House of Commons
CANADA

Standing Committee on Finance

FINA • NUMBER 055 • 2nd SESSION • 40th PARLIAMENT

EVIDENCE

Monday, October 26, 2009

Chair

Mr. James Rajotte

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● (1530)

[*English*]

The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)): I call to order the 55th meeting of the Standing Committee on Finance, continuing our pre-budget consultations in Ottawa.

This afternoon we have two panels of an hour and a half each. We have eight organizations per panel, so there are a lot of witnesses to hear from and a lot of discussion.

I'll read the organizations in order of presentation to the committee.

We have with us this afternoon the Canadian Public Works Association, the Canadian Museums Association, the Canadian Institute of Chartered Accountants, the Canadian Library Association, the Canadian Home Builders' Association, the Canadian Bankers Association, the Canadian Centre for Policy Alternatives, and ParticipAction.

Welcome to all of you. Thank you very much for being here with us.

Each organization has a maximum of five minutes for opening statements.

We'll start with the Canadian Public Works Association.

Mr. Gary Losier (President, Canadian Public Works Association): Thank you, Mr. Chair.

I'm Gary Losier, president of the Canadian Public Works Association. The CPWA was established in 1986 as a national voice for the Canadian public works community. Our members are drawn from across Canada and encompass all disciplines of public works.

As you know, public works is the backbone that helps make our communities safe, healthy, sustainable places in which to live, work, play, and invest. Public works includes the obvious, from waste water treatment to roads to mass transit, and the less obvious, such as traffic signals, utility systems, snow removal, waste removal, recycling programs, and parks.

Our presentation today will focus on two topics. First is our recommendation for funding for the National Round Table for Sustainable Infrastructure. Second, and in accordance with the committee's request, we will provide feedback on the effectiveness of the government's infrastructure stimulus fund and suggest some enhancements moving forward.

Recent governments deserve credit for the considerable investment being made to Canada's infrastructure deficit. This is a move in the right direction. With tens of billions at stake, we along with many other infrastructure stakeholders believe that investment ought to be maximized. The National Round Table for Sustainable Infrastructure helps to achieve value for taxpayers' dollars. Begun in 2003, the NRTSI is a forum comprising leading infrastructure authorities from across Canada, all levels of government, and first nations. NRTSI is not a policy-making body. Rather, its work provides industry and governments with access to a one-stop shop for analysis, research, and consolidated opinion from a broad range of infrastructure experts unmatched elsewhere.

The federal government has provided a direct, short-term contribution towards the round table's activities, a clear indication that it sees value in the NRTSI format. However, beyond this initial commitment, no assurances have been provided for the NRTSI despite its valuable work to address capacity issues surrounding small community infrastructure, to explore infrastructure financing solutions such as public-private partnerships, and to develop consistent structures for use by the various professions and jurisdictions that are responsible for aspects of asset management.

NRTSI members have made financial and human resource commitments, and we feel there's a role for the federal government to complement these contributions to assist in setting up a management office and hire permanent staff. The upfront cost to the federal government would amount to $1.5 million per annum for the first three years, diminishing to $750,000 per year in years four and five. The reduced federal contribution for the final two years of the five-year plan would be offset by anticipated contributions from the provinces, territories, and municipalities.

Let's quickly talk about the infrastructure spending announced in budget 2009 that formed the cornerstone of the federal government's economic action plan. In many instances, it was our members who worked directly with municipal councils in completing the applications for stimulus funds.

In response to the finance committee's pre-budget study, the CPWA has surveyed its membership about the effectiveness of the infrastructure stimulus fund, the $4-billion two-year fund announced in the budget. Our members were asked to comment on government communications, the accessibility and user-friendliness of the application process, the funding specifications of the various stimulus funds, and the speed with which the money has been disbursed.

I will start first with a positive. More than 60% of members felt that the provision for matching funding did not complicate the process and was based on sound rationale. Criticism of the program focused on the short timeline for completing projects. We were pleased that the government decided not to proceed with clawback provisions initially planned under the ISF for projects not completed by March 31, 2011. However, in some instances work has not proceeded because paperwork and agreements to initiate work have not been received in a timely manner.

Recently Atlantic mayors and FCM called for an extension of two construction seasons, and we support that recommendation. The federal government has done a commendable job in moving quickly, but it should not punish the applicants by strict interpretations of the March 31, 2011, date for ISF-funded projects.

● (1535)

A longer funding horizon for projects that were delayed due to circumstances beyond their control is good policy at no additional cost to taxpayers.

Thank you very much.

The Chair: Thank you very much for your presentation.

We'll now hear from the Canadian Museums Association.

Mr. John McAvity (Executive Director, Canadian Museums Association): Thank you very much, Mr. Chair.

My name's John McAvity. I'm the executive director.

I have a handout, available in both English and French, that would supplement my comments.

We're very pleased to be here today. Thank you very much for the invitation.

As stated in our brief, we have two recommendations for you to consider.

I'd like to start off by saying, right off the top, that we understand the myriad of spending requests that will be coming before this committee in this process, and this at the very time when Canada is just emerging from a recession and is facing a deficit. As a result, our recommendations, which have been scaled back, are, we believe, modest and practical.

We're very often asked why museums cannot be more self-supporting. I'd like to address this right at the beginning. Far from viewing government as a cure-all, museums view government as a foundation upon which to build. Museums are working very hard at becoming more financially self-sufficient. They've been achieving significant results. We have reduced reliance on governments significantly over the past decade.

Today, museums earn about a third of their revenue from earned sources, including entry fees, admissions, memberships, store sales, etc., and we want to continue this trend. Fundraising activities are up 23%. We are also focusing on increased private sector donations. This is a point I'd like to address in a minute.

We have two key recommendations for you, both, again, modest and practical, which will enable Canadian museums to continue to contribute to the economic and social fabric of our communities, large and small, east to west.

Our first recommendation is that the museums assistance program, administered by the Department of Canadian Heritage and currently under review, be updated to reflect the context in which museums operate today with a revised policy and program design, including program administration and an annual budget of $20 million, increased from the current level of $6.7 million.

This program, MAP, supports travelling exhibitions, outreach activities, improvements in museum management, and aboriginal heritage initiatives. The program's budget is $6.7 million per year, which is in fact less than it was when it started in 1972. Funding is primarily available for short-term one-year projects and is often delayed due to heavy administration. It is our view that MAP's budget and overall policy framework have not kept pace with the growth and the success of the Canadian museum sector.

The museums assistance program, as I mentioned, is undergoing a summative evaluation, with the renewed program set to launch in April 2010. We support this comprehensive review and call for a revitalization of the program, including revised and updated objectives, streamlined delivery, access to multi-year support, and an overall increase in its spending authority.

The second recommendation we bring to you is that the federal government invest annually in a five-year initiative, which we call the “Canadians Supporting Their Museums Fund”. The objective is to encourage greater private sector contributions, individual and corporate, to museums. Despite having a healthy tax environment in Canada for philanthropy and despite a reduction in both taxes of individuals and corporations in recent years, museums lag behind other charities when it comes to private support. Currently, museum donations represent only 9% of the museums' operating budgets. In the United States it is closer to 40%. To be sure, the recession is part of this cause, but it has existed beforehand.

Canadians need to be encouraged to become more active supporters of heritage, and a program like the one we're proposing, where private financial donations to museums would be matched dollar for dollar, where $1 effectively becomes $2, is the way to do it. I should mention that the Department of Canadian Heritage does have a similar program for endowments, but it is only available to performing arts companies. Museums are not eligible.

We believe it is time to build a special program for museums that meets their needs and increases their self-reliance. It is important to stress to you that we see this as a short-term program to leverage private donations to help our sector become more self-sufficient.

● (1540)

I'd like to conclude with a word about the recession, the transforming nature of jobs in Canada and around the world, and why the government ought to consider investment in the cultural sector for job retraining and development of new skills.

The Conference Board of Canada pegged the cultural sector's contribution at $84.6 billion per year. This recession has signalled profound changes in the Canadian economy, and as we emerge from it, the jobs of tomorrow are going to look very different from the jobs of today.

Creativity, research, innovation are going to be the drivers of the new economy in Canada, and jobs that emphasize this are going to propel us forward. Jobs in culture offer stimulating opportunities to develop new skills for those in transition. Jobs in culture cultivate creative minds. They are creative incubators for retraining those in the unemployment ranks. We urge the government to invest in such a program.

Thank you very much.

The Chair: Thank you very much.

We'll now hear from the Canadian Institute of Chartered Accountants.

Mr. Bruce Flexman (Chair, Tax Policy Committee, Canadian Institute of Chartered Accountants): Good afternoon.

I am Bruce Flexman, chair of the CICA tax policy committee. On behalf Canada's 75,000 chartered accountants, I thank you, Chairman, for the opportunity to appear before your committee.

In my remarks today I will highlight our views on the federal tax and program spending measures needed to ensure prosperity and a sustainable future for Canadians. Although there are encouraging signs that Canada is expected to return to economic growth, the country continues to operate in uncertain fiscal times.

As outlined last month, the country's fiscal position is now forecast to be weaker than projected in the 2009 budget. It is essential that the next budget include measures aimed at creating wealth, boosting job creation, and facilitating capital mobility, and that strong controls be placed on program spending. In doing so, there's no question that the government faces a difficult balancing act.

Let me make the case for corporate income tax reductions. We continue to believe that our tax system should create wealth and enable individuals to maintain a relatively high standard of living. Central to this is the need to further reduce corporate income taxes. There are solid reasons for doing so. Studies show that taxes on capital investments have the most profound effect on our productivity. Evidence also shows that an increase in the tax burden placed on capital investment substantially reduces the income paid to workers when business productivity is impaired. Finance Canada's research acknowledges that lower corporate income taxes result in increased business investment.

We note that Canada has made important progress in reducing corporate taxes, and we applaud the government's goal of establishing the lowest marginal effective tax rate on new business investment in the G-7 by 2010. We also welcome recent announcements that Ontario and British Columbia will adopt a harmonized sales tax and that the federal government will provide funding to these provinces to support the transition.

We urge the government to stay the course in reducing the corporate income tax rate to 15% by 2012. Canada simply cannot afford to abandon the progress that has been made in reducing corporate taxes.

At the same time, we can't afford to stand still while competing. Countries make continued progress in reducing their corporate taxes. A recent report by the C.D. Howe Institute acknowledges that tax changes planned by federal and provincial governments in Canada will result in our marginal effective tax rate falling to 18.9% by 2013, bringing Canada close to the average rate among 80 countries worldwide. However, it also cautions that in a changing world it is unrealistic to assume that other countries will not reform their corporate taxes.

Further business tax reductions must be undertaken in order to truly drive wealth creation, increase prosperity in Canada, and allow profitable companies to grow and prosper—those that are often in the best position to expand and compete internationally.

As finances improve, we urge the government to reduce the corporate tax rate to the small business level. We also urge the adoption of recommendations contained in the report of the Advisory Panel on Canada’s System of International Taxation aimed at ensuring that Canada is better able to compete globally.

Canada must also stay attuned to the personal income tax burden placed on Canadians in order to stay competitive and to attract and retain human capital. We believe a closer look is needed at the personal income taxes paid by those earning between $80,000 and $150,000.

There are two additional measures that we believe should be considered to boost investment in Canada. In order to ensure they act as incentives to investment, tax depreciation or capital cost allowance rates should be continuously adjusted to line up with the true economic value of the asset. Under the SR and ED program, the scientific research and experimental development program, investment tax credits are fully refundable only for smaller companies. We urge the government to make credits available for all claimants.

I also want to comment on program spending restraint. The government has now confirmed a deficit for 2008-09 of $5.8 billion, and it is projecting that the deficit this year will be $55.9 billion, numbers that are significantly larger than those projected only months ago. Deficits are now expected to continue until 2015.

● (1545)

Amid a global financial crisis, it is understandable that the government has embarked on an infrastructure stimulus spending program. The challenge is to ensure that the deficits that will result from this are temporary.

We also believe a framework should be established under which overall program spending does not rise at a rate faster than the rate of inflation, adjusted for population growth.

In conclusion, we believe economic prosperity and sustainability are best achieved through future income tax measures that create wealth, boost job creation, and facilitate both capital mobility and corporate liquidity. At the same time, strict control on program spending is needed to avoid structural deficits and allow further corporate tax reductions, as is the elimination of the deficit over the medium term.

Mr. Chairman, this concludes our comments. Thank you for the opportunity today.

The Chair: Thank you very much.

We'll now hear from the Canadian Library Association.

Mrs. Kelly Moore (Executive Director, Canadian Library Association): Thank you, Mr. Chair.

Good afternoon. My name is Kelly Moore. I'm the executive director of the Canadian Library Association.

With me is Jan Harder, a member of CLA's executive council and president of the Canadian Library Trustees Association.

We appreciate this opportunity to meet with you in the context of your 2009 pre-budget consultation.

The Canadian Library Association is Canada's largest national, broad-based library association, representing the interests of public, academic, school and special libraries, as well as professional librarians, library workers, and library trustees.

Sustainable investments in libraries pay long-term dividends in having economically stronger and more socially inclusive communities. We would like to briefly highlight three critical issues for the library community as they relate to federal spending and taxation policy.

● (1550)

Ms. Jan Harder (Executive Council Member, Canadian Library Association): The first issue is public library infrastructure. Public libraries are in vital need of further investment to build and/or upgrade their infrastructure, and this need is essential for three reasons: one, to incorporate the latest information and communications technologies for library users; two, to increase access to the physically disabled; and three, to become more energy efficient.

Canadians know they can get the information services and assistance they need from their public library. Public libraries are beneficial not only for entertainment and leisure purposes, but they also provide essential resources to help stimulate Canada's national economy.

As the demand for library services and resources continues to rise, essential programs are in extreme danger of being cut due to lack of funding. The library community acknowledges and appreciates recent federal initiatives that support libraries. For example, budget 2009 provided a targeted two-year fund of $60 million to support infrastructure-related costs for local and community cultural and heritage institutions, including libraries. In addition, a selection of public libraries has benefited from the $4-billion infrastructure stimulus fund.

These short-term initiatives demonstrate that progress is being made, but there is much more to be done. Canada still lacks a long-term, sustainable approach to public library infrastructure investment.

Mrs. Kelly Moore: The second issue we would like to discuss is the library book rate, a Canada Post service that, since 1939, has provided a reduced rate for mailing library books both between libraries and from libraries to their users. With over 2,000 libraries actively using the library book rate and more than one million Canadians benefiting from it annually, the library book rate is an indispensable part of the service delivered by Canada's libraries. This rate supports and encourages the sharing of taxpayer-funded library books in Canada. At relatively little cost, it acts as a bridge among all Canadians, including the disabled, shut-ins, and residents in remote locations. It is also a way of creating a more literate and informed population.

The library book rate is not a government program and is not currently financially supported by the federal government; therefore, librarians in all constituencies continue to be concerned about its sustainability. Currently decisions for renewal of the rate are made by Canada Post on an annual basis. If this program were to be discontinued, it would severely reduce access to books for people living in rural and remote parts of Canada and it would deprive the rest of the country from being able to access the unique information resources often preserved in local libraries.

Finally, I would like to highlight the urgent need to enhance library services for Canadians with print disabilities. According to Statistics Canada's 1991 Health and Activity Limitation Survey—this is the most recent data available on this topic—three million Canadians are unable to read print, and this group has access to less than 5% of all public library material in alternate formats, such as Braille or audio books.

While the library community welcomes the alternate format library services provided through Canada Post and allowances through Canadian copyright legislation for alternate format producers, Canada still remains the only G-8 country that does not provide annual support for the production of alternate format library materials.

In 2005 a landmark CLA report entitled *Opening the Book* was produced. This report outlines how the current fragmented resources serving Canadians with print disabilities could be organized into an efficient and equitable nationwide library network. We acknowledge the Government of Canada for its support, through Library and Archives Canada, of the initiative for equitable library access, but there is still much more work to be done to realize the vision for accessible services, as outlined in the "Opening the Book" report.

Ms. Jan Harder: These are our three recommendations to the finance committee.

CLA recommends that the Government of Canada implement regulatory changes to encourage long-term sustainable infrastructure funding for public libraries.

Secondly, we recommend that the Government of Canada allocate permanent funding to maintain a reduced rate of postage for library materials.

Last, CLA recommends that the Government of Canada allocate long-term funding for the continued support of the initiative for equitable library access, to ensure greater access to information for Canadians with print disabilities.

Thank you very much.

● (1555)

The Chair: Thank you very much for your presentation.

We'll now hear from the Canadian Home Builders' Association.

Mr. Gary Friend (President, Canadian Home Builders' Association): Thank you, Mr. Chairman, for inviting us to be here today.

My name is Gary Friend, and I'm president of the Canadian Home Builders' Association.

Let me begin by introducing John Kenward, chief operating officer of the Canadian Home Builders' Association.

I'm a new home builder from Surrey, British Columbia, and for more than 25 years I've been building single-family homes. Most recently my company has been focused on low-rise wood frame condominium projects in the Vancouver suburbs.

The Canadian Home Builders' Association represents Canada's residential construction industry. Our members includes new home builders, renovators, developers, suppliers, trades, manufacturers, lenders, and other professionals. The CHBA has more than 50 local home builders' associations and eight provincial associations.

A year ago we were very unsure about the future; the impact of reports about collapsing housing markets was weighing heavily on our industry. Earlier this year we were experiencing even greater uncertainty with the declaration that global economic conditions rivalled the Great Depression.

I won't go into detail other than to say that we commend the federal government for its fiscal measures and the Bank of Canada for its monetary approach. We were fortunate, indeed, to have a strong financial system and a responsible mortgage insurance environment due to Canada Mortgage and Housing Corporation.

Looking forward, CMHC's medium-term forecast indicates that starts will rise to 150,300 in 2010 and will gradually increase to more than 175,000 starts by 2013. This is a very robust level of housing activity, well above the averages of the 1990s.

On the renovation front, we expect that renovation spending should continue to be strong. Since the early 1990s, renovation expenditures have been greater than the expenditures on new housing construction. Spending on residential renovations is forecast by CMHC to total roughly $51 billion in 2009, down slightly from the estimated $53 billion in 2008.

The picture I am painting is of an industry that has the potential to continue to make a substantial contribution to Canada's economic recovery and the economy over the long term. However, as the Governor of the Bank of Canada has observed, the recovery is accompanied by significant fragilities.

Beyond those fragilities, we have other concerns. Let me address three of them in brief: first, the proposed harmonized sales tax in British Columbia and Ontario; second, the underground cash economy, particularly in the renovation sector; and third, the federal tax regime for purpose-built rental housing.

Let me emphasize that our industry believes that tax harmonization is good for Canada's economy and competitive position. That being said, it is important to note that harmonization has a particularly significant impact on the housing industry and on housing affordability. This was recognized by the federal government when it implemented the GST in 1991. A GST new housing rebate was introduced, with a commitment to adjust the rebate over time to protect housing affordability.

Unfortunately, the rebate has not been adjusted, even though Canada's new house price index has increases of more than 50%. Tax harmonization will add substantially to the tax burden on new housing and, therefore, the price of new housing. As well, harmonization will nullify the benefits that came with the reduction of the GST rate from 7% to 5%.

Consequently, in order to protect housing affordability under tax harmonization, and given that the current GST rebate thresholds are frozen, the CHBA calls on the federal government to adopt the rebate approach being proposed by Ontario and B.C., with a commitment to adjust the thresholds in the future, in line with rising housing prices.

Tax harmonization will also further increase the tax burden on renovation work. The federal government did not provide a renovation tax rebate when it implemented the GST, resulting in a substantial additional tax burden on Canadians carrying out renovations using the services of tax-paying renovators. This tax burden will be exacerbated by the proposed HST in Ontario and B.C.

As a result, the CHBA calls upon the federal government to introduce a renovation tax credit to achieve revenue neutrality with the pre-1991 federal sales taxes on renovations. In this regard, I should note that harmonization in Atlantic Canada, which did not include the renovation tax rebate, led to a dramatic increase in the underground cash economy.

With respect to the underground cash economy, we have two points to make. The contract payment reporting system should be replaced with an effective approach to change the underground cash economy.

In sum, Mr. Chairman, we are nervously optimistic about the future. As I've said, the industry has great potential. There has been pronounced improvement in housing activity over the last little while. Nevertheless, we believe that caution should prevail. We need more evidence that the economic conditions are clearly in place for stronger markets going forward.

I can tell you, on a more personal basis, that recently I have been experiencing slower activity.

● (1600)

In an economic environment with significant fragilities, we have to be concerned about what the consequences will be for our industry and consumers of such new factors as tax harmonization.

We're leaving you with two reports from the CHBA, one on long-term housing demand and another on Canadian housing performance and trends.

Thank you.

The Chair: Thank you very much for your presentation.

We'll hear now from the Canadian Bankers Association.

[*Translation*]

Mr. Terry Campbell (Vice-President, Policy, Canadian Bankers Association): Good afternoon. My name is Terry Campbell. Accompanying me today is my colleague, Darren Hannah, Acting Vice-President of Banking Operations.

We wish to thank the chair and members of the committee for providing us the opportunity to present our point of view.

[*English*]

As you know, the Canadian Bankers Association works on behalf of 50 domestic banks, foreign bank subsidiaries, and foreign bank branches operating in Canada, and on behalf of their 263,000 employees across the country. We're proud of our member banks for their continued strength and stability at a time when many banks around the world have required massive taxpayer bailouts to continue operating—and, quite frankly, while others just no longer exist. By contrast, our banks are well managed, well regulated, and well capitalized and have not been a burden to taxpayers. In fact, they are continuing to provide financing to consumers and businesses throughout this tough economic period. This is an advantage for Canada as we begin our economic recovery.

In addition to sound management at our banks, Canada's regulatory system is robust. There are clear benefits to consolidated regulation, and we believe these benefits would be further enhanced if Canada were to move to a single securities regulator. While Canadians are able to have confidence in the regulation of the banking sector, securities regulation is one area where further work is needed. So we congratulate the government for its initiative to move quickly to a single securities regulator.

As I mentioned, despite tough economic times and global financial turmoil, Canadian banks have continued to make credit available to creditworthy businesses across the country. Lending to businesses has grown at a pace in line with business demand. A year ago, just as the financial markets were the most fragile, Canadian bank lending to businesses accelerated as other sources of financing contracted. Despite the fact that banks stepped in to provide some of the shortfall that emerged in the business financing market, they were not able to fill the credit gap completely. The federal government recognized this in budget 2009 with the introduction of the business credit availability program—BCAP, as it is known—which provides at least $5 billion for additional lending to firms through Export Development Canada and the Business Development Bank of Canada, and in cooperation with private sector lenders. Banks are actively working with these programs in an extra effort to find credit solutions for creditworthy business clients during this challenging economic time.

As the economy gradually regains strength, the need for extraordinary government financing programs should abate and the balance between banks and other lenders in the overall financing market should return to more traditional levels.

In the wake of the global recession, Canada has been faced with major challenges on the domestic front. However, Canada has a number of advantages that will hasten its economic recovery, including a sound fiscal base and an ongoing strategy to achieve international tax competitiveness. This fiscal policy direction has served Canadians well by providing fiscal stimulus in the short term while helping to put the economy on a strong foundation for sustainable growth.

The CBA believes that the government should stay the course on its taxation program, and we believe there are revenue-neutral tax measures that can be undertaken to further enhance Canada's tax competitiveness. As outlined in our submission, these revenue-neutral tax measures include continuing to implement the recommendations of the report of the Advisory Panel on Canada's System of International Taxation and amending tax legislation to allow for consolidated tax reporting by Canadian companies.

We'll be very pleased to answer your questions and to elaborate on some of these points.

The Chair: Thank you very much for your presentation.

We'll now hear from the Canadian Centre for Policy Alternatives.

Ms. Armine Yalnizyan (Senior Economist, Canadian Centre for Policy Alternatives): Thank you, Mr. Chair.

The CCPA is Canada's leading progressive think tank supported by 10,000 individual and institutional members across Canada, with offices in Ottawa, Vancouver, Winnipeg, Regina, and Halifax. Thank you for inviting our views today on how to prepare the next federal budget.

Today I'm putting forward three recommendations that are immediate, medium term, and long term for inclusion in budget 2010 that will meet the objectives stated by the chair of this committee, James Rajotte, in his invitation to advise this committee and the government on how to attain sustainable, economic, social, and environmental prosperity for all Canadians.

The first recommendation is to improve employment insurance so that it operates more effectively as an automatic stabilizer for the economy.

The second measure, medium term in nature, is to extend and reorient the home renovation tax credit so that it targets home renovations that advance the energy efficiency of all Canadian households across the income spectrum.

Recommendation three is to limit the tax-free savings account to redirect this taxpayer-supported initiative away from high-income individuals to low-income individuals, to give them the ability to build a modest financial cushion.

To address the immediate needs through EI improvements, we noted in April of 2009 in a report called *Exposed* that unemployed Canadians have not been this exposed to the economic risks of joblessness since the mid-1940s. The government should move immediately to improve access to jobless benefits by decreasing the variability of entrance requirements and introducing a lower hourly threshold. It should extend the duration of benefits uniformly, as it did in Bill C-10 but has not yet done in the proposed latest round of extensions to Bill C-50, and it should raise the income replacement rate, particularly for low-paid workers with dependants who have lost their jobs and cannot find alternative work.

It should be noted that all three ways of improving EI were agreed to in all-party approval at two readings but narrowly missed passage in Bill C-269 in November of 2007, when the present government refused royal recommendation at third reading. We have known for years that the EI system was not recession-ready. There is literally no more time to waste in fixing this automatic stabilizer so that the recession is not unnecessarily prolonged or deepened.

In the medium term, we ask the government to consider extending and reorienting the home renovation tax credit. The recession and widespread job insecurity has led many households that might have otherwise spent up to $10,000 on renovations to postpone taking advantage of the type of supports that the home renovation tax credit offers, which are largely in the category of decorative upgrades. With most household incomes stagnating during this period and many households experiencing significant income losses, Canadians are rightfully concerned with the possibility of rising energy prices. Cutting costs and improving energy efficiency is a welcome solution to both constrained household budgets and growing awareness that our individual energy use habits contribute to the pace of climate change.

The federal government could provide a second year of stimulus, this time targeting tax credits specifically to home renovation projects that improve energy efficiency of homes and apartments. We propose that the government apply any tax expenditure room not taken up in that window of January 27, 2009, to February 1, 2010, and add it to a further $2 billion in tax credits to be made available for work undertaken up to November 2011, and that these amounts be also matched with $2 billion in federal grants so that low-income homeowners and landlords can also participate in a program that improves energy efficiency across the country.

Finally, we recommend that for the longer-term sustainability of our public finances, this government limit the tax-free savings account. At a time when most governments around the world were trying to devise ways of increasing aggregate demand and private sector spending, this government chose to use scarce public revenues to encourage people to save. It did not wait until the recovery was under way to introduce what the Certified General Accountants Association of Canada has called a “revolutionary” new savings instrument. This undercuts the government's argument that the revenue hole caused by the recession is a serious public finance concern.

Budget 2008 showed an anticipated cost of $920 million to the public purse over the first five years of introduction, and went on to state that in 20 years, it was estimated, this measure would leak a minimum of $3 billion annually from the Treasury. Current tax expenditures of about $20 billion a year are provided through the RRSP and RPP tax shelters, which primarily advantage those with high incomes.

● (1605)

The tax-free savings account continues this bias. Given concerns about emerging financial pressures caused by an aging demographic, such revenue losses will add to the difficulties faced by all future governments. The Government of Canada should limit lifetime TFSA contributions to $50,000, or 10 years' worth of contributions, and cap the growth in such accounts to a lifetime limit of $150,000.

The full submission that I have made to this committee, available in English and French, outlines how that could be done. This would amply provide for low-income individuals to create a small financial cushion in case of unforeseen exigencies should they be able to save from their income stream or find themselves in receipt of an inheritance or lottery winnings. Those who find themselves at the top of the income spectrum need no further tax-supported assistance to increase their holdings beyond the tax shelters that currently exist.

Thank you.

● (1610)

The Chair: Thank you for your presentation.

We'll finish with ParticipAction, please.

Mrs. Kelly Murumets (President and Chief Executive Officer, ParticipAction): Thank you.

Good afternoon. My name is Kelly Murumets. I am the president and CEO of ParticipAction.

I am joined by my partner, Donovan Bailey, who is a member of our ParticipAction board. He needs no introduction, so I'll give you a little introduction of me.

I come from the private sector. I most recently ran a publicly traded telecom company. I left the private sector to join the not-for-profit sector because I'd like to change the world. ParticipAction is my second cut at it. I left an MBA for a Master of Social Work; that was my first cut at it, and this is my second cut at it.

I truly believe it's possible for ParticipAction to change the world. Our vision is that Canadians will be the most physically active on earth. We can only do that if we're partnered with our other not-for-profit partners, with the public sector, and with the private sector, and I believe 100% that it's possible.

We are in the midst of an inactivity crisis in our country. More than half of Canadians are deemed to be physically inactive, almost half of Canadians are overweight, and childhood obesity rates have tripled in the last three decades. Our kids—not American kids, our kids—spend at least six hours a day on screens, meaning television, text messaging, Internet. If you multiply that by seven, it's 42 hours a week. Our kids spend as much time on screens as their parents do in their jobs.

The data in my sector is crummy, but I know that $5.3 billion of health care costs in 2001 were directly attributable to physical inactivity. In addition, 25 chronic diseases are directly attributable to physical inactivity. We have a crisis in our country, and our proposal is that if the government would invest $5 million per year for a long-term sustainable investment in ParticipAction rather than pouring more and more money into treatment, we could deal with prevention and make sure we have healthy living for all Canadians. Donovan and I are here to tell you why that would be a good investment.

ParticipAction is the national voice of physical activity and sport participation in our country. With that, over the last two years we have been able to take small investments, get things done, and realize great returns on those investments.

I'm going to talk about two different track histories. One is a track record that's a bit more historical. The ParticipAction of old was around for 30 years. Many of us—depending on our age—remember it. You'll remember either the 60-year-old Swede, or Hal and Joanne, or the Canada Fitness Awards and the flexed arm hang. I sit on planes almost every day, and someone beside me always tells me some beautiful, fond memory they have of ParticipAction.

ParticipAction of old was wildly successful: we have an 84% brand recognition. I've run two companies in the private sector, and I would have died for those kinds of brand awareness and brand equity numbers. We have that in this Canadian—

The Chair: I'm sorry, Ms. Murumets; the interpreters have asked that you slow down just a little bit.

Mrs. Kelly Murumets: That's my normal style. Can you tell that I have a little passion for what I get to do every day? I will slow down, sorry.

We have an 84% brand recognition. ParticipAction is a Canadian icon, and it is an amazing iconic brand.

Let me tell you about our more recent history. When I took over ParticipAction, it was just about to be relaunched. We had no employees, no office, no processing systems, and no strategy. In two years, we have taken something that was simply a brand and have recreated an organization. We have achieved several successes, and I'd just like to go through a few of those.

We've raised in excess of $10 million cash from the private sector and therefore leveraged the federal government moneys. We've raised in excess of $20 million of in-kind moneys from the private sector, again leveraging federal moneys. We've touched over 10 million Canadians.

We have established a ParticipAction partner network. I believe this truly should be our legacy. In my sector, there's a lot of competition, as opposed to working together to marshal resources to work most efficiently together. So we have been working with organizations right across our sector so that we actually take one plus one and come up with 10.

We have been able to deploy programs to over 1,000 communities. Our job is to use our iconic brand to attract dollars to our sector. We deploy resources and dollars back out to the sector, to the community organizations from coast to coast to coast where the expertise and the passion exists, and we really help create demand for programs that currently exist.

We have been in every one of the 13 provinces and territories. I know that lots of organizations say they're national. We truly are.

One of our programs, for example, is youth-based, the most vulnerable population when it comes to physical inactivity. I would be sitting with kids in Iqaluit, saying, "You know what? *You* can carry the torch in the 2010 Winter Olympics." We've been able to leverage the Olympics. ParticipAction is involved with that. We have worked with blue-chip organizations—Sun Life, Loblaw, Wilson, Forzani, Coca-Cola—to leverage those.

Quite often when I have conversations with folks from the federal government they ask me, "Well, if you're so good at raising private moneys, why do you need the federal government?"

I can tell you that I've met with the CEOs of several of these blue-chip companies, and they always ask, "Are you endorsed by the federal government?" They need to know that we are in fact endorsed and funded by the federal government. The $5 million will be a reduced percentage of our total budget, but we need long-term sustainable funding from the government in order to attract those private sector dollars.

The last point I would make is that clearly I have passion. I love what I get to do. I'm very proud of the team that I get to work with every day. We would work our tails off, just as we have for the last two years, to make the federal government proud as well.

● (1615)

The Chair: Thank you very much for your presentation.

As chair, I should have recognized Olympic and world champion Donovan Bailey.

Thank you for being with us here today.

Voices: Hear, hear!

The Chair: Mike Wallace said to me that he thinks he might be able to take you in a race now.

Voices: Oh, oh!

The Chair: We could settle that after the committee meeting.

Thank you.

We'll go to questions from members, starting with Mr. McKay, please.

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

Thank you, witnesses.

To Mr. Flexman, help me square this circle. In the first part of your paper, you say that this government will run, in the next five years, about $175-billion worth of debt. Then, in the next part of your paper, you say that the government should reduce its corporate tax revenues and personal income tax revenues. You want to take down the corporate tax rate down to 15%. You want to take down the upper marginal rates, etc.

Given that this government has shown no great enthusiasm for fiscal discipline, how do you square that circle? You're essentially arguing that the people who pay the most taxes in this country should actually get relief from the tax burden.

Mr. Bruce Flexman: Firstly, the reduction in the corporate rate is already built into the budget projections, so this is legislated and already announced. So the discussion about the corporate side is really built into the projections that we have.

As to further reductions, we agree that there is a balancing act, and future corporate tax reductions would only be responsible when the government returns to a balanced budget. So we understand that dynamic and that balancing act.

With respect to the personal tax issues, we feel that this is something that needs to be looked at. People sometimes forget about the talent and skill level that pays tax at this level. Right now, if we want to be competitive internationally, this is an area that needs some further study.

Hon. John McKay: We hear that argument from time to time, that if we don't bring down our personal income taxes, somehow or other all of this talent will drain away. The obvious question is “Drain away to where?” But it's almost an implied threat that if you don't deal with the revenues, they're going to leave the country.

It still begs the basic question here, Mr. Flexman, that this government cannot in any meaningful way address its revenue shortfalls if it reduces income tax revenues from its best source of tax revenue.

Mr. Bruce Flexman: I think in terms of tax policy there are all sorts of different ways that you can structure your tax regime, and when you look at the different ways in which you can raise tax, you have to be very careful about your competitive position. If you do not retain a strong competitive position within the world, then you are going to have to suffer the consequences, which will further have an impact on your tax.

Hon. John McKay: Is there any tax that you would actually raise?

Mr. Bruce Flexman: There are a number of taxes that could be considered in terms of where you want to get your revenue that may have a lesser economic impact. Governments have to deal with this. Back in the late 1980s and 1990s the government had to deal with a fiscal situation, and they had to find a balance between what to do on the revenue side and what to do on the expenditure side.

● (1620)

Hon. John McKay: But they didn't start by reducing the best sources of their revenues, which seems to be your core argument.

I'm sorry; we could carry on with this conversation, but your presentation does seem to have a built-in contradiction in it.

I want to switch to the bankers.

We generally agree that there's some substantial consensus around the national securities regulator. Both the previous Liberal government and this government seem to be pursuing that path. It's far from universal, shall we say. You studiously steered clear of the blindsiding that you got last week from the finance minister with respect to the sale of insurance.

I'd be interested in your observations with respect to that.

Mr. Terry Campbell: Mr. McKay, as you know, and I guess as many people around the table would know, the position of the banking industry on the insurance rules is long-standing and it's well known. We have been of that position for quite some time. Our focus, of course, is on choice for consumers and competition.

In terms of the specific message from the minister, we were taken by surprise by that. We did not get advance notice. We prided ourselves on being in compliance with the law. We have a compliance culture. We had a statement from the regulator that in fact, according to the current laws, we are in compliance.

Having said that, we know that the minister has a concern. He has brought it to our attention. We are now working with officials and with the department to get a little more clarity on the nature of that concern, and those discussions are carrying on.

Hon. John McKay: Okay.

I want to ask Donovan Bailey whether he can answer a question in under ten seconds.

Voices: Oh, oh!

Mr. Donovan Bailey (Director, President and Chief Executive Officer, Bailey Inc., ParticipAction): I've heard them all. It's okay.

Hon. John McKay: You've heard them all, yes.

The short question is why ParticipAction as opposed to any other program—under ten seconds.

Mr. Donovan Bailey: I have been a huge supporter of ParticipAction, obviously, since I was a little child. I think I have the ability now, as a Canadian global brand, to support anyone. I think Kelly has done a phenomenal job since revamping the program. With the advent of the flu virus and so forth, I think the easiest way to get to Canadians is through exercise. I think ParticipAction is the one that deserves that support.

Hon. John McKay: Well said.

Thanks, Mr. Chair.

The Chair: Thank you, Mr. McKay.

Monsieur Laforest, s'il vous plaît.

[*Translation*]

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

Good afternoon and welcome to all of the witnesses.

My first question will be addressed to Mr. Flexman, from the Canadian Institute of Chartered Accountants. In your submission, you make a recommendation according to which, in the interest of the well-being, or better understanding of citizens...

Can you hear the interpretation?

[*English*]

Mr. Bruce Flexman: The translation didn't come through. Could you try that again, please?

[*Translation*]

Mr. Jean-Yves Laforest: In your submission, you say in the interest of citizens' well-being, there must be a specific plan to eliminate the deficit. However, you are not providing any proposal to the finance committee on exactly how this deficit should be paid down.

It would have been useful to have some proposals. You are undoubtedly aware that during the 1990s, when the deficit ballooned out of proportion, the Liberal government, followed by the Conservative government, used the Employment Insurance Fund, worth some $57 billion, to pay down the deficit. Transfers to the provinces were also cut back.

Do you believe that this remains the right approach, or should the government take different action?

The Bloc Québécois proposed a debt-reduction plan that is rather significant. I would like to hear you talk to us about it, to see if the proposals contained in it are still interesting. Obviously, they are not addressed directly to workers, but I would like to know your opinion on them.

● (1625)

[*English*]

Mr. Bruce Flexman: Thank you.

On the approach that we believe should be taken with the deficit, one would have to look at the spending side of the equation and monitor the ability of the economy to pay for it. Population growth should be taken into account, but it shouldn't be allowed to expand at a faster rate than inflation or population growth.

We don't bring any specific recommendations because we're not economists. We believe it's a tough balancing act. It is left for the government to really decide on the priorities in dealing with the spending side.

[*Translation*]

Mr. Jean-Yves Laforest: Fundamentally, my question is whether or not you agree that the Employment Insurance Fund has become more of an anti-deficit fund, or a deficit insurance fund.

[*English*]

Mr. Bruce Flexman: The employment insurance program is really a balancing aspect. In times of fiscal deficit and fiscal surplus, it would help the government with spending restraint. I'm not sure I totally agree with it being a fund for just dealing with fiscal deficit.

[*Translation*]

Mr. Jean-Yves Laforest: Thank you.

Mr. Campbell, earlier, Mr. McKay said that we all agree on the creation of a single securities regulator. I would just like to point out that there is no consensus on that subject. It is very clear that in Quebec, there is a major disagreement. The issue has even been referred to the Supreme Court by the current Conservative government.

You would like to see the establishment of a single securities regulator. For such an entity to operate effectively, where should it be located?

[*English*]

Mr. Terry Campbell: That's a very good question. Fortunately, that's not a question for me to answer.

The government has created a transition office and, in a kind of opt-in basis, has invited those provinces that are interested to help design it. Mr. Hyndman, who was formerly with the B.C. Securities Commission, is now heading up the transition office. I've heard him say that this will be one of the questions under design as the transition office goes forward.

Now, my sense is that, clearly, to make a system work you would need to have centres of excellence and centres of expertise across the country. But our firmly held view is that an integrated regulator able to apply the same kind of consolidated oversight that OSFI does, for instance, on the prudential side would be a very valuable participant at the table. We know we have the prudential regulator, the deposit insurer, and the Bank of Canada, but there's this empty seat for the securities regulator. Having that kind of integrated approach to regulation would stand Canada in good stead going forward.

[*Translation*]

Mr. Jean-Yves Laforest: Mr. Friend, you stated that one of the problems being experienced by the Canadian Home Builders' Association, is work that is done under the table. One way to mitigate the effects of the underground cash economy, is to introduce a tax system that places greater emphasis on consumption taxes, over income taxes. This has already been reported by other organizations in other countries.

Do you believe that this would be a good way of cracking down on work done under the table?

● (1630)

[*English*]

Mr. Gary Friend: I mentioned in my remarks that in Atlantic Canada the underground economy seemed to flourish after the harmonized sales tax came in. With the home renovation tax credit, a lot of work is coming to our taxpaying contractors, the above-board contractors with storefront businesses, as people want to make sure they get their receipts and meet the requirements under that system.

[*Translation*]

Mr. Jean-Yves Laforest: I'm not talking about the GST, which was at 7%, nor the provincial sales tax, which is at a certain rate. I'm talking about a completely restructured tax system under which the greatest proportion of government revenue would be levied through consumption taxes rather than income taxes, as is currently the case.

Such a system does exist in other countries, where the underground cash economy can be fought against, because people do not necessarily avoid paying taxes on their income. When purchasing materials, for example, people have to pay a higher consumption tax. It is a completely different tax regime, that is primarily based on consumption taxes.

[*English*]

The Chair: Mr. Friend, a brief response, please.

Mr. Gary Friend: I would assume it is much like the harmonized tax being proposed in Ontario and British Columbia. The only challenge is that you're adding tax to that system, and without a rebate system it's hard to track.

I would refer to Mr. Kenward to give you some more information on that.

The Chair: Very briefly, sir.

Mr. John Kenward (Chief Operating Officer, Canadian Home Builders' Association): Thank you, Mr. Chairman.

As our president has noted, the concern we have is that with the harmonized sales tax, which is a consumption tax, we are adding to the tax burden for renovations. We believe that will lead to even more underground cash activity. In order to counter that, part of our proposal is for a renovation tax rebate.

The Chair: Okay. *Merci.*

We'll go to Mr. Wallace, please.

Mr. Mike Wallace (Burlington, CPC): Thank you, guests, for joining us today.

I only have seven minutes, so I won't get to everybody. I'll go fairly quickly.

To our friends from the Canadian Public Works Association, you're asking for $6 million over five years, basically, give or take a few hundred thousand. Can you give me two or three deliverables that you were able to get funded from us at the round table?

Mr. Gary Losier: Mr. Chair, as I was so aptly reminded, we don't want to see engineers sitting around telling us how to spend our money, but we want to make sure we look for things we can actually provide to the public infrastructure: dynamic online infrastructure information systems; a suite of tools or templates that can be used to address issues such as the needs of large versus small communities, life-cycle costing, return on investment calculations—something that someone who doesn't have direct access to a consultant or that type of a management system can access—a clearing house of infrastructure case studies, things that could be searchable and publicized; metrics, to ensure that the environmental effects of the infrastructure are taken into account.

Mr. Mike Wallace: With respect to those tools you're talking about, would you say that larger municipalities likely have the staff to produce that now, and you'd be doing this for other municipalities that maybe do not have that skill set available to them?

Mr. Gary Losier: We're looking at a product that would be available to all communities regardless of their size. Innovations can come from the smallest locations. We find that communities that are able to do something with a little bit can influence the decisions of large communities. We envision something that is applicable to all sizes of communities.

Mr. Mike Wallace: Thank you. I appreciate that.

I'll go to the Canadian Home Builders' Association. We've heard for a number of years about indexing the threshold for the GST exemption, which hasn't been done in the past. We'd have to do a bit of a lump sum increase and then index it after that.

Briefly, what do you think the impact would be if that happens?

Mr. Gary Friend: In 2009, we estimated that if the GST was indexed from the beginning it would save the consumers in Canada $300 million.

Mr. Mike Wallace: I'm assuming that you wanted to generate sales. It would result in savings for the homeowner, but do you think it would generate any further sales for you?

● (1635)

Mr. Gary Friend: With indexation of the GST, there would be a savings to the homeowners.

Mr. Mike Wallace: So you're not viewing it as a sales tool. It would result in a savings for those who are buying.

Mr. Gary Friend: We're seeking revenue neutrality for the homebuyer and the consumer.

Mr. Mike Wallace: I appreciate that.

To my friends from the museums, I happen to have made an application supporting the expansion of the Joseph Brant Museum. So we'll see what happens with that.

But you mentioned a modest increase. To me, going from $6 million to $20 million is more than modest. I know it's not a lot of money, but is that what you mean by modest? That's a significant increase from what you're getting now. Is that not correct?

Mr. John McAvity: Yes, it is, but I should put it in context with what has happened to the program over the years. That program was at $18 million a number of years ago, and it has been hit with program review cuts, chipped away at. In fact, if we added just the price of inflation to it, it should be about $34 million today.

Mr. Mike Wallace: I want to ask ParticipAction a question. First of all, what's your base from the federal government? You were asking for $5 million. I'm assuming that's in addition to what you already get. Is that correct?

Mrs. Kelly Murumets: No.

Mr. Mike Wallace: Do you get any from us now?

Mrs. Kelly Murumets: Yes, we do. Right now we get $1.3 million a year from the Public Health Agency of Canada.

Mr. Mike Wallace: Right.

Mrs. Kelly Murumets: In addition, we got $2 million this past year from Sport Canada.

Mr. Mike Wallace: So $3.2 million, if you add it together.

Mrs. Kelly Murumets: It's $3.3 million. It's a one-year contribution agreement. Over the last two years, the Public Health Agency of Canada declined—

Mr. Mike Wallace: The additional $5 million, are you expecting that on a longer-term basis? Were you looking for a five-year commitment, a 10-year commitment, a one-year commitment, or will you take what you can get?

Mrs. Kelly Murumets: We requested a five-year commitment. I'd love it forever and ever, and we don't need more than $5 million. That would be great, and we'll leverage it up every year.

Mr. Mike Wallace: I appreciate Mr. Bailey's being here. I have a daughter who's a heptathlete—number two in Ontario, number six in Canada. I'm hoping for good things from her. But in my view, ParticipAction is not for her. That money is for young people who aren't participating in sport. She's active every day of the week. She takes Sundays off. She's in much better shape than I'll ever be.

An hon. member: You're right. I think we can all agree on that.

Mr. Mike Wallace: It's nice to have Donovan here, but shouldn't we have people we'd actually be helping with this money? I want to know who we're actually helping? We're not helping Donovan Bailey. He's in good shape already, I can tell.

What is ParticipAction's vision for actual results? That's what I'm looking for.

Mrs. Kelly Murumets: Two quick answers.

First, only 10% of our youth meet the daily physical activity guidelines, so your daughter is not our target. We're targeting 90% of the kids in Canada.

Second, we in fact believe that average Canadians inspire average Canadians. Donovan is here as a member of our board. Our current campaign that's on the airwaves right now features average Canadians who have overcome average Canadian problems. They have become more physically active or have inspired their families to be more physically active. These people are absolute rock stars in their communities. That's what I believe inspires Canadians.

Mr. Mike Wallace: For my banking friends, I have one quick question. The consolidated tax return that you talk about in your brief; what does it do to revenues for the Government of Canada?

Mr. Terry Campbell: I'll ask my colleague Darren Hannah to answer, Mr. Wallace.

Mr. Darren Hannah (Acting Vice-President, Banking Operations, Canadian Bankers Association): It really doesn't have a revenue impact in the long term. What it does do, though, is change the time that revenues will be realized. If I have a bunch of subsidiaries, I'm expecting them all to make money. It's just a matter of whether they make it now or next year or the year after. Right now, no matter what, you have to file separately from every entity. If you could do a consolidated filing, you'd be able to save on administration.

Mr. Mike Wallace: But would those losses go against revenues from profits from other entities?

Mr. Darren Hannah: Oh, yes.

Mr. Mike Wallace: And would that reduce the amount we get?

Mr. Darren Hannah: As I said, all this would do is change the timeframe. Clearly, if I have losses in one year in a subsidiary, I can carry them forward, because I'm expecting this thing to make money at some point in the future. If I have it consolidated, I can offset one against the other.

So in the long term, it doesn't really change the revenue. It just changes the timing.

The Chair: Thank you.

Monsieur Mulcair, s'il vous plaît.

[*Translation*]

Mr. Thomas Mulcair (Outremont, NDP): Thank you, Mr. Chair. Firstly, I want to begin by thanking everyone who is helping us to contribute to the report, which will serve as a thoughtful piece in preparation of the next budget.

I will begin with the witnesses from the Canadian Home Builders' Association. Your submission provides an excellent, very rigorous, and very good explanation of the effects of sales taxes on home construction and sales in Canada. You have forewarned us of certain exemptions and limitations that do not always follow the course.

I, for one, would like to hear you talk to us about something a bit more specific and slightly more topical. At our request, you prepared a document in August 2009. That is why you are here. Since then, we have learned that the Liberal governments of British Columbia and Ontario intend to harmonize sales taxes, which would have a significant effect on the price of homes.

I would like to know if you could put a figure on that and share with us the fruits of your labour.

● (1640)

[*English*]

Mr. Gary Friend: Thank you for your comments.

The harmonization in both Ontario and B.C. will substantially add to the cost of a new home. Currently it's estimated, depending on the jurisdiction, that the embedded sales tax they pay is about 2%. In Ontario, at 8%, it would be an additional 6% for a home. In B.C., where it's 7%, it would be an additional 5%, less whatever rebate the provinces have worked out. For an average home, if you take the $400,000 mark, 5% is a lot of money. It's $20,000 on a home. It will affect the consumer in a big way.

[*Translation*]

Mr. Thomas Mulcair: Mr. Friend, I have been in this profession for some time now. You have just given one of the most clear and direct answers that I have ever heard. I just wanted to give you a little spontaneous applause.

Ms. Yalnizyan, during your presentation, you talked to us in particular about the crying need to extend the application of possible tax deductions to home renovations. You want to extend them in two ways. Firstly, you want to target home renovations, and further energy efficiency. Home renovations would serve to advance sustainable development. I would then like to hear you talk to us a bit more about unfairness within the current system.

We all agree that this is a good program that provided a fast injection of money into the economy to create jobs. As the home builders stated so well, this curtailed the underground economy, as people want to get their credit and a proper receipt. This has resulted in money flowing back into the open economy.

I would like to hear you talk about two consequences: the placing of emphasis on energy efficiency; and the extension of the tax credit to renters, and not just homeowners. Is this part and parcel of your vision?

[*English*]

Ms. Armine Yalnizyan: I think it could be in the way we have suggested. You could extend this and reorient the tax credit. There's already another measure the federal government has put into place. That could be amplified to make sure that more landlords and renters can take advantage of it.

At the moment, you can't do something like get an energy efficient fridge. A lot of the receipts you're talking about are going to be filed for the goods, not for the services. There is a lot of possibility that the current home renovation tax credit, as it exists, will not substantially offset the underground economy. It very much depends on who's doing what kind of renovation where and what you can get the bills for. A lot of renovations take more than $10,000. The first $1,000 is exempt.

The point of our submission is that it's nice that there is some kind of measure to increase the number of construction jobs out there. It is nice that people would continue to invest in their homes at a time when there are going to be a lot of people who need work. What you're finding is that there are a lot of people who already have jobs—electricians, plumbers, and all the rest—who are moonlighting. We're not creating additional jobs. It's not clear that it is not going into the underground economy, because they don't want to be declaring taxes on the wages they're making.

We are suggesting that the focus should be on energy efficiency, because this is a much larger issue we need to deal with than whether we put a deck on our cottage or whether we re-sod the lawn or whether we change the colour palette in our kitchen.

These sorts of measures may leak offshore, as do granite counters and many other things people are buying and declaring for their tax credit, but it would put us in better stead over the long haul to be more energy efficient, whether you have a lot of money—$10,000 or more—to put into renovations or enough for small measures that would actually make your household more energy efficient.

It actually saves everybody money over the long term.

● (1645)

[*Translation*]

Mr. Thomas Mulcair: You are undoubtedly right, that may vary slightly in the country.

I want to talk a little bit about the situation in Quebec. There are two programs underway in Quebec, right now. There is the federal program, but Quebec also had a pre-existing program that is included in the budget. Since one of the conditions in Quebec is that those concerned must be registered with the Régie du bâtiment du Québec, the Quebec building authority, I can assure you that the number of applications for registration has soared to unprecedented levels.

I would like to come back to the chartered accountants. We have approximately one minute left together. I've heard loud and clear your congratulations and your hope that Canada establish the lowest marginal tax rate of G8 countries. Like us, you must have surely noticed that more than $15 billion in new contributions have been demanded to compensate for the fact that the Employment Insurance Fund was looted.

Do you agree with us on the point that asking for $15 billion in new contributions to be made by the same businesses constitutes a new form of taxation, if I can call it that? It is a tax on the pay stub, but it remains a form of taxation.

[*English*]

Mr. Bruce Flexman: I'm not sure exactly what the question relates to. Is it the funding of the EI program?

[*Translation*]

Mr. Thomas Mulcair: The government announced that 15 billion additional dollars would be levied on businesses to make up for the shortfall in the Employment Insurance Fund. When you claim that Canada will have one of the lowest marginal tax rates, have you factored in this new $15 billion tax?

[*English*]

Mr. Bruce Flexman: The comparison I referred to in terms of Canada's competitiveness was with respect to the corporate income tax. So once these changes flow through in 2012, Canada would be the lowest of the G-7, assuming the other countries do not change their corporate tax rates.

With respect to EI, corporations do pay a portion of the EI, as you probably know, in that it is the employee and the employer who both fund the program.

The Chair: Thank you. *Merci.*

We'll go now to Ms. Hall Findlay, please.

Ms. Martha Hall Findlay (Willowdale, Lib.): Thank you very much, Mr. Chair.

Thank you very much, everybody, for being here.

First, this is not actually a question but a congratulations to the two of you from ParticipAction. I have a competitive sports background, and am hugely supportive of ParticipAction—not because of that background but because from a financial and an economic perspective, the most persuasive thing in preventing health care costs is actually preventing illness and encouraging health.

So my congratulations. I'm a very big supporter of what you're doing.

I will point out that we're in the middle of a challenge—a media battle but also a challenge on a number of fronts—with government advertising. Although we haven't been able to get exact numbers, we believe we're now looking at perhaps over $100 million having been spent by this government promoting the economic action plan, the so-called economic action plan.

I would just like to make a contrast: you are here asking, very politely and nicely, for $5 million a year.

I remember how effective those ParticipAction advertisements were. I just wanted to put out there the fact that you are not asking for a very large sum of money in contrast to the extraordinary amounts this government has been using to spend on advertising, in effect, itself.

Don't feel bad that I'm not asking you a question. I just wanted to thank you.

An hon. member: That was more than ten seconds.

Ms. Martha Hall Findlay: Yes, I know it was more than 10 seconds, but he's the sprinter, not me.

To the Home Builders' Association, I'm looking at page 3 of the submission, at the statistics on the number of purchasers of the new single-family homes who qualified for the GST housing rebate. The argument here is how few people actually benefited from this.

It begs this question for me: why do we need a further reduction? I don't know why we need to have an even smaller rate when apparently new home sales have not exactly suffered from that.

I will also just add in terms of context that making new homes affordable to a large number of people who probably shouldn't have been able to afford homes has caused significant problems, particularly in the United States.

I throw that open for you to address this issue of.... Affordability might be one thing, but maybe from a public policy perspective, if it hasn't been holding back purchases of new homes, why do we actually need to have lower GST?

● (1650)

Mr. Gary Friend: With respect to the mortgage qualification in Canada, we are far more strict in other areas, which is why we have a sound market. People must qualify for their homes.

When you look at the GST rebates available, in a suburb of Vancouver and Abbotsford, 97% of the homes don't qualify for a rebate. What you're not seeing is the people who are left out of the market.

If I could, I will ask Mr. Kenward to add some more information.

Mr. John Kenward: Just to pick up on that point, Mr. Chairman, over time, because the GST rebate thresholds have not been adjusted or, as we would phrase it, indexed to rising house prices, we see less and less new home purchases across the country, particularly in our larger urban markets, able to receive a full rebate. Certainly less and less are even able to get a partial rebate.

Ms. Martha Hall Findlay: I don't mean to interrupt, but that is rather my point, that not being able to benefit from a GST rebate doesn't seem to be slowing down people from buying homes. From a policy perspective, I would argue that there may perhaps have been a slightly different incentive in 1991 than now.

Again, I would repeat that too great an access to home buying, particularly in the United States, became a real problem in terms of their economic situation.

The Chair: A brief response, please, sir.

Mr. John Kenward: I think your last point is a very important one.

I would suggest, respectfully, that there isn't a connection between the GST rebate and the conditions that prevailed in the housing market in the U.S.

Ms. Martha Hall Findlay: So it's all affordability if—

Mr. John Kenward: I say that in the sense that we haven't had, fortunately, loose mortgage lending requirements in Canada.

With respect to what's happening to new home buyers, if we go back to 1991, say in a city like Vancouver, a reasonable percentage of new home buyers in that market were able to afford a new home much more easily than today. Today, I believe that—correct me, Gary—well over 90% of new home buyers would not be able to get a rebate.

Ms. Martha Hall Findlay: But it hasn't stopped them from buying new homes. That would be my premise.

Thank you very much.

The Chair: Thank you, Ms. Hall Findlay.

Monsieur Gaudet, pour cinq minutes, s'il vous plaît.

[*Translation*]

Mr. Roger Gaudet (Montcalm, BQ): Thank you, Mr. Chair.

My question is for the Canadian Institute of Chartered Accountants. I did not read your entire document, because I am a new member of this committee. I see, however, that you do not talk about ways of eliminating or defeating tax havens.

[*English*]

Mr. Bruce Flexman: As part of our recommendations, we encourage the adoption of the panel report on international taxation. That is something on which we did not get into the details, but there are a lot of recommendations dealing with issues with respect to the whole international taxation system within Canada.

[*Translation*]

Mr. Roger Gaudet: Among those measures, you talk about reducing corporate taxes. If you let businesses access foreign tax havens, it will be difficult for government to build wealth and share this wealth with others.

[*English*]

Mr. Bruce Flexman: It's actually an interesting phenomenon that Canada has become more competitive internationally with its corporate tax system. One of the themes of the international taxation report is that Canada should be developing its international tax policies around the fact there's not the same opportunity for leakage, or not the same motive for leakage. I think that's a shift in dealing with international taxation within Canada.

[*Translation*]

Mr. Roger Gaudet: I'd now like to hear Mr. Campbell's reaction, who is, in all likelihood, expecting me to ask him this question.

As a representative of the Canadian Bankers Association, what do you think about tax havens?

● (1655)

[*English*]

Mr. Terry Campbell: I'll turn to my colleague in just a moment.

I agree—quite a bit, actually—with what Mr. Flexman says. I think that's entirely in the right direction in terms of the answer to your question.

I would also say that internationally there is a growing consensus and standard through the Organisation for Economic Co-operation and Development about rules on transparency and standards on tax. Of course, Canada is a member in good standing of the OECD. We think that the existence of these standards, which marginalizes and tries to identify and squeeze out tax havens, is entirely the right way to go.

Now, of course there's nothing wrong—Canada is doing this as well—with having competitive tax rates, because it is more attractive for investment into the country. As Mr. Flexman was saying, it makes Canada a very competitive environment.

So we have tax rates that are in many ways competitive or more so than in other jurisdictions. That places Canada in a good environment. I think other jurisdictions legitimately and fairly and in accordance with the OECD rules do try to have the most flexible competitive environment. It does attract investment and uses the rules of the international game according to well-known standards. We think that's appropriate.

Now, tax havens are being squeezed out by these standards, and that's entirely the right way to go as well.

[*Translation*]

The Chair: You have a minute left, Mr. Gaudet.

Mr. Roger Gaudet: I'd like Mr. Hannah to respond. He was supposed to do so.

[*English*]

Mr. Darren Hannah: The main thing I would say is that a recent G-20 communiqué made some very clear points—that the best way to deal with the issue of tax havens, which are uncooperative tax regimes, is through transparency and through the conclusion of tax information exchange agreements.

We are happy the Government of Canada has taken the bull by the horns and is trying to conclude tax information exchange agreements to add on to its already extensive list of tax treaties to try to improve that transparency and deal with the very issues you're talking about.

The Chair: *Merci, Monsieur Gaudet.*

We'll go to Mr. Dechert.

You have about four minutes.

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

I'll be quick, ladies and gentlemen. Thanks for your presentations.

First to the Canadian Bankers Association about the consolidated tax reporting suggestion—I'd also like to hear the CICA's comment on that as well—in your view, how does the fact that Canadian companies are not allowed to consolidate for tax purposes hurt our country's competitiveness versus the United States and other countries?

Mr. Darren Hannah: The challenge is we view it first and foremost as an administrative and reporting burden issue. Canada is the only G-7 country that does not allow some form of consolidated reporting or equivalent measures. As a consequence, if I am a multi-line company with multiple operating subsidiaries operating on an integrated basis, I need to file separate returns annually for each of these operating subsidiaries, notwithstanding the fact I am a single contiguous entity.

That's not efficient. Within the company, that creates artificial barriers to operation. It adds to the paper burden we have to deal with. It's simply not an efficient way to go and it really doesn't mirror the way the corporation is supposed to work. It puts Canada at a competitive disadvantage.

Mr. Bob Dechert: I appreciate that answer given that multiple tax returns are probably good work for tax accountants.

Voices: Oh, oh!

Mr. Bob Dechert: Mr. Flexman, do you have a comment?

Mr. Bruce Flexman: This is my segue, is it?

I think the issue around tax consolidation is an administrative issue. Quite frankly, many organizations are able to restructure and effectively offset losses with profits in different companies within a common group. I think the major concern is you're asking people to jump through a whole bunch of hoops to do something that eminently makes sense and is in effect able to be effected by most large corporations in any event.

I think it would improve Canada's competitiveness and it would make it administratively simpler for businesses to operate with that provision.

● (1700)

Mr. Bob Dechert: Thank you.

I also have another question for you, Mr. Flexman. You mentioned incentives for research and development in your background materials. Some groups have asked us to make the SR and ED tax credits refundable. Do you support that?

Mr. Bruce Flexman: Yes, that's part of our submission. We believe that for companies that are trying to grow there should be a refundable aspect to the credits.

Mr. Bob Dechert: Mr. Chair, I'd like to share my time with Ms. Block.

The Chair: You have one minute, Ms. Block.

Mrs. Kelly Block (Saskatoon—Rosetown—Biggar, CPC): Thank you very much.

My question is for the folks from ParticipAction.

I am from Saskatoon, and I remember that pilot project. I was about 10 years old then. It's very interesting to have you here today.

You indicated that $5 million is used as leverage. You need some form of funding from the federal government in order to leverage more funding. What is your total budget for ParticipAction?

Mrs. Kelly Murumets: We operate off that. Over the last two years, we've been able to raise almost $10 million in private sector moneys.

Lots of the private sector moneys, though, we don't use to fund ParticipAction per se. What we do is we attract those dollars and we create a program, if you like, that helps the private sector organization meet its business objectives. Are they trying to drive revenue margin, their profile, or ultimately profitability?

Ultimately with us, we're trying to drive Canadians to be more physically active so that Canadians will be the most physically active on earth. So then we create a program where both organizations meet their objectives, and then we deploy those programs right back through our ParticipAction partner network to the community level.

So most of those dollars go to either creating that program or deploying it back out to the community organizations who deploy it and implement it on our behalf.

The Chair: Thank you very much.

I'm sorry; I'm sure we could continue this discussion.

I do want to thank all of you for being with us here this afternoon. Your submissions to the committee, your responses to our questions, we appreciate very much.

Colleagues, we will suspend for a few minutes and then bring the second panel forward.

●

(Pause)

●

● (1705)

The Chair: We'll continue with our pre-budget consultations.

We have another eight organizations with us here for the second panel. We have the Canadian Artists' Representation, the Canadian Association for Community Living, the Canadian Automobile Dealers Association, the Boys and Girls Clubs of Canada, the Clean Air Renewable Energy Coalition, the Co-operative Housing Federation of Canada, BIOTECanada, and the Railway Association of Canada.

If we could have you present in the order that I outlined, you will have five minutes for an opening statement.

We'll begin with the Canadian Artists' Representation, please.

Ms. April Britski (Executive Director, Canadian Artists' Representation): Thank you.

My name is April Britski, and I'm the national director of Canadian Artists' Representation, the Front des artistes canadiens. My colleague Mario Villeneuve is our national president.

We'd like to thank you for considering our submission and hearing about them further today. CARFAC is a national association of visual artists. There are over 17,000 visual artists across Canada, approximately 4,000 of whom are our members. We saw our submission as an opportunity to invest in the economy. The arts provide real value for money, we feel.

Visual arts contribute $1 billion to the Canadian economy annually. There are numerous social benefits to the arts, and Canadians value what we do. As you probably heard earlier from the museums association, millions of Canadians attend museums on an annual basis.

At a time when the economy is struggling and job creation isn't a priority, it costs considerably less to create and sustain jobs in the arts sector compared to heavy industry. Other sectors also rely quite heavily on the arts—I'm thinking of tourism in particular, but there are others as well.

Now, providing a picture for our members, visual artists are especially financially vulnerable at this point. Visual arts are hard to monetize. There are fewer opportunities for income potential than exist for other artists, where their work is more easily duplicated; I'm thinking in particular of writing and music. The average income of a visual artist is incredibly low. It's under $14,000 a year, and the average visual artist earns less than $8,000 a year. It's not just the underachievers who have low incomes. Award-winning artists also struggle to make ends meet, and many have to take on second and third jobs and still struggle.

While what we're asking for specifically is for visual artists, all three of our recommendations would benefit all artists. Our first is to bring the budget of the Canada Council for the Arts up to $300 million annually. An increased investment for individual artist grants provides not only higher income potential for artists but also a sense of pride, accomplishment, and recognition in what they do.

Every year, projects that are recommended by juries are turned down because there is a lack of funds. In fact, most projects are turned down because of lack of funding. An increased investment to museums and galleries also allows those institutions to pay artists for the work they do in putting an exhibition together, and allows them to purchase work instead of relying almost entirely on donations of artworks to museums to build their collections, which Canadians access on a daily basis.

The other two recommendations are related to tax incentives. Tax is an area where government can have a direct impact on the income flow of self-employed artists. For the visual arts, approximately 65% of them are self-employed.

We ask that we have the ability for artists to pay tax based on their average income over a period of five years, so income averaging. For artists, income levels fluctuate widely. Most permanent, salaried workers have regular salaries so you can plan for your tax year accordingly; for artists, it can vary from year to year. Some years you may have a grant, in other years you may have a sale, but it's variable. Averaging it out over five years would really level the playing field. It would also put us on an equal level to artists in Quebec, where they do have income averaging currently, and it also exists in other countries as well.

The assignment of a zero tax rate to income from grants and awards is also something that we're looking for. The amounts that are awarded are already minimal, and any deduction can make a very big difference to an artist. It's also money that will be invested back into the artist's work, which the public enjoys. It doesn't make sense to us for the government to provide funding only to take a portion of it later on.

Thank you.

● (1710)

The Chair: Thank you very much for your presentation.

We'll hear from the Canadian Association for Community Living, please.

Ms. Anna MacQuarrie (Director, Policy and Programs, Canadian Association for Community Living): Thank you. My name is Anna MacQuarrie.

[*Translation*]

Thank you for inviting me to be with you here this evening.

[*English*]

The Canadian Association for Community Living is a national federation that focuses on advancing and promoting the full inclusion of people with intellectual disabilities and their families.

I want to start by painting a little bit of a picture on the status of people with disabilities in this country, particularly Canadians with intellectual disabilities. When we consider that over two million Canadians with disabilities do not have access to the disability supports they need, that people with intellectual disabilities are less likely to attain similar educational outcomes as students without disabilities, and that over 70% of adults with intellectual disabilities are unemployed, it is no surprise that 75% of adults with intellectual disabilities in this country live in poverty.

Here in Canada more often than not we have created poverty as an outcome of living with a disability. Far too many people with disabilities are confined on outdated, ineffective, inadequate, and stigmatizing forms of income support that were never designed to meet the long-term and real needs of people with disabilities. Too often these systems perpetuate that poverty and increase dependency on government systems.

We believe the next federal budget can address this and can take steps that are both immediate and fiscally responsible. In particular, we believe establishing an advisory committee or a high-level panel on income reform is an excellent first step in beginning to map out the long-term strategy needed to address the income needs of people with intellectual disabilities.

We have seen that the HUMA committee has been hosting hearings on poverty, and we have presented to them. The Senate subcommittee on cities is bringing forward a report shortly that we believe is going to have a recommendation specific to addressing the income needs of people with disabilities. So we believe there is some ground to build on there.

We think the advisory committee should report both to the Minister of Finance and the Minister of Human Resources and Skills Development and be tasked to explore the options for addressing poverty, income reform, and the federal role in income support for people with disabilities.

A possible first step may include introducing a refundable disability tax credit for low-income Canadians. If you do not have a taxable income, as many people living in poverty do not, tax credits don't help you very much. A refundable disability tax credit for those without a taxable income could be a very short-term, relatively inexpensive first step.

Lastly, we believe there's an opportunity to address emerging issues related to the recent registered disability savings plan. There are continued concerns that some people, particularly those with intellectual disabilities, are having their capacity to contract questioned. Many parents and many individuals are having to choose between a life of autonomy or potential long-term savings. There are steps that the federal government can take to address its role around ensuring that people have access to these really valuable savings mechanisms.

Those are our three concerns or our three suggestions. We believe that they are fiscally responsible, that they are doable, and that they will have a significant impact in both the immediate and the long-term lives of people with disabilities.

Thank you.

● (1715)

The Chair: Thank you very much.

We'll now hear from the Canadian Automobile Dealers Association.

Mr. Huw Williams (Director, Public Affairs, Canadian Automobile Dealers Association): Hi. My name is Huw Williams, and I'm the director of public affairs with the Canadian Automobile Dealers Association.

It has been a very interesting year in the car business, so we appreciate the opportunity to come and update you on the situation.

As you know, we represent 3,500 franchised automobile dealers of all makes and models from across the country, 140,000 employees, so we are the largest employer in the car sector.

I'm proud to say that we just got back from our board of directors meeting in Edmonton, where—tying into our last speaker—the Alberta motor dealers were recognized as the largest contributor to the Special Olympics, hitting over the half-million dollar mark in terms of contributions.

One of the things I'm conscious of is that our written submission to the committee deals with vehicle scrappage. Events have overtaken us a little bit with respect to that, because the Minister of the Environment has made it clear that we're not going to see an advanced vehicle scrappage program like they have in the United States with the cash-for-clunkers program. We respect that decision, but we feel it's important to highlight a couple of public policy elements of that decision and the overall need to support getting older vehicles off the road.

First of all, many committee members may not be aware that Canada already has a $300 program, the Retire Your Ride program, to get older vehicles off the road. That $300 program was world-leading when it was introduced in January of this year. We got calls from jurisdictions all around the world asking how that program worked and how it was applicable. The genesis of that program was a $92-million government investment over four years to get older vehicles off the road. The public policy objective behind that was basically to get older, higher-polluting vehicles off the road.

Picture a 1990 or pre-1990 vehicle, an older vehicle, at a stoplight. It produces 33 times more smog and regulated emissions than a new vehicle. For each one of those older vehicles you remove from the road, it's like getting 33 new vehicles off the road. Overall, removing 100,000 older vehicles is like removing 3.3 million new vehicles from the road.

So there's a significant air quality investment that is part of the equation to get older vehicles off the road. Even if you look at a 1995 vehicle, for example, that produces 18 times more regulated emissions in smog than a new vehicle does today.

Our major message with respect to vehicle scrappage is that this $92-million investment over the next four years should be maintained and perhaps modestly adapted to reach the public policy objectives going forward in the future.

One of the ironies, and I'd be remiss if I didn't point this out to the committee, is that while the government on one hand is paying $300 to get older vehicles off the road, there's a loophole in Canadian importation legislation that allows older, higher-polluting vehicles to be dumped into the Canadian marketplace. Vehicles that are over 15 years of age are allowed to be imported into Canada, and they don't have to comply with either the Canada Motor Vehicle Safety Standards or emission standards.

Most of these vehicles are coming from the Japanese marketplace, where they're banned from the road. The steering wheels are on the right-hand side, so you're talking about vehicles that are a safety danger. Obviously they don't meet the emissions requirements, with up to 30 times more regulated emissions than Canadian vehicles. Independent studies by the insurance industry show—this is just common sense, with the steering wheel on the wrong side of the car—that they get into 40% more accidents than ordinary vehicles.

These vehicles are being dumped into Canada because the rules that deal with vehicle importation were set up in the early 1970s, and at that point in time, a car that was over 15 years old was considered an antique. If you think about that, it kind of made sense that a 1955 car was an antique in that day and age, but now what is happening is that these vehicles are being dumped into the Canadian marketplace.

Australia has moved to put a 30-year threshold on this. A raft of other Asian and European countries have moved in a similar direction. The United States has a 25-year threshold that they've put in place. As a result, Canada is really the last bastion where they're allowed to dump these older, higher-polluting vehicles.

We're talking about 15,000 vehicles a year. It's not a sales issue for us. We sell 1.6 million new vehicles a year, so losing 15,000 sales is not a concern for us on this issue, but this is an environmental and public policy issue that needs to be addressed.

I'd be happy to answer the committee's questions with respect to the rollout of the Canadian secured credit facility program. We highly support the government's initiative on the $12-billion worth of financing.

I'd also be happy to address other issues related to the budget going forward.

Thank you.

● (1720)

The Chair: Thank you very much.

We'll now go to the Boys and Girls Clubs of Canada.

[*Translation*]

Mrs. Marlene Deboisbriand (Vice-President, Member Services, Boys and Girls Clubs of Canada): Good afternoon. Thank you for inviting us.

My name is Marlene Deboisbriand. I'm the vice-president of Members Services at Boys and Girls Clubs of Canada.

I'll give my presentation in English. However, I'd be pleased to answer your questions in either French or English.

[*English*]

Thank you for inviting us.

I'm here with a colleague. Her name is Sandra Schwartz.

My presentation will be in English, but we can respond to questions in either language.

We actually know that many of you are already great supporters of our clubs across the country in your own ridings, helping with golf tournaments and various special events. Thank you for that.

We have 104 clubs, providing services in 700 community locations, including schools and shopping malls, basically anywhere where children and youth hang out. We provide services to over 200,000 young Canadians, quality, affordable, accessible, out-of-school programs—after-school and out-of-school. Our mission is to provide a safe place where children and youth can experience new opportunities, overcome barriers, build positive relationships, and develop confidence and skills for life.

We're here today to ask you for an investment in crime prevention. There is strong evidence that shows that youth crime and violence are not reduced by severe responses and by incarceration, but rather by effective crime prevention. We believe at Boys and Girls Clubs of Canada that, as a society, we need to create the conditions for youth to experience success through meaningful activities, positive role models, and viable education and employment opportunities, and that the policies and investments that sustain these conditions should have a prominent place in our country's crime control strategy.

According to a survey we did in 2005, funded by Sears Canada, a survey done by Ipsos Reid of Boys and Girls Clubs' alumni, or adults who came to our clubs as children and youth, 73% of the respondents say that their involvement with our clubs helped them avoid trouble with the law; 81% say that the club had a very positive impact on their lives; 97% say that their experience with the club made them better off today; and 69% say that their involvement with clubs saved their lives.

Violent crimes have been on the rise. According to Statistics Canada, violent crimes were 12% higher in 2006 than they were in 1997, and drug crimes committed by youth were 91% higher in 2006 than they were in 1997—91% higher. Youth crime is often gang-related. Gangs have a powerful appeal. They offer status, they offer protection, profit, mentoring, affiliation, and excitement. These are normal developmental needs that are being fulfilled in unhealthy ways. Boys and Girls Clubs provide a constructive alternative, as do other youth-serving organizations. There's an urgent need to invest in these opportunities that provide for healthy development and positive engagement of young people.

Numerous studies clearly demonstrate that investment in prevention reduces incarceration costs and criminal justice costs. Well-known researchers such as Dr. Michael Chettleburgh and James Alan Fox have demonstrated that high-quality after-school programming for youth have much greater payoffs than their minimal investments.

It's important to note that the prime time for juvenile crime is really after school and out of school. U.S. Vice-President Joe Biden, in a study done in 2002, noted that, wherever there is a Boys and Girls Club in the United States, there's a significant reduction in crime.

We have successful examples that have been funded by the National Crime Prevention Centre, such as the youth employment and local leadership program in an east Scarborough location, or Project Early Intervention, which was here in Ottawa. Those are great programs that were funded by the Government of Canada that produced great results. That's short-term funding.

Our recommendation is to invest $350 million per year in long-term funding commitments to organizations providing programming that have been proven as effective in crime prevention and in positive youth development. We strongly believe that if adequate federal funding, policy, and support is directed to youth prevention, a prosperous and sustainable future for Canadian children and youth, and their families and communities, would be achieved.

We also want to indicate our endorsement of the recommendations made by Imagine Canada, particularly the one recommendation related to the stretch credit for donations.

Thank you for your attention, and we look forward to your questions.

Merci.

● (1725)

The Chair: Thank you very much for your presentation.

We'll now hear from the Clean Air Renewable Energy Coalition.

Mr. Mark Rudolph (Coordinator, Clean Air Renewable Energy Coalition): Mr. Chair, I just want to check, did everyone get a copy of the slides?

The Chair: Everyone got a copy of the presentation.

Mr. Mark Rudolph: Great. Thank you.

My name is Mark Rudolph, and I'm the coordinator for the Clean Air Renewable Energy Coalition.

With me is Tim Weis, the director of renewable energy and energy efficiency at the Pembina Institute.

In the interests of time, I'm going to skip through the slides, especially the first two, just to point out a few quick things.

We're pleased to be here today, obviously. The coalition itself has been around for almost nine years. It was co-founded, interestingly, by Suncor Energy Inc. and the Pembina Institute. Indeed, we're made up of 17 different corporations and six environment organizations. As you can see from the slide that shows all the members, we're not your usual coalition, and frankly, we're quite proud of it.

Let me just jump into the meat of the matter here. For decades this country has invested, and invested heavily, in emerging technologies and specifically in emerging energy technologies. Since 2001, the federal government has had a number of support programs for the renewable power industry, and the current program, known as ecoEnergy for Renewable Power, ostensibly is almost dead. It probably will run out some time in late November or early December. At the moment, there is no commitment as to what is next, which is why we're here today.

We have two recommendations. One relates to expanding and extending the existing ecoEnergy program to support the deployment of an additional 8,000 megawatts of power. The current program that was announced by the Prime Minister and the former Minister of Natural Resources Canada, Minister Lunn, in late January of 2007, supported 4,000 megawatts, while in essence we're asking for an additional 8,000 megawatts of support.

The total cost over the four years when you would apply is $600 million, but at the same time we're looking at an investment by the private sector of approximately $7 billion—we're looking basically at a 10:1 ratio. Over the entire 14-year timeframe of the program, the total cost to the federal government would be $2.9 billion. That's at 1¢ per kilowatt hour.

People in the room should know that the U.S. tax credit program offers three times that amount. If you're looking at where to get the best return on the investment, there should be a flight of capital to the U.S., and indeed we're already beginning to see that.

Our second preferred option basically takes what is a 10-year program, or an operation-and-maintenance type of program, flow of money, and puts it all together. If you were to get, let's say, $70 million, you would get the net present value of that amount as an upfront capital grant. This we see as a program that would only run for four years, until 2014, and would cost the federal government approximately $1.8 billion. It's not at all dissimilar from the fact that in the U.S. recently they've taken their production tax credit and are allowing 30% of the money flow to be a capital grant as well.

There is, and probably will be in the not-too-distant future, a lot of talk about carbon offsets and carbon credits. We see that carbon offsets in no way, shape, or form are a substitute for the federal government providing some form of support, as it has in the past.

Last but not least is sort of the whole question as to why we'd like to see this. For many, many years, we've come to this committee and presented. For many, many years, the committee has listened to us and passed on recommendations to the finance minister of the day. The original program started in 2001, with a couple of other programs in 2005, and another one that came about in 2007. Indeed, we've always argued for the fact that we're trying to build an industry. What we've seen is that things have indeed started to take off, but with the demise of the ecoEnergy for Renewable Power program, we'd prefer not to see them crash and burn.

At the moment, the program will be fully allocated literally within a month, which is one and a half years earlier than had been expected. The U.S. government under the Obama administration has taken some very decisive measures. Indeed, they're outspending us 14:1 on a per capita basis. Basically because of that, we're seeing a situation where, at the end of the day, money goes where money should go based on return on investment. We're seeing a flow of money.

There is no certainty left for the industry in this regard. To that end, we are calling for a renewed and intensified commitment by the federal government to adopt one of these two options for the future.

Thank you kindly.

● (1730)

The Chair: Thank you very much for your presentation.

We'll now have the Co-operative Housing Federation of Canada.

Mr. Nicholas Gazzard (Executive Director, National Office, Co-operative Housing Federation of Canada): Thank you very much, Mr. Chairman.

You have our brief. It has the distinction, I think, of being a brief that does not propose any increase in program spending. I think it's a proposal for the times.

We are proposing three things. I'm going to outline two of them and then dwell a bit longer on the third one.

The first is what we see as a need for an accountability framework for federal housing dollars that are passed to the provinces and territories.

Over the last three to four years, the federal government has put significant dollars on the table. Most of that money has been the subject of federal-provincial agreements, and the provinces are pretty much on their own in deciding how they want to spend it. The result of this is that you don't get any tie-in between the federal housing spending and reduction in actual housing need.

There's a very significant core housing need problem in this country, with 1.5 million households considered to be in core need by Statistics Canada and CMHC. We think federal spending should be tied to reducing those numbers. There's a good opportunity coming up, because the federal government is going to redesign the affordable housing initiative. The accountability framework should be part of it, in our view.

The second has to do with the fact that a lot of what we call the legacy programs are coming to an end. The federal government's sponsorship of affordable housing will come to an end, in significant numbers, in the next decade. By 2020, some 55,000 units of housing presently assisted under a variety of federal programs will no longer see any assistance. That's going to be a problem, because the capacity of the housing providers—it applies to housing co-ops, but to all kinds of other providers as well—to continue to house people on fixed incomes, seniors, people with disabilities, and so on is going to be significantly compromised, if there's not a renewal of federal funds to assist people in meeting the housing needs of low-income Canadians.

What we're proposing is again not increased program spending, but that, as program commitments come to an end, the money be left on the table and negotiated into new frameworks with housing providers.

The third one I want to talk about has to do with lending. I want to turn quickly to the social housing renovation and retrofit initiative that was part of the 2009 budget, part of Canada's action plan.

It has been hugely successful. The federal unilateral component, which comprised $75 million in each of two years, has been vastly oversubscribed. The response has been overwhelming. Some 2,200 applications altogether were received by the Canada Mortgage and Housing Corporation. They were only able to fund 500 of those in the first tranche. The demand out there is for considerably more money. What this shows is that social housing providers—cooperatives and others—are ready to reinvest in their aging properties. They take their responsibilities as property owners seriously.

There are ways that they can reinvest without actually dipping further into the federal treasury, through loans. The Canada Mortgage and Housing Corporation has an excellent loan program called direct lending. It was expanded in the 2009 budget so that municipalities could repair housing infrastructure using the loan program. The interest rates are historically low. CMHC has renewed some of those loans under the program. It's a less-than-1% interest rate this year. It's quite amazing. I know it's a sign of the times, but they are able to offer very competitive rates.

What we're saying is why don't we expand that program, especially with interest rates as low as they are, so that existing providers can bundle up their existing debt—they still have outstanding mortgage debt—and refinance it together with new borrowing, so that they can reinvest in their properties? The stimulus effect will be remarkable, and as I said, it doesn't require any program spending, because it would be a loan program on commercial terms: borrowers would have to qualify on commercial terms, and they would have to buy CMHC mortgage insurance. There is no risk of wholesale default or anything like that, if the mortgages are insured.

We've already been talking about this to the minister responsible for CMHC. To me it seems to be a no-brainer. It's a loan program, not a grant program; there is a slew of providers who are ready to line up and refinance and borrow. As I said, the stimulus effect will be amazing. It's a real win-win situation, and I hope you will support it.

Thank you.

● (1735)

The Chair: Thank you very much.

Now we'll hear from BIOTECanada.

Dr. Rainer Engelhardt (Past Chair, BIOTECanada): Thank you, Mr. Chairman and members of the committee.

I'm here representing BIOTECanada as a director on the board and its past chairman.

You have an information package in the folder that was provided to you. I'm going to go through my presentation with some highlights of information relevant to the slides that you have. More details are on the slides as well as in the formal submission that was made to committee this August.

BIOTECanada represents a large body of the biotechnology industry in Canada. This is an industry that, I want to expound here, is in distress at the moment. What they ask the committee to consider in the budget for 2010 is, in three quick points: to address the cash crunch through a loan program; to sustain a vaccine funding program, which is already in place but needs renewal; and to grow the SD Tech Fund, the sustainable technologies fund administered by SDTC. The amounts are as listed there.

The primary reason for this, as I said, is that the industry is in distress at the moment, but the second and major reason is that the return on investment for past government investment is at high risk of being lost unless those actions are taken.

The industry is not a small or a new industry in Canada; it's a significant one. Industry contributes over $78 billion in GDP to Canada's economy on an annual basis. It's really of roughly the same size as the oil and gas sector and the automotive sector, yet it's an industry that has frankly very little profile in a consolidated industry setting; let's put it that way. It's an industry that is fractionated; this next slide shows you that. It's composed of therapeutics, ag-bio, industrial, and so forth. The pie chart shows the distribution. The growth sectors for it are in the ag-bio, industrial, and environmental areas, the very things government is wanting and needing to promote in Canada.

A quick word about the vaccines component, because it's really quite specific. The vaccines support—the $100 million that has been provided by government regularly—has had a major impact on the health of Canadians and on the reduction of overall health costs in the country. We are firmly convinced that the same rewards will be gained by the country at large through continuing that program. As we all know when we read about H1N1, which is a viral disease, and others is that infectious diseases are an issue in the country.

The general Canadian public is not uninformed about the importance of science and technology. The question was asked whether people had concern about the global competitiveness of our country in science and technology. Certainly the majority of the general population, as shown on slide 5, feels that this is something very important to them. When you get a little more specific and ask, as we did in this year's Nanos survey, whether or not biotechnology has a contribution to make to that future prosperity, 90%-plus of individuals contacted in Canada feel that biotechnology makes a major contribution to the overall future expectations of the country.

Then what is the problem? The industry is in trouble because by definition this industry has an ongoing need for capital. It goes through capital financing cycles, and those financing cycles are dead at the moment. In particular, those that are affected are, as shown on this slide, the emerging companies of Canada, those at the cusp of making a major value increment to the country. It is simple, and there are more details here showing you that venture financing, market capitalization—the traditional sources of capital for the biotechnology industry—have become fragmented, have decreased, or are no longer available.

One might say let the chips fall where they may, but if we don't recognize our ROI from R and D investments in the country, the industry will not be sustainable. It is leaving the country as it is. There is an attrition happening at a very rapid rate, and at the same time we seem to be seeing the biotechnology industry, in future years at least, as less and less competitive. In other countries with which we compete, that is not the scenario. They are increasingly funding biotechnology advances and are making a very strong and concerted effort to support that industry within their own country.

We'll slip to the details on the last slide.

● (1740)

These global initiatives in the economic platforms of the U.S., Australia, China, India, Taiwan, and on and on are having a major impact now on growing that industry in those countries for future expectations. As an industry association, we feel that it is a major loss. Basically, every month that passes it's a major loss. If we go a year or two, into next year, there's a very high probability that biotechnology in this country will become second-rate rather than the first-rate it is right now.

Thank you.

The Chair: Thank you very much.

We'll finish with the Railway Association of Canada.

Mr. Cliff Mackay (President and Chief Executive Officer, Railway Association of Canada): Thank you, Mr. Chairman.

My name is Cliff Mackay. I'm the president of the association. Let me thank the committee for the opportunity to speak to you today.

Railways, as you know, are an integral part of the Canadian economy. We move approximately 75% of all the freight, by weight, in the country to domestic and international markets. We employ over 35,000 people, and we pay over $1 billion in taxes every year. The RAC represents essentially all the operating railways in the country. That includes freight railways large and small, intra- and intercity passenger railways, regional railways, and tourist railways.

Today I want to put forward three recommendations, which are also included in our written submission.

The first concerns federally regulated defined benefit pension plans. To mitigate the impact of significantly higher contributions to federally regulated DB pensions in 2009 and beyond, we recommend that the federal government permanently increase the solvency deficiency funding period from five to ten years for all current and future solvency deficiencies, without any conditions.

It is critical that meaningful and permanent changes to the regulatory framework be made in 2009 to address the onerous and frankly very volatile nature of the solvency deficit contributions required under the current rules. RAC member railways, which are federally regulated, include both Class 1 freight railways—CN and CP—and the intercity passenger service—VIA Rail.

The temporary solvency funding measure announced in the 2008 economic and fiscal update was welcomed by the RAC members. However, it's insufficient for a number of reasons. This temporary measure does not address the continuing, onerous nature of the five-year solvency funding rules.

The RAC acknowledges the critical importance of the security of pension plan members' benefits. We strongly believe that the best security for plan members is a financially strong plan sponsor and that our proposed lengthening of the solvency deficit funding period is critical to ensuring that member railways remain financially strong. Therefore, we urge the government to permanently lengthen the solvency deficit funding period. RAC member railways require more certainty on future pension contributions as they proceed to develop both their capital and operating plans. In addition, unless meaningful, permanent changes are made, the ability of our members and other Canadian firms to maintain their current pension plans will be severely challenged.

The second issue I want to raise with you concerns section 36 of the Income Tax Act. This section applies exclusively to railways. This section operates to require capitalization, for income tax purposes, of costs incurred in respect of the repair, replacement, or renovation of depreciable property to the extent that such costs are capitalized pursuant to the uniform classification of accounts prescribed by the Canadian Transportation Agency.

The CTA is in the process now of reviewing its regulatory accounting policies, including those for the treatment of the costs I just mentioned. The objective of the CTA review is to modernize the regulatory reporting rules for railways to align its rules with generally accepted Canadian and/or U.S. accounting practice. If the CTA were to proceed without the Department of Finance correspondingly repealing section 36, it would result in a very significant and unintended increase in the annual income tax payable by Canadian railways.

Therefore, we are recommending that the federal government proceed to delink the Income Tax Act from the regulatory reporting requirements by repealing section 36. A significant increase in income tax payable on an annual basis will decrease the investment capacity of railways, resulting in obviously negative economic impacts.

The last thing I want to mention, Mr. Chair, is the continued funding of gateways and corridors. The Canadian rail system continues to be well positioned as a facilitator of international trade in North America. The federal contribution to these gateways is an extremely important piece of the puzzle. We want to commend the federal government for the $1 billion it's already invested in the Asia-Pacific gateway and the $2-billion plus that has been made available for the Ontario-Québec continental gateway and the Atlantic gateway.

● (1745)

To date, however, the allocation of these funds to rail and intermodal infrastructure has moved very slowly. After more than two years, the budget allocation for Ontario-Quebec and Atlantic has not been spent at all. With regard to the west, there have been a number of announcements recently, which we very much welcome, but there is again more work to be done.

Many jurisdictions in North America are moving quickly to support their rail infrastructure and their port infrastructure, including short-line rail. We have to keep pace with these jurisdictions.

With respect to infrastructure investment, we are currently in a race with the United States. The American Recovery and Reinvestment Act of 2009 funds U.S. passenger and freight railways and ports to the tune of $27.5 billion. All of these programs must be moving before September 30, 2010. This is a significant competitive challenge, and we need to continue to focus on our infrastructure.

Thank you, Mr. Chair.

The Chair: Thank you very much for your presentation.

We'll now go to questions from members.

We'll start with Mr. McKay, for seven minutes.

Hon. John McKay: Thank you, Chair.

Thank you, witnesses; very good presentations and no time to ask all the questions I'd like to ask.

I'll start with Boys and Girls Clubs. I have in my riding the East Scarborough Boys and Girls Club, chaired by Ron Rock. They do a fabulous job. I'm very proud of the work they do.

The $350 million you're asking for seems to me to be well-placed money. It seems to me that nipping crime in the bud is a much better strategy than piling up minimum mandatories, and therefore piling people into jail, and therefore adding jail capacity as our solution to some homelessness problems.

Is the $350 million you're asking for fresh money, or is that consolidated from moneys that are already being invested?

Mrs. Marlene Deboisbriand: Our understanding is that the current budget with the NCPC program, the national crime prevention program, is about $46 million. In conversations with our colleagues at NCPC and with other youth-serving organizations that do this kind of work, we believe that needs to be increased. Initially we thought tenfold; we landed on eight. There's no magic number. There's no magical way to arrive at a number that's adequate.

Certainly if you look at the overall dollars that are spent in the justice system, this is a piece for youth prevention. We've given it a lot of thought, and like all Canadians we watch the news. We actually support some of the harsher positions on crime that have been taken recently, but in terms of youth crime we think the answer lies in prevention.

Hon. John McKay: Thank you.

Go ahead, Ms. Schwartz.

Ms. Sandra Schwartz (Public Policy Advisor, Boys and Girls Clubs of Canada): I was just going to add to that.

I think it's important to keep in mind, too, with the bills going through Parliament right now on fighting crime, that some of those will be moneys that will have to be spent on more policing, more correctional services, etc.

We're saying, just like the Horner commission suggested many years back, that at least 5% of the moneys that are invested in crime in Canada should be invested in crime prevention. We're saying a portion of that needs to be directed at youths in children-serving organizations like ours. We're not suggesting that the full 5% should be directed to them, but that a portion of it should be.

Hon. John McKay: I agree with you. This is a bit like the horse out of the barn: you're trying to give money to police, to jails, to everywhere else except to the youth.

Keeping with that theme, to the folks with disabilities, the issue here is that folks with intellectual disabilities in particular are overrepresented in jails. Do you happen to know what that percentage might be?

● (1750)

Ms. Anna MacQuarrie: That's not a statistic I have. I'm not entirely clear on the statistic involving intellectual disability versus learning disability versus.... I mean, there are a number of ways it can be sliced up.

Hon. John McKay: That's a good clarification. My vague recollection was that people with learning disabilities were certainly overrepresented in jails, and my recollection was something in the order of 70%. Does that sound reasonable?

Ms. Anna MacQuarrie: It does, in keeping with the experience that we've had, but it's not a particular focus that we've been working on.

Hon. John McKay: Okay.

This registered disability savings plan on the face of it sounds like a good idea. The problem for parents is that if in fact they wish to give a bequest or moneys to a person, particularly with intellectual or mental disabilities, schizophrenia, things of that nature, every dollar they give gets taken away from their pension, particularly people with disability pensions. Where is this registered disability savings plan on that particular issue?

Ms. Anna MacQuarrie: There's been a significant amount of success for the registered disability savings plan in regard to clawbacks. I believe almost every province, P.E.I. being an exception at this point, has agreed not to claw it back or has at least suggested that they would forbear to do so.

Hon. John McKay: Mr. Williams, with respect to your 15-year issue with clunkers in our country, it seems to me that African jurisdictions are the only ones that have relatively new Japanese vehicles, under 15 years old, that aren't allowed to drive on Japanese roads. Is that correct?

Mr. Huw Williams: Yes, we've seen a broad array of Asian countries stop the imports. Australia has also done so, and the EU has moved in that direction as well. So you're looking at select examples in Africa and South America.

Hon. John McKay: So we rank right up there with Malawi.

Mr. Huw Williams: Yes. It's just one of those ridiculous anomalies that we're letting these cars come into the country while paying to take them off our roads.

Hon. John McKay: Thank you.

Mr. Rudolph, the ecoEnergy for Renewable Power program is fully allocated one and a half years ahead. To me, this would mean that it has been a very successful program and that it's over-subscribed, if you will.

Is that a correct assumption?

Mr. Mark Rudolph: It's been wildly successful. Indeed, leading up to last year's budget, we were lobbying the government to put more money into the pot. We knew it would run out.

Hon. John McKay: What made it so successful?

Mr. Mark Rudolph: You have to realize that the industry is made up of some large players and a lot of smaller players. For smaller players looking for financing from a bank, it's a very bankable proposition to have a piece of paper from the federal government saying they're going to give you 1¢ for each kilowatt hour you produce over 10 years. You can take that to the bank and then get capital financing to build your projects.

Because of this program and its predecessor programs, we've seen the renewable industry in Canada move from about 100 megawatts of power to about 4,000 megawatts of power.

Hon. John McKay: Essentially, the industry wants some certainty.

Mr. Mark Rudolph: Exactly.

Hon. John McKay: You're looking at a financial horizon of 25 years or something of that nature?

Mr. Mark Rudolph: Correct. It also provides certainty for the provinces who have set targets for the levels of renewables they'd like to see in their mix. Moreover, the public is more secure in their understanding of how the new mix of electricity is going to better their health and environmental outcomes. It's certainty for everyone, frankly.

Hon. John McKay: Thank you very much.

The Chair: Thank you.

Monsieur Laforest, s'il vous plaît.

[*Translation*]

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

My first question is for Mr. Williams.

Last week in Toronto, the Standing Committee on Finance held pre-budgetary consultations. One of the witnesses spoke of a program which is a little bit like the one you are proposing today. The purpose of the program is to retire vehicles that are about 15 years old, that are gas guzzlers and that pollute heavily. Unfortunately, I can't remember either the witness's name or the name of the program.

He said that 15-year-old vehicles would be retired, but that the owners of vehicles zero to ten years old could register in a program for buyers of second-hand vehicles. This seems very complicated. And the way I explain it also makes it quite hard to imagine. Buyers purchasing new cars would get credits in exchange for their old cars. There would also be credits for the buyers of cars that are under 15 years old. In his opinion, the automobile retail associations could manage the program.

Have you heard of this program?

● (1755)

[*English*]

Mr. Huw Williams: I'm not familiar with the specific testimony that you referred to. I can say, generally speaking, that all around the world they've looked at programs to try to get rid of high-polluting vehicles. Here in Canada, the government came down on the side of one simple $300-program aimed primarily at 1995 vehicles. Anybody who's retired a vehicle under the current Canadian program would get that money from the Government of Canada. However, there are also a number of provincial initiatives that exist, such as a $1,500 program in the province of British Columbia.

[*Translation*]

Mr. Jean-Yves Laforest: I'll have to cut you off because I don't have much time. You answered my question: you haven't heard about that project. That will give us some insight later when we summarize the briefs presented to us.

Ms. Deboisbriand, Boys and Girls Clubs of Canada is asking for money to facilitate the prevention of a form of delinquency, so for crime prevention.

In Quebec, the model which has evolved over the years focuses heavily on prevention. It would be interesting if you could give us statistics for Quebec. I don't know them off the top of my head, but there's undoubtedly half as many crimes committed in Quebec. I think we can attribute that to the programs which focus on prevention rather than suppression. And I share Mr. McKay's opinion on that. There are also fewer crimes than in the United States where, once again, the focus isn't on prevention, but rather quite heavily on suppression.

Have you taken a look at the Quebec model?

Mrs. Marlene Deboisbriand: Thank you for the question.

There are only five clubs in Quebec, four of which are in the Montreal and Sherbrooke region. The model which is the most like ours in Quebec is the youth centre model. The major difference is that the youth centre's clientele ranges from 12 to 18 years of age, whereas our model starts at 5 or 6 years of age. Our coverage is broader. Obviously, the needs in Quebec are different because of the subsidized child care system.

The youth centres are highly successful. Despite this success in some cities, we have seen a spike in violence in some Laval and south-shore neighbourhoods. There are also worrying trends in some neighbourhoods of Montreal North. We are working alongside the youth centres on some programs. This very much concerns us and we often emulate the Quebec experiences in the work we do in other provinces.

Mr. Jean-Yves Laforest: That really does answer my question. Thank you.

Ms. MacQuarrie, you referred to a refundable tax credit, which could be good for people with mental or intellectual disabilities. I imagine you have various categories for mental disability, for example, a minor disability and other more serious ones. You said that it would not cost the government that much to implement such a program.

What percentage of the public would use such a program?

[*English*]

Ms. Anna MacQuarrie: It would target low-income Canadians with disabilities. The existing disability tax credit is already in place. We believe it would be costed out at about $350 million. That is the ballpark cost for it. But I'm not entirely sure about the percentage of the broader DTC population.

● (1800)

[*Translation*]

Mr. Jean-Yves Laforest: Mr. Engelhardt, you represent companies in the pharmaceutical sector, and you talked to us about vaccines. Who does the group BIOTECanada comprise? Who are your members?

[*English*]

Dr. Rainer Engelhardt: The membership of BIOTECanada is a little over 250 companies. They range in size from small start-up companies to large pharmaceutical companies. But the sectors that are represented by BIOTECanada cover health, renewable energy resources, and alternative materials. As long as their products have a biological origin and a knowledge-based origin, that's where the members fit.

The membership is predominantly companies. A small proportion of members are academically linked and even government linked, but it's predominantly an industry organization.

The Chair: *Merci, Monsieur Laforest.*

We'll go to Mr. Kramp, please.

Mr. Daryl Kramp (Prince Edward—Hastings, CPC): Thank you, Chair.

Welcome to all the guests.

Ms. MacQuarrie, how are people defined as being intellectually disabled? What is the criteria, and at what level does that take place?

Ms. Anna MacQuarrie: Generally, intellectual disability is inclusive of developmental disability. It's what used to be known as mental retardation. People with intellectual disabilities have rejected that term and have chosen the label of intellectual disability when a label needs to apply. It would include people with Down's syndrome. It is people with global developmental delays of any kind.

Mr. Daryl Kramp: Am I correct that you're talking about a relatively severe condition? Obviously you're not talking of just a mild form of dementia or anything like this.

Ms. Anna MacQuarrie: We leave intellectual disability to our members to define, but we do support people who run the gamut in terms of their support needs. They range from people with significant support needs to people with less significant support needs.

Mr. Daryl Kramp: Do all your organizations, though, have one set standard that defines a person as being intellectually disabled? Is there a benchmark? I'm just wondering if it's clearly defined or whether it depends on which organization is dealing with it.

Ms. Anna MacQuarrie: Well, there's a very broad variation in terms of the impact of intellectual disability. For example, people with Down's syndrome may choose to be with the Canadian Down Syndrome Society or they may choose to identify with the Canadian Association for Community Living, based on their own preference.

We certainly know that disability doesn't discriminate. We know that disability can—

Mr. Daryl Kramp: Thank you.

One of your recommendations was for an advisory committee. Could I ask for your comments in terms of the composition of that committee? Are you talking 50:50 between an organization and government? What is your suggestion or point of view?

Ms. Anna MacQuarrie: From a suggestion point of view, it could be something similar to the previous technical advisory committees on tax that have been formed, which usually have at least one or two members of the disability community on board. As long as there is some form of credible and substantive representation from the community, we're fine with the composition that suits you best.

Mr. Daryl Kramp: Okay, fine; thank you.

Slipping over to the Boys and Girls Clubs of Canada, I was actually a counsellor for a number of years and I fully appreciate the benefit and the contribution and the preventative nature. On the other hand, I've also worked for a number of years in enforcement of the law, particularly in the narcotics field, and I realize that it does take that balance. We have to have deterrents and punitive measures, but without a doubt the preventive nature is extremely crucial.

Of course, we could spend a billion dollars, or two, or three, and it would still never be enough, so your request to go from $46 million to $350 million is substantial. I think you'll have to recognize, though, the natural constraints that government will have, and that if you take from one area, you'll have to fold into another.

I thank you for your presentation. Quite frankly, if I'm leaning in a certain particular way and it happened to fall on my shoulders to make a recommendation, it's an area I feel very passionately about, simply because our young people are the future and the social costs are huge if you don't deal with that.

Thank you so kindly for your work on that file.

● (1805)

Ms. Sandra Schwartz: Thank you.

I just want to say one thing in response. I think it's important for us to make it clear that we don't want to set these up as competing priorities. We recognize the great importance of enforcement while saying as well that we think more needs to be invested in prevention. But they should not be competing.

Mr. Daryl Kramp: Thank you. I really appreciate the balanced approach you're taking.

I have a question for the Clean Air Renewable Energy Coalition. One of the other responsibilities I have is to sit as a chair of the Canada-China Legislative Association. As such, of course, the environmental file is huge. It's a huge problem, but it's also potentially a huge opportunity as well.

Most of your conversations today were dealing with proposals or projects on the domestic level, but you're working collectively and collaboratively, and that's great. Is there a collective, collaborative approach for the international export market as well?

Mr. Mark Rudolph: I would submit to you that if we had a competitive environment industry in Canada, we would have technologies that we could ship to China and India or anywhere else you wanted to go.

Mr. Daryl Kramp: But do you see that you are at the point that we can be competitive with other nations in the world right now?

Mr. Mark Rudolph: No, we aren't. In fact, if I may, let me just read you something. You've heard from us as a coalition; you've heard from an industry group, CanWEA; you've heard from some environment groups. Let me read you this. It just deals with wind, but it applies to all renewables: While the rest of the world's governments plunge ahead in developing more wind energy, Canada is dithering. A federal program to spur investment in wind farms will expire this year, but the government refuses to say what, if anything, will replace it. The only assumption an investor can make is that support for renewable energy is ending this fall.

This comes from an editorial printed today in the *Edmonton Sun*.

Mr. Daryl Kramp: Granted, and I'm certainly not discounting that. But I'll tell you one thing I don't take a lot of solace from, and that's editorials. Editorials can come from each and every way. Empirical evidence is what we need. We need facts. We need data. We don't need opinions coming forward—

Mr. Mark Rudolph: Our industry is not strong enough today, sir, because we haven't had sufficient support by the government to make it strong and able to compete on a global scale.

Mr. Daryl Kramp: Great, and what I'm suggesting is that you provide us with definite areas where we can be helpful. If you're saying dollars is one, that might obviously be there, but it might be regulatory control, it might be other circumstances. We'd appreciate that.

The Chair: This is your last question.

Mr. Daryl Kramp: I wish I had more time.

My last question is for the biotech area. Canada has traditionally been reasonably effective at R and D—incubation so-so, commercialization horrendous.

Why is that? Is it just because as a nation we are a very cautious, prudent people? Why is it that we just don't seem to have the international—or the national—investment dollars that want to come into Canadian projects?

The Chair: A quick response, please.

Dr. Rainer Engelhardt: I think it relates a lot to what the nature of the biotechnology business is, in particular health biotechnology, which is a long time to fruition, from product to market. The value increment starts very low at the beginning, with a high risk, and it moves through 10 to 15 years to be able to have a highly valuable product on the market. I think that is really where we are for the majority of the companies in Canada; they are SMEs.

The Chair: Thank you very much.

Monsieur Mulcair, s'il vous plaît.

[*Translation*]

Mr. Thomas Mulcair: Thank you, Mr. Chair.

I would like to thank everyone who is taking part in this process of reflection this afternoon. We do not have much time, so we do not always have an opportunity to ask all our questions, however your documents do provide us with a lot of answers.

Ms. Britski, could you tell us what sums of money you are talking about here, based on the calculation of average income over a five-year period? You mentioned that there are other places, including in Quebec, but also in Europe, and notably in France and in the United Kingdom, where that kind of thing is done. How much would it cost Canadian taxpayers if we were to implement your recommendation, which, incidentally, we support?

You can also respond, Mr. Villeneuve.

Mr. Mario Villeneuve (National President, Canadian Artists' Representation): Tax payments would just be deferred. Payments would be spread over a longer period rather than the Canadian government not receiving anything at all.

Mr. Thomas Mulcair: In other words, an artist who gets a major contract of $100,000, in a given year, would not have to pay the full amount in taxes immediately, it could be spread over five years based on $20,000 per year. So there would be a tax cost to the state.

Could you give a ballpark figure on this cost?

● (1810)

Mr. Mario Villeneuve: Personally speaking, I don't know of any artists who get $100,000 contracts, but it would be very nice if they existed. That being said, a good year for a visual artist in Canada might be an income of $40,000, but the average is $10,000 to $15,000 over three years, and a good year would be $30,000 to $40,000.

You need to understand that, often, artists are engaged in a production process that lasts several years. So, the first year, second year, and third year, the artist is financing his production at a loss and it is only in the third year that he might draw an income, or perhaps he never will. So having an opportunity to spread your income over a longer period, as we already know, would be very beneficial.

Mr. Thomas Mulcair: We will try and verify that.

I would now like to engage the people from Clean Air Renewable Energy. There is no French name for your group, is there? No, so it is the same in French.

Part of the problem as I see it right now is the main principle underpinning sustainable development, that is the internationalization of costs, is not being applied to oil produced by the tar sands. We do not internationalize the various costs to the environment and for future generations.

And yet, with the tar sands, with the coal we are burning to produce electricity in the west and in Ontario, we are letting pollutants escape into the atmosphere, and the cost per kWh does not represent the real cost, at least not from an environmental standpoint.

Are you telling us that we should continue with the 1¢ per kWh until such time as we have internationalized costs? Are you asking us to start internationalizing the real cost to the environment?

[*English*]

Mr. Timothy Weis (Director, Renewable Energy and Efficiency, Pembina Institute): Certainly a carbon price would be something that would definitely push renewable energy forward throughout Canada. One of the issues, though, in Canada, particularly around electricity, is that in Quebec, for example, or Manitoba or British Columbia, the electricity basis is hydro-based by and large, so a carbon price wouldn't necessarily support development in those provinces.

So it would inequitably support development in different provinces. That's one of the nice mechanisms about the current program, that it's equitable for all provinces to access.

[*Translation*]

Mr. Thomas Mulcair: Am I mistaken or are you making an intentional distinction when you refer to power rather than energy?

For example, a wind turbine doesn't have any power, but it can produce energy thanks to the power of wind. This energy, when twinned with a hydroelectric dam, can produce a continuous supply, by using the best of both worlds.

When you refer specifically to power and not energy, is that deliberate? Are the terms interchangeable in your vocabulary?

[*English*]

Mr. Mark Rudolph: The coalition has always focused merely on utility-scale power. It's never been involved in renewable fuels or anything of that sort.

Going back to the original question, what you're fundamentally talking about is the whole question of externalization and internalization of cost from an environmental perspective. Given your role as a minister of the environment in the past, you would well know that there are umpteen numbers of things that we, in society, should internalize the costs of in order to make them more expensive so we don't use them or change behaviour or help protect the environment or people's health.

[*Translation*]

Mr. Thomas Mulcair: And so that it represents the real cost.

[*English*]

Mr. Mark Rudolph: But the reality is that there has been no government who's ever had the political will to change. And until such time as everyone changes, no one will change.

[*Translation*]

Mr. Thomas Mulcair: You understand the paradox. You're telling me that we need to take money from the government's Consolidated Revenue Fund and use it for something extremely good. I support you entirely and we agree on this. However, the problem is that this money could be accessed more easily by internalizing the real cost of the tar sands. What's more, the tar sands are currently skewing the value of our money, because the price that we're paying isn't real. So, I think we're going down the wrong track by not having a comprehensive approach which takes all these factors into account.

Obviously, having worked in this field for quite some time, I observe the same things that you do. We need to focus on clean, renewable energy. And at the same time, the best way to get this money is not, in my opinion, to dig into the government's Consolidated Revenue Fund, but rather by internalizing the costs to future generations of what amounts to a preposterous exploitation of a source of wealth that we have at our disposal but that we are managing very poorly.

● (1815)

[*English*]

The Chair: Briefly, Mr. Rudolph, please.

Mr. Mark Rudolph: I'm going to say I'll agree...and I would love to have a conversation about this afterwards.

The Chair: Okay, thank you.

I'll go to Mr. Pacetti, please, for five minutes.

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

Thank you to the witnesses for coming forward. It's always interesting. As the previous member just stated, it's difficult for us to ask questions to everybody, but we'll try our best.

I have a question for the Canadian Association for Community Living.

Ms. MacQuarrie, you were stating that you'd like to see the disability tax credit become refundable. I agree that perhaps we should be doing more for people with intellectual disabilities. My question is how do we make sure that they will get the money themselves and it will be properly utilized? Is there a service mechanism to make sure that they're going to use the money and that somebody else isn't taking the money from them?

Ms. Anna MacQuarrie: Sure. The disability tax credit is specific to an individual. It's attached to them.

I would just point out that the DTC is a pretty high gate to begin with. It's for people with severe, prolonged disabilities. They are those who are most likely most in need of access to that money—

Mr. Massimo Pacetti: I guess I'm asking if they are capable of administering their money. And is it enough? I know what the disability tax credit is all about, but I don't even think the amounts are sufficient to get them anywhere.

Ms. Anna MacQuarrie: I agree.

Mr. Massimo Pacetti: That's where I'm going with this. They would probably require more services, so wouldn't we just probably be better off guaranteeing them a minimum service in terms of housing and making sure they're fed? Wouldn't that be a starting point, rather than making sure they get a disability tax credit refunded to them?

Ms. Anna MacQuarrie: I think we need to start with a point that all people have control in their own lives, have voice and say in their own lives. By prescribing a service or a particular service response to someone's disability, I think it's undermining their capacity to have choice in their life, to spend their money as they see fit.

We would be better off to ensure that people have additional dollars in their pocket. I agree completely. A refundable disability tax credit does not go far enough in addressing the real poverty need. But I think we have to be starting from an assumption of capacity. It's a similar issue to the registered disability savings plan.

Mr. Massimo Pacetti: Thank you. That's a good answer.

[*Translation*]

Ms. Deboisbriand, I am a member from Quebec. There are youth centres in my riding. In my opinion, the problem is that the programs aren't recurrent and that their budgets are constantly being slashed. The centres attract young people from 10 to 15 years of age, but when they turn 15, we lose them because they have other interests. Some work, they don't all have bad intentions.

Would you comment on this please?

Mrs. Marlene Deboisbriand: I'll respond briefly. The Boys and Girls Clubs of Canada's programming continues after the teenage years. Although there's a drop, we do continue to provide various services to a slightly older clientele. Oftentimes, these are young people who become volunteers and deal with younger groups, who lend a hand in the homework clubs, and get involved socially. It's also a way of preventing crime.

We also see them getting involved in the area of social integration and job readiness. There are a lot of clubs which offer that kind of service. And they continue to attract a slightly older clientele.

Mr. Massimo Pacetti: So there is some follow-up.

Mrs. Marlene Deboisbriand: That's right.

Mr. Massimo Pacetti: And is it a problem for you that the funds aren't recurrent?

Mrs. Marlene Deboisbriand: It's a huge problem, particularly when it comes to the clientele we referred to in our proposal. These are often young people who...

Mr. Massimo Pacetti: I'm sorry to cut you off, but my time is limited.

So is the recommendation that this be a spread over three, four or five years?

Mrs. Marlene Deboisbriand: As a minimum, it would have to be spread over three years, but we would hope that it would be over five years. These young people don't have any stability in their lives, everything's always short term. Parents, school, and social workers have always been present in the short term. If we're not capable of giving them something more long term, well then we run the risk of causing them more harm.

● (1820)

[*English*]

Mr. Massimo Pacetti: *Parfait. Merci.*

Just quickly, Mr. Mackay, you were saying that of the money that was committed for trade gateways, none of it has gone out in the last two years. Why is that happening?

Mr. Cliff Mackay: I think the primary reason is that there's been an enormous amount of time spent on the front-end consultation, planning, and these sorts of things, both in the Atlantic area and in the Ontario-Quebec area. We and a number of other organizations have submitted very specific proposals. We're really hopeful that things will start moving soon.

I mean it when I say we're in a race with the U.S. There are enormous amounts of funding going into basic transportation infrastructure of all kinds, and we need to make sure our system is efficient and effective. Otherwise we'll lose share.

The Chair: Thank you.

Mr. Gaudet.

[*Translation*]

Mr. Roger Gaudet: Thank you, Mr. Chair.

My question is for Mr. Mackay once again. Do you agree with the highspeed train project that would connect Windsor and Quebec City, via Montreal and Toronto? There's a similar project out west. Do you support the project? From an environmental standpoint, it would be very beneficial.

[*English*]

Mr. Cliff Mackay: Sir, the short answer is yes. We do support high-speed rail. We think it's a very viable long-term solution to congestion and other issues, and it's environmentally sound as well. There are obviously major issues that need to be sorted out on the financing, and we need to ensure that we don't put the systems into conflict. We need both passenger and freight, and they both need to be efficient and effective. We don't want to create a system where you put those two systems into conflict.

You need to have that thought through at the front end.

[*Translation*]

Mr. Roger Gaudet: In your opinion, how long will this take to implement?

[*English*]

Mr. Cliff Mackay: We are hopeful that we will see the reports the governments have been doing very shortly. We would argue that we're at that point. We think now is the time to start thinking seriously about high-speed rail, both in the corridor here in central Canada and possibly between Edmonton and Calgary as well. It's going to take a number of years to engineer it and plan it right, but unless you get started you're just going to lose more time. Frankly, we're pretty much convinced that the U.S. is going to move on a number of projects over the next 12 to 18 months.

[*Translation*]

Mr. Roger Gaudet: I'm happy to know that the Americans are truly headed down that track. It would perhaps be time for us to do the same. Today is 2009, and we are examining a report that had been requested in 1990. It will be almost 20 years, and no further advancement will have been made. I don't know if successive governments truly had the willpower to take on these projects. Whatever the case, if we want to protect the environment, this would be a good method. Thank you.

I will ask my next question to Ms. Deboisbriand.

How are the Boys and Girls Clubs of Canada financed?

Mrs. Marlene Deboisbriand: The majority of funding, approximately 60%, comes from provincial governments. In fact, federal funding is minimal. It comes mostly from the Summer Jobs Program. The rest of the funding comes from fundraising, special activities such as spaghetti dinners and golf tournaments. It is a lot of work for a frequently small return on investment.

Mr. Roger Gaudet: Why does the federal government not invest more in that? It wants to increase prevention among young people, but it is not investing in those types of activities. Perhaps it prefers to invest in prisons. I don't know.

Mrs. Marlene Deboisbriand: It is one of the areas where the federal government could get involved. Our mission is truly in the field of prevention. We are asking that current budgets, which are, in our opinion, at minimum levels, be increased. When we talk about crime in general, the total budget for justice is approximately $14 or $15 billion. We are asking for $350 million for prevention.

● (1825)

Mr. Roger Gaudet: How much are you receiving now?

Mrs. Marlene Deboisbriand: In total, the federal government invests $46 million in this area.

Mr. Roger Gaudet: The government could set aside $100 million, and increase that gradually over time.

Mrs. Marlene Deboisbriand: In 1993, the Horner report suggested that 5% of the budget be invested in prevention. That would translate into approximately $350 million. Any additional effort would be greatly appreciated. That much is certain.

Mr. Roger Gaudet: I totally agree with you.

The Chair: You have 30 seconds remaining.

Mr. Roger Gaudet: Mr. Villeneuve, how much money do you receive from the government?

Mr. Mario Villeneuve: From the Canada Council for the Arts?

Mr. Roger Gaudet: Yes.

[*English*]

Ms. April Britski: It's $181 million.

[*Translation*]

Mr. Roger Gaudet: And you want to see an increase to $300 million?

Mr. Mario Villeneuve: Yes.

Mr. Roger Gaudet: Thank you very much.

Thank you, Mr. Chair.

[*English*]

The Chair: *Merci*.

We'll go to Mrs. Block, please, for five minutes.

Mrs. Kelly Block: Thank you very much, Mr. Chair.

Thank you to all our presenters here today. It's been a real pleasure hearing from each of you.

My question is for the Railway Association of Canada. We've talked about the need to focus on both passenger and freight service, and across rural Canada, certain short lines or privately owned rail lines are in danger of closing. These lines are used to ship goods, most of which are produced by hard-working Canadians. Some of these lines are used by large multinational companies. Many producers in my riding use these short lines to move their grain and other commodities.

What involvement, if any, would you suggest for the federal government to ensure continued access to affordable, clean, and practical rail shipping?

Mr. Cliff Mackay: We have very much supported a three-way infrastructure upgrading program for short lines across the country. The first major one was put in place in Quebec, involving the Quebec government, the federal government, and our short-line members. It has been operational now for a few years. Saskatchewan is running a program. Manitoba has a number of initiatives under way. We are awaiting some decisions in Ontario, which we hope will be coming very shortly. We very strongly believe we need to upgrade infrastructure on short lines.

Twenty-five per cent of all that freight I talked about originates or is destined on a short-line railway, and it ties into the international network. If you lose that, you not only lose a major economic advantage, but you also lose, frankly, an environmental advantage for the local area as well.

One of the big problems short lines have is that they don't have the volumes. Railroading is a very capital-intensive business. We put 20% of our gross revenues every year back into the ground. It's hugely capital-intensive, more so than any other industry in the country. Short lines just don't generate that kind of revenue to be able to continuously upgrade their services, so this kind of a program is a very cost-effective way of ensuring that basic infrastructure is there in rural areas.

Mrs. Kelly Block: Thank you very much.

I will be sharing my time with Mr. Dechert.

The Chair: Okay.

You have about two and a half minutes.

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

My first question is for Mr. Gazzard of the Co-operative Housing Federation.

It's good to see you again. The last time we were together, I believe, was in Oakville earlier this year, when the government announced the $2 billion for renovation of co-op and social housing.

I subsequently attended two such announcements for improvement of co-op housing in Peel Region, which is the region I'm from.

For the benefit of my friends across the way, they were both in Liberal-held ridings.

Was this funding helpful to you? You mentioned something to me that day about the history of federal government funding for co-op housing and what co-op housing had received over the last 20 years. I wonder if you could repeat that for us.

Mr. Nicholas Gazzard: To answer your first question first, the program's been hugely successful. It's just been vastly oversubscribed, which is one of the reasons why we are coming back again with this idea for a low-cost loan program.

The federal government's commitment to co-op housing over the years has been by way of annual subsidies. I can't give you a number off the top of my head, but CMHC's total annual transfer right now is approximately $1.8 billion for what we call the legacy program.

So it doesn't include the new spending on the affordable housing initiative. That's the money that's been committed for long-standing programs that go back to the 1970s and 1980s. That's the funding I was mentioning that's going to expire.

Mr. Bob Dechert: I think you mentioned that the $2 billion in budget 2009 was the largest amount that co-op or social housing had received from the federal government in approximately 20 years.

Mr. Nicholas Gazzard: Absolutely, yes. It's the largest infusion of new capital we've seen, and it's much needed. There's no question about it that the result is going to be a reinvestment in the physical assets of affordable housing providers, which will stand Canada in good stead over the next generation.

Mr. Bob Dechert: Thank you very much, Mr. Gazzard.

I have a question for Mr. Mackay and the Railway Association of Canada.

How do you think your pension insolvency deficit funding suggestion would be perceived by pension beneficiaries?

Mr. Cliff Mackay: In general, we believe it would be positively received. A number of consultations have been going on, some, of course, with Mr. Menzies and the government.

One of the problems we have is that the technical way in which those ratios are calculated on a five-year basis doesn't match the economic cycles. It's too short. So you end up exacerbating the positives when the economy is growing very fast and the negatives. It's very difficult to manage it and ensure that you have a well-funded and well-managed pension plan.

Mr. Bob Dechert: And what's your view of...?

Okay, thank you, Mr. Chair.

The Chair: Thank you, Mr. Dechert.

I want to ask one very quick clarification of Ms. MacQuarrie.

Do you have a costing or an estimate for your proposal for the refundable disability tax credit?

Ms. Anna MacQuarrie: Yes. It's probably about $350 million.

The Chair: Thank you very much for the clarification.

Thank you to all for presenting to the committee and for responding to our questions. We appreciate very much our involvement in the pre-budget consultation process.

Thank you.

The meeting is adjourned.

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