. The cost of running a business like Eva's print shop is way more than running a traditional business because they have this double or triple bottom line that's embedded into what they do. If we're committed to giving these kids employment opportunities and moving them off the system, then we have to look at it in that way.

Hon. John McKay: I buy that argument, but if I'm the fellow down the street, Eva's print shop is eating my lunch. What do you say to the person who is competing with Eva's print shop?

Mrs. Allyson Hewitt: I talked about the spectrum. I could offer them the other end of it, which is that if they are a for-profit business I want to set up systems that would encourage them to hire those youths so they're mainstreaming them. Competitive business has to be prepared to take on these marginalized youths and the additional cost it takes for just getting them to show up every day. If they are prepared to do that, then we could look at providing tax incentives or other opportunities for them along that spectrum.

Right now they're trying to run a business and they're trying to bring in the best and the brightest. These kids are being left behind. If you see it on a continuum, I think we could look at opportunities that way.

Hon. John McKay: That's a good thought. I appreciate your response; it's a very thoughtful way to respond.

Mr. Drewett, we had a presentation earlier today with respect to disability tax credits, both deductions and credits. It had to do with small and medium-sized enterprises that may or may not want to make their facility accessible, but if you had a credit or a deduction of some kind they might be encouraged to do so. What's your reaction to that?

Mr. Bruce Drewett: I think that accessibility in the built environment continues to be one of the largest barriers experienced by our population, to be sure. They are clearly affected most by the physical environment, unlike some other disability groups.

When you consider that a person who has experienced a spinal cord injury costs society \$2 million over a lifetime and that we have an unemployment rate approaching 50% at times, I think any type of incentive like a disability tax credit in order to incent employers to allow people to get into their place of work and so on is important.

It's often not the training and things like that. Quite often people have the training. As I say, it could be any of you around the table. You're all fully employable, obviously, and you have lots of skills and talents and so on. It's not that. But if all of a sudden you ended up using a chair because you broke your neck or back or whatever, your life would change. What you're considered able to do today and what you're given the opportunity to do tomorrow would be entirely different. But what has changed? Nothing about your ability other than getting into an accessible work environment.

The Chair: You have 30 seconds, Mr. McKay.

Hon. John McKay: I too want to thank VON for its contribution. In my family it was for my father. We appreciated everything you did for our family.

I want to ask one brief question about this Infoway. You want \$100 million out of the \$500 million for the Canada Health Infoway.

As you know, in Ontario things are in a bit of mess around electronic—

Voices: Oh, oh!

Hon. John McKay: Tell me how we can ask for more money from the taxpayer while simultaneously dealing with a billion dollar mess?

Dr. Judith Shamian: Here's the rub. I wouldn't worry about Ontario. The federal government has not flowed the half billion dollars that it promised the Health Infoway, so let's look into our own courtyard as it relates to this table.

While there are issues in e-health, and some of us are more aware of it than others, it doesn't take away from the concept that we're falling behind Europeans and others in a big way. We're talking about wanting to be a productive, successful country, and we are just not doing it. The further we move along, we will save costs and we will definitely improve the well-being of Canadians. The challenge is that most of the investments and the conversations are around physicians' offices—and we've poured billions into it so far—and in some pharma systems in B.C. and others.

We forget that in order to get full benefit we need a continuum of care. That's why we're saying we realize there isn't a lot of new money, but let's reprofile some money to do the home care and the community care component so we can get the full picture on whether this person can go back to their home or has to stay in the bed for another six months until a long-term care bed becomes available.

Now I will shut up.

• (1620)

The Chair: Thank you very much.

We'll go now to Mr. Menzies.

Mr. Ted Menzies: Thank you, Mr. Chair, and thank you again to all of our witnesses.

Once again, we face too many questions and not enough time.

Very quickly, to CNIB, I've been a Lion for 36 years, and Lions Clubs are strong supporters of CNIB, so we've worked very closely with our local and regional CNIB. You guys do great work.

In terms of a vision health plan, can you elaborate on that?

Mr. Christopher McLean: Yes, that sort of fell off the back of my presentation because of the five-minute limit.

Mr. Ted Menzies: Well, I want to hear more about it, if I can.

Mr. Christopher McLean: We're doing preliminary work. In the last year we commissioned a considerable study with the Canadian Ophthalmological Society on the costs of blindness, and it replicated some methodology that was used in the United States and Australia, where there were much better data about the costs of vision loss. Using that methodology, we found that the cost to Canada for blindness is about \$15 billion every year. About \$8 billion of that is direct medical costs, and another \$6 billion to \$7 billion is the personal and human cost of persons with vision loss. That's obviously quite a big number.

What Canada lacks is a coordinated, integrated approach to vision health. There's no real activity going on other than what CNIB is doing with some volunteer doctors and what not. There are no real activities to put the ophthalmologists together with the optometrists, with rehab centres, with employment strategies, and integrate those with provincial strategies and the federal government.

It's not really a new idea. The Canadian government actually showed a lot of leadership in 2006, with the World Health Organization, in endorsing just such a plan, but it really has not gone anywhere since then. So we are going to start talking to governments a little more actively in the next few years about provincial and federal roles in bringing all these groups together to talk about how health care integrates with employment, integrates with rehabilitation, and start lowering the cost of blindness in Canada.

Mr. Ted Menzies: That's interesting, and I wish you luck with that. We've recently had a friend diagnosed with wet macular degeneration.

Mr. Christopher McLean: Yes, it's very common.

Mr. Ted Menzies: I didn't know there was wet and dry. There are a lot of issues out there that we don't understand.

To Mr. Drewett and Mr. Adair, forgive me if I put a little plug in for rural Canada. We had a gentleman who was in a car accident just about a year ago now, and he ended up a paraplegic. The community got together and raised enough money to build him a completely new home that's disability friendly.

Mr. Bruce Drewett: Absolutely.

Mr. Ted Menzies: Not everybody has that advantage, so I hear what you're saying. I'll argue that's one big reason to live in rural Canada. They pull together when someone is impacted by that.

We put the \$75 million in—all of our stimulus money, short-term, temporary, targeted. This is a big investment, but I guess you have pretty solid figures to argue why we need to invest in that because of the lost productivity, if you will—and that's probably far too commercial a term to put on it.

Mr. Bruce Drewett: Absolutely, and in terms of lost productivity, consider that at least 15% of the population has some type of disability, depending on the statistics you look at.

Also, when you look at investment through social assistance and other government supports to help people maintain their lives, despite the fact that they are able and want to work and so on, I think we are missing out on a really big opportunity to have people become more active participants in the workplace. They want to be

taxpayers and ultimately give back to society, but the unfortunate part is that they're not often given the chance to do so.

• (1625)

Mr. Ted Menzies: We have a real role model who has joined us in the House of Commons.

Mr. Bruce Drewett: We know. Absolutely. We work with him.

Mr. Ted Menzies: It was a wake-up call for us to realize that even in the House of Commons we had so many committee rooms and so many buildings that were not accessible.

Mr. Bruce Drewett: Back in May, we did an event on the Hill through CPA in which we had a number of MPs using a wheelchair for a day, and believe me, it was quite an experience for everyone. I think they'd had a bit of an idea of how challenging it was, but they had no idea, even within their own House, how difficult it was.

Mr. Ted Menzies: I think we had a couple come to committee that way.

Mr. Bruce Drewett: We're planning on doing the same type of event next spring. We hope all of you participate. It's a real eye-opener for everyone.

Mr. Ted Menzies: Thank you.

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

We're almost out of time, but I do want to follow up on a couple of issues.

First of all, with respect to Ms. Hewitt, there's a lot of interest in your idea. Sean Moore has talked to me a lot about this. I think you sense that there's a real openness to the concept, but there still is sort of a grasping as to what the exact corporate structure would be and what the implications would be.

I think one of the things that may help is if you actually list a series of examples as to what exactly you're talking about and then address the concern about the unintended consequences of competing with a small business down the street. I'm ashamed to say that I can't remember the name, but there's the example of a restaurant in Edmonton's city hall that has homeless kids working there, and I think that's exactly what you're talking about.

But there's one question I would have. You talked about access to capital, so can you expand on why these enterprises would need access to capital? What would they use it for? Are they looking to expand? If so, in what way?

Mrs. Allyson Hewitt: It really is. It's about impact. So if they're doing a great job.... My job, writ large, is about social innovation, so if we looked at this group and said that they're really doing great work, they've figured it out, and they've got it, we would want to expand that.

The Chair: Basically it's a way of expanding without going back to the provincial, federal, or municipal levels of government for funding. Is that a fair statement?

Mrs. Allyson Hewitt: Yes. I really used to be a little bit pie in the sky, but I actually want them to have access to a variety of forms of capital. If charitable dollars are available and people want to bring them in, that's fine, but they should also have the opportunity to get access to capital to scale if they're particularly impactful in addressing the social challenges that we're facing.

The Chair: Would this also work well with the changes the government made in 2006 with respect to donations of securities and not paying capital gains tax on them?

Mrs. Allyson Hewitt: Yes. That's one of the areas.

The Chair: Okay.

We've heard a lot at this committee about employment insurance, an awful lot, and I wanted to follow up on it. It's a very dynamic political debate right now in Ottawa. Obviously there have been some changes made, but it's a real challenge.

The government has made some changes, but you're right to point this out, because certainly there are cases like this one that I've heard of. A woman has worked for 25 or 30 years for a company. She started when she was 20, is now 55, and has never accessed EI in her entire life. So she'll say she needs a longer period to make that huge adjustment at this time. She feels that she's paid into it for all those years, but then she gets short shrift.

The challenge is this: do we want to make it a program where it's almost individualized? She would pay in for 25 years and then draw down on that so that it's a true full insurance program. Is that what you're hinting at for longer-term workers? That's what one of the gentlemen on the previous panel seemed to be hinting at, but the implication of this is that people in those regions where they need it more obviously would suffer somewhat, comparatively.

So it's a very tough policy question, but when she phones my office and says this is unfair, it's very hard for me to disagree with her.

• (1630)

Mr. Richard St. Denis: Oh, I agree. Certainly the length of the benefits should be looked at, maybe not on an individualized basis but as more of a long-term kind of thing, because you only look back for a very short period of time to determine how long their benefits are going to be. And if there are people who have had access to it several times over a short period of time, then maybe their next claim should be a little bit shorter. And for somebody who has paid into it for 25 years and has never collected anything and is now 55 years old and having a difficult time finding employment, if the rules could be changed in that kind of a situation it would certainly help.

One thing I do want to point out, which I didn't mention earlier, is that I don't think we really need to find another dime of new money, because in the last two years the surplus in the account, which was paid by the employees and the employers, was \$3.3 billion in 2007

and \$2.835 billion in 2008. That is workers' and employers' money that was put into that fund to support these people when they lost their work. So we're not asking you to come up with new funds from anywhere. The money is already there. It has already been put aside by the workers, and now when they need it they should be given that support.

The Chair: I appreciate that, and that will continue to be a very dynamic debate.

The last point I want to mention—if you want to react to this—is that we have a buyer/seller forum every March in Edmonton, and the effort there includes every province, every territory, six U.S. states, and five countries. We're having some employment challenges now in Alberta, but the view there was not for everybody to move to Alberta; the view there was to move the work out of Alberta to sort of get the supply chain working, especially across the country. I had colleagues from Peterborough and St. Catharines come. Now, 18 companies from Peterborough are accessing contracts from the province of Alberta. So this is not people uprooting and moving; it's sort of uprooting the work and moving it over here. I think that's something we should certainly look at.

I don't know if you or your union have looked at that in terms of areas of very high regional unemployment, like Windsor, and how they can partner with areas even like my home riding of Edmonton—Leduc in doing the work here but forming those partnerships back and forth. It's something you should encourage both your union and your regional economic development agency to look at.

Mr. Richard St. Denis: Actually, we have been looking at that. We have a community representative from the CAW working in Windsor, working with Sandra Papatello and her office. I know we're talking federal-provincial here.

The Chair: She was here.

Mr. Richard St. Denis: But they're actually moving a facility into what used to be a facility in Windsor that closed down. They're going to be making wind turbines, so they're going to be creating 200 jobs in Windsor. They're bringing that work down to Windsor because of the high unemployment in Windsor, where those jobs didn't exist before. So as for creating the work in areas where there is higher unemployment, there are efforts being made to do that now.

The Chair: I want to thank you.

I'm out of time. I cut everybody else off, so I'm going to cut myself off.

I want to thank you all for being with us here this afternoon. It was a very interesting panel discussion.

Colleagues, we will see you first thing tomorrow morning.

Mr. Richard St. Denis: At 9:30.

The Chair: At 9:30.

The meeting is adjourned.

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