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Chair

Mr. James Rajotte

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● (1535)

[*English*]

The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)): I call this meeting to order. This is the 58th meeting of the Standing Committee on Finance.

Before we get to the orders, I want to make sure colleagues know that tomorrow's schedule has been changed somewhat. We do have the meeting tomorrow morning from 11 a.m. to 2 p.m., but we do not have the meeting in the afternoon. The witnesses in fact have been moved from the afternoon to the morning.

There will be no meeting tomorrow afternoon. Please convey that to all of your colleagues. Thank you.

We have two panels here this afternoon. This will be a challenge, because we have votes at 5:30, colleagues.

The first panel is from 3:30 to 5 p.m., continuing our pre-budget consultations. We have with us Heritage Canada Foundation, Volunteer Canada, the Canadian Association of Social Workers, the Canadian Wireless Telecommunications Association, the Canadian Urban Transit Association, Sustainable Development Technology Canada, and the Insurance Brokers Association of Canada.

We will have organizations present in that order. You each have a maximum of five minutes for an opening statement. Then we'll go to questions from members.

We'll start with Ms. Bull, please.

Mrs. Natalie Bull (Executive Director, Heritage Canada Foundation): Good afternoon.

Mr. Chairman, distinguished committee members, thank you very much for this opportunity to present our recommendations. The Heritage Canada Foundation is a national non-governmental charitable entity created as Canada's national trust. We believe that historic places are the cornerstones of community and identity, and we help Canadians protect the places that matter to them by sharing information and by engaging and inspiring the public.

I'm here today to tell you that the rehabilitation of historic buildings and sites represents an important opportunity to stimulate private investment and create green new jobs, with much less negative environmental impact than many other stimulus measures. An added benefit is more liveable neighbourhoods and greater tourism potential.

There are a couple of important realities to consider. Ten years into the future, as much as 90% of Canada's building stock will consist of buildings already built before today. Buildings are responsible for 30% of Canada's greenhouse gas emissions and offer the single most important opportunity to achieve significant greenhouse gas reductions. Forward-thinking stewardship and investment today in these buildings, including heritage buildings, will be crucial to Canada's economic and environmental sustainability. Measures that encourage rehabilitation and energy upgrading of existing buildings, including heritage buildings, will create green new jobs.

Rehabilitation is extremely labour intensive—66% more labour intensive than new construction. And these are skilled jobs for the competitive workforce of tomorrow. Further, rehabilitation projects and the jobs they create have been shown to increase tax revenue at all levels and to have a positive ripple effect in surrounding areas. I encourage you to think of places such as Fort Macleod, Alberta; downtown Picton, Ontario; Edmonton's Old Strathcona district; or Toronto's Distillery District—all historic areas that are generating great revenue.

Measures that encourage rehabilitation and energy upgrading of existing buildings will also have important environmental benefits. The greenest building is the one already built. New construction, no matter how green, cannot compete with the environmental imperative of wisely using the buildings we already have. Yet the current federal tax regime and funding programs do not encourage rehabilitation of existing buildings, let alone of heritage buildings. For example, owners of income-producing properties, including houses and apartment buildings, can earn a tax deduction by demolishing them. We actually need the opposite; we need measures that would assist and reward businesses and citizens who show leadership in reusing existing buildings.

Accordingly, our first recommendation is to build on the home renovation tax credit, introduced as an economic stimulus in the 2009 budget, by introducing a more substantial rehabilitation tax credit.

Rehabilitation tax credits have been hugely successful in the United States for over 30 years. In fact, the U.S. historic tax credit program was introduced as an economic stimulus measure in 1976 and has since leveraged over $25 billion in private investment and created an average of 45 new jobs per rehab project. Currently there's a bill before the U.S. Congress to offer an additional 10% in tax credits for heritage projects that also increase the building's energy efficiency.

There's broad support in Canada for these kinds of measures, notably from the Federation of Canadian Municipalities and the Royal Architectural Institute of Canada. The cost of such a program to the government can be managed through such eligibility criteria as limiting it to properties on the Canadian Register of Historic Places, or by setting ceilings for the available tax credit per property owner. That's our first recommendation.

Our second recommendation is to build on the success of the funding provided to the National Historic Sites of Canada cost-sharing program, also an economic stimulus included in the 2009 budget.

National historic sites contribute to tourism in over 400 communities across Canada. The renewal of the cost-sharing program has already stimulated private investment in a number of sites that will yield visitor spending and spinoff economic activity, sites such as the Walker Theatre in Winnipeg and the Rosamond Woollen Mill in Almonte.

There has already been a strong demand for the modest amount of funding available. Only $20 million total in stimulus funding is available for this program over the next four years, but as of August, Parks Canada had already received applications totalling twice that amount. If all the current applications were funded, they would stimulate an impressive $180 million in rehabilitation work, five times the funding invested by government.

For this measure, we're recommending an increase of at least $10 million to $20 million per year to the budget for the cost-sharing program, to build on the success of this stimulus measure.

● (1540)

In closing, let me thank you in advance for considering our two recommendations, both of which represent proven approaches to leveraging private sector investment and making heritage and older buildings the cornerstones of a sustainable future.

Thank you.

The Chair: Thank you, Ms. Bull.

We'll go to Ms. MacKenzie, please.

Ms. Ruth MacKenzie (President, Volunteer Canada): Thank you for giving me the opportunity to speak with you today.

Volunteer Canada is the national leader on volunteerism. We are devoted to building the capacity of voluntary organizations, to involving volunteers, and to promoting and fostering volunteerism in all its forms. We have more than 1,000 member organizations across the country, ranging from the very large to small neighbourhood groups that perform vital community services, often with no paid staff whatsoever. Of Canada’s 161,000 charities and non-profits, 54% are run by small staff teams of one or two people or led entirely by volunteers.

Volunteer Canada also has strong connections to the corporate sector. Our Corporate Council on Volunteering has 25 members representing some of Canada’s largest enterprises.

The Canadian community of volunteers is vast and varied. According to the 2007 Canada Survey of Giving, Volunteering and Participating, there are 12.5 million volunteers in this country contributing 2.1 billion hours of service, the equivalent of 1.1 million full-time jobs.

All this immense civic engagement does not just happen spontaneously. It requires organization, managerial expertise, and highly developed leadership skills to successfully mobilize volunteers. As many of our members say, volunteers do not come free.

Volunteer Canada’s members report that the recession is having a real impact on their work. Our presentation today reflects what we have been hearing from those members. We will summarize what they report to us and what is happening at the grassroots in our community and we will conclude by outlining what they think the federal government could do to make a positive contribution to support their efforts during these challenging times.

Our members tell us that organizations are being forced to lay off staff—often staff responsible for managing volunteers. When that happens, an organization's ability to mobilize the efforts of its volunteers is severely weakened.

The Victorian Order of Nurses tells us that because of staff cuts, some of their offices across the country have had to cut back on a very beneficial program called SMART. SMART stands for seniors maintaining active roles together. It's a program that provides exercise for senior citizens who would otherwise be at risk of becoming weak and socially isolated. This is a largely volunteer-run program, but the volunteers who carry it out must be trained and supervised by paid staff. As VON sites have cut back due to financial resources, they have made difficult choices, one of which has been to reduce the staff who train and supervise the volunteers for SMART.

In Hamilton, Ontario, the volunteer manager at the Brain Injury Services reports that they have had to cut back on their animal therapy program because they lack the resources to pay for training and training materials. This cutback hurts patients who have been benefiting in a very unexpected way. The animal therapy program is highly effective with a certain kind of patient—those who are aggressive or aphasic. These patients respond so well to the presence of gentle pets that they become calm and controlled and are able to receive the speech therapy they need. In this case, there's a sort of cascading effect. A lack of money means an inability to train volunteers for animal therapy, which in turn means that a speech therapist cannot provide a vital service to the patients who desperately need it.

Another challenge affecting volunteer-involving organizations is a generational shift in the world of volunteering. Baby boomers are replacing the older generation of super volunteers who contribute the predominant portion of the hours of volunteering, and baby boomers have different values than their predecessors.

This is how the manager of a large hospital in Burnaby, British Columbia, put it:

> We are seeing more baby boomers applying...who have a high level of skills. Identifying and planning for effective ways of utilizing these high skilled volunteers requires very specific skills on the part of Volunteer Resources staff. This is a whole new area of volunteering and it requires organizational development, education, and planning.

There are many ways the federal government can help the volunteer sector to continue serving Canadians. Social investments can stimulate the economy just as much as investments in road construction and bridge building.

We have one specific fiscal recommendation for you. We suggest that the government should consider a targeted investment in a Canadian volunteer support system for communities across the country. The government should invest $5 million a year in a cost-effective, targeted system of training, knowledge sharing, innovation, and basic volunteer management resources for those at the grassroots level who must deal daily with the challenges of finding willing volunteers and assuring that those volunteers are effective in providing vital services.

● (1545)

An important part of the role of the support system will be to identify and reach out to organizations in need at the community level in a proactive way and provide training and resources appropriate to their needs. At a broad national level, we believe such a support system should support a national goal of increasing the rate of volunteering in Canada from the current 46% to 60% over a four-year period.

The government projected in last year's budget that program spending for fiscal 2009-10 would be nearly $225 billion. An annual $5 million investment in volunteering is a tiny fraction of that amount. In fact, it's about 40¢ for every volunteer in the country or 15¢ for every Canadian who benefits from volunteering—a small investment with enormous results.

Thank you.

The Chair: Thank you very much.

We'll now go to the Canadian Association of Social Workers. Mr. Pekrul, you have up to five minutes for an opening statement.

Mr. Ray Pekrul (Board Member, Canadian Association of Social Workers): Thank you for the opportunity to present on behalf of the Canadian Association of Social Workers, a federation of member organizations of social workers from nine provinces and territories.

We wish to advocate for the improvement of the financial status of low- and moderate-income women in Canada. Women, particularly low-income women, are disadvantaged by income transfer programs such as old age security and the guaranteed income supplement, the Canada Pension Plan, and employment insurance. Our recommendations are intended to address some of the limitations.

Why address low- and moderate-income women? When looking at income and wages, while overall prevalence rates of low income —measured by StatsCan low-income cutoffs after tax—are similar for men and women, we see that senior women, female-led families, and unattached elderly women are disproportionately poorer than men.

The low income of women is further affected by age, ethnicity, immigrant status, and aboriginal status. The average earnings of women relative to men remain in the 65% range. It is higher for full-time work, but there is still a significant gap. While the vast majority of adult women are in the paid workforce, women's experience of paid employment is different from men's. More women are in part-time and non-standard work.

When looking at transfer payments, we see that the types of jobs in which many women are employed have low wages and limited pension coverage, making it difficult for women who work throughout their lives to accumulate retirement incomes and provide a secure financial future.

Women age 65 and older receive more of their income from government transfers than men do. Private pensions, which include both workplace pensions and RRSPs, are a more important source of income for men than for women. We see the basic guarantee under OAS and GIS is too low. Proportionately, more senior women are affected by this low guarantee. For single individuals, the maximum available from OAS and GIS combined is below the after-tax LICO, while for couples the maximum is only just above the LICO for a major urban area.

The combined amount of OAS and GIS for single seniors and those who have no other sources of income in old age should be at least at the level of the after-tax LICO. Since benefits are indexed for inflation using the consumer price index and not wages, and in order to avoid the erosion of the value of the pension over time, we recommend OAS and GIS be indexed to wages as well as prices, so the relative standard of living of future seniors does not fall below the rest of the population.

To address the problem of the denial of GIS benefits to those with small amounts of personal savings, higher amounts of income should be allowed before cutting back on GIS benefits. While the allowance component of OAS/GIS is available to low-income individuals age 60 to 64 who are married to a low-income pensioner or who are divorced, low-income women age 60 to 64 who have never married or are separated or divorced are not eligible. We recommend that this form of discrimination, where they would otherwise qualify for benefits, should end.

In regard to Canada Pension Plan benefits, women receive lower benefits because of their low earnings. To improve CPP retirement pensions for low-income individuals, the replacement rate could be increased from 25% of average earnings up to a limit of 50% for those with earnings at or below half the year's maximum pensionable earnings. Increased replacement rates could be financed by increasing the upper level of contributory earnings from the current amount, which is roughly equivalent to the average wage, to a factor of twice the average wage.

High CPP contribution rates may be problematic for lower-income earners, especially for those in precarious jobs. One way to address this problem is to increase the existing tax credit for CPP contribution or make it a guaranteed credit geared to income.

Measures are needed to help immigrants who may not have been in Canada long enough to accumulate adequate retirement from CPP —for example, the modification of the CPP contribution period to start when an immigrant entered Canada rather than at age 18. Attention should be given to the rules on surviving spouse benefits, so the survivors of recent immigrants are not penalized as they are under the current system.

With regard to employment insurance, the nature of unemployment and reasons for being unemployed are very different for men and women. Men tend to become unemployed because they lose their jobs. Unemployed women tend to be voluntary leavers. We recommend an expansion of the definition and category of just cause for voluntarily leaving a job in order to provide more flexibility. We recommend an increase in the weekly benefit amount from 55% to 65% of insured earnings. This may help raise the single person above the poverty line.

● (1550)

Currently, six weeks of compassionate care benefit and eight weeks of work protection are available to eligible workers who must be absent from work to provide support and care for a family. In 2006 the government expanded the eligibility criteria for caring for different family members. More time and flexibility are needed in order to address the concerns of women dealing with the short duration allowed for compassionate leave.

We also recommend that maternity and paternal benefits be increased up to two years.

The changes in working time in organization work in recent years affect all workers, but women more than men. We recommend that due to women's in-and-out position in the workforce, regular EI benefits be made available for all sorts of workplace training and upgrading.

Thanks for your attention.

The Chair: Thank you very much for your presentation.

We'll now go to CWTA. Mr. Lord, please.

Mr. Bernard Lord (President and Chief Executive Officer, Canadian Wireless Telecommunications Association): Thank you very much, Mr. Chair.

I'm here with Jim Patrick, vice-president of government affairs for the CWTA. We've provided a short slide deck to help you with this very quick presentation.

Mr. Chair, members of the committee, as Canada comes out of the economic recession, Canada's digital economy will become more important than ever before. That's why we must continue to encourage investment, growth, and innovation to increase productivity and competitiveness. In order to do that, we have come here today to present one recommendation and to focus on one recommendation.

There's a mobile wireless revolution in Canada. It's increasing productivity, it's creating new jobs and opportunities, it's generating new investments, it's enhancing our social lives by connecting our family and friends, and it's making our communities safer. There are currently close to 22 million subscribers for wireless technology in Canada. We expect that number to grow by more than 30% in the next five years to well over 30 million subscribers throughout the country.

Wireless Internet usage in Canada is increasing. In fact, it's reaching a very critical mass: 99% of Canadian households now have access to wireless services, including wireless Internet, and 91% have access to 3G mobile Internet services in Canada.

In June 2009, 21% of mobile consumers were using their cellphones or their mobile devices to browse the web and access their e-mail accounts; that's 21% in June of this year, compared to 16% at the end of last year. You can see the growth.

Canadians sent 16 billion text messages in the first six months. That's close to 100 million text messages every single day. I think my daughter and my son sent one million of those 100 million text messages.

As we move to the next generation of networks and since the introduction of the wireless service in Canada in 1985, wireless carriers have invested over $25 billion in private sector investments in infrastructure. By early next year, Canada will have at least four, and probably five, separate 3.5G high-speed packet access—HSPA—providers with their own networks. This will likely be more than anywhere else in the world.

The next chart is very compelling. You can see that one smart phone uses, on average, 30 times the bandwidth of traditional cellphones and that one mobile wireless-connected computer uses 450 times the bandwidth of a traditional phone. It's expected that mobile data traffic in Canada and around the world will double every year between now and 2013.

What this means is that there's an appetite for more. What can government do? Well, Industry Canada has asked what can be done to make sure we meet these challenges. In 2009 the budget included $225 million over three years for the expansion and improvement of broadband networks in certain geographic service areas. Budget 2009 included accelerated capital cost allowance for desktop and local area network equipment for small businesses.

We believe that budget 2010 could and should close the loop. A temporary accelerated capital cost allowance for the class of assets most closely associated with network equipment would bring forward several years' worth of capital investment into a strategic timeframe.

We're not asking for a handout, we're not asking for a bailout, and we're not asking for any government cheques or any new government program. We're simply suggesting that budget 2010 should build on the forward-looking measures included in budget 2009. It should close the loop by stimulating the supply of broadband, specifically by implementing a temporary—we believe two years would be sufficient—accelerated capital cost allowance for network equipment.

Canadian broadband providers have invested billions to provide fixed and mobile high-speed Internet access, as I mentioned, to over 90% of the Canadian population. The focus should now be on quality, speed, and capacity to meet the growing demand. We believe that an accelerated capital cost depreciation would meet that objective.

This measure would not involve the creation of any new program or cutting of government cheques, and it's a straightforward measure to implement. The fiscal cost depends on the rate of depreciation allowed under the regulation. We are recommending that the government consider raising that rate to between 75% and 100% for a period of two years.

This recommendation is supported by the Canadian Chamber of Commerce and the Information Technology Association of Canada.

We would be pleased to provide any other information. Thank you very much for your time. *Merci*.

● (1555)

The Chair: Thank you for your presentation.

We'll now hear from the Canadian Urban Transit Association.

[*Translation*]

Mr. Michael Roschlau (President and Chief Executive Officer, Canadian Urban Transit Association): Thank you very much, Mr. Chair, for inviting us to make a presentation.

[*English*]

My name is Michael Roschlau. I am the president and CEO of the Canadian Urban Transit Association. I'd like to talk today about the state of federal transit investment in Canada.

Over the past several years, Canada has seen a lot of improved federal investment in transit. In fact, there's been a doubling of annual capital investment since 2001, which represents the growing recognition that sustainable transit systems are now demanded by the public at record levels. In that context, I'd like to make four key points.

First, let me point out that Canadians want improved transit infrastructure. Polls demonstrate that over 90% of urban Canadians think that public transit makes their community a better place to live, and 73% feel that it benefits them personally. Canadians are choosing transit at unprecedented levels as more and more people understand the importance of their travel choices in reducing emissions and easing traffic congestion. Public transit ridership for 2008 showed an increase of 3.5% nationally, for another all-time record, with 18.2 billion trips—astonishing growth that represents a 16% increase over the five-year period since 2003.

Second, Canada lags behind the rest of the world in this area. We still lack a long-term predictable approach to transit investment, leaving us alone among members of the OECD. Modernizing Canada's approach to transit funding is a significant opportunity for the federal government and the Canadian public.

What are other countries doing? Most Canadians would be amazed to find out that the Canadian government's investment in public transit lags well behind the federal leadership and funding for transit in the U.S. The U.S. federal government funds about 80% of capital projects and ensures consistency with federal program goals. Such an approach is sorely needed here in Canada.

Third, the infrastructure needed to meet demand is enormous. CUTA's most recent report on Canadian transit infrastructure needs has estimated the total requirements, over a five-year period from 2008 to 2012, at $40 billion. Additionally, a study commissioned by CUTA last year showed that an economically optimal level of transit supply would involve a 74% increase in annual transit service compared with 2006 levels, which in turn would generate more transit demand among existing users. It showed that over a 30-year period, reaching this optimal level would generate a long-term internal rate of return of 12.5%. Most of these benefits would accrue from reductions in congestion, vehicle operating costs, collisions, and emissions.

Finally, we must view transit as an economic stimulus. As well as modernizing Canada's infrastructure, these investments have a powerful effect on the economy. Over the past two years, governments from all G8 nations have placed an unprecedented level of attention on proactive economic stimulus. Transit investment's effect on employment is very significant. Every billion dollars invested in transit infrastructure can generate at least 11,000 full-time equivalent jobs for one year.

While stimulus has been significant, there has never been a more pressing need for intelligent infrastructure spending. Increasingly, policy-makers have come to realize that accelerated spending on “pothole filling” is no match for investments in sustainable infrastructure. In this context, at CUTA we're making the following three pre-budget recommendations.

First, the federal government should create a new permanent program of direct transit-specific investment to meet current and future needs related to infrastructure expansion and renewal.

Second, infrastructure investment mechanisms that can support major rapid transit projects, such as the Building Canada Fund, are vital to transit's future success and should become a permanent fixture of the federal-provincial-territorial financial landscape. Transit projects should continue to be an eligible category, and local governments should have maximum flexibility to select priority projects.

Third, the federal government should give tax-exempt status to employer-provided transit benefits. This would complement the current federal tax credit for transit pass purchases and encourage employers to financially support transit commuters, levelling the playing field, so to speak, with employer-provided parking benefits, which are generally currently not taxed.

Those are our three recommendations. Thank you very much for your attention.

[*Translation*]

Thank you very much.

● (1600)

[*English*]

The Chair: Thank you very much.

We'll now go to Sustainable Development Technology Canada.

Mr. Sailesh Thaker (Vice-President, Industry and Stakeholder Relations, Sustainable Development Technology Canada): *Merci, monsieur le président.*

My name is Sailesh Thaker, and I'm the vice-president for industry relations at Sustainable Development Technology Canada, or SDTC.

[*Translation*]

I would like to thank the members of the Committee for the opportunity to take part in these consultations.

[*English*]

I would like to start by introducing SDTC—who we are, and what we do.

SDTC is a policy instrument created by Parliament that helps Canadian innovators and entrepreneurs commercialize their clean technology solutions. You may have heard a bit more than usual about us last week as we held here in Ottawa our first conference, entitled “Greening Canada's Economy: The SDTC Cleantech Summit”.

The summit brought together over 250 clean-tech players, including CEOs of Canada's leading clean-tech companies, private sector clean-tech investors, federal and provincial government officials and many other stakeholders in this emerging sector of the Canadian economy. The clean-tech companies at the summit told us about the arduous path they have had to follow in commercializing their intellectual property into clean technology products and the difficulties they face in raising capital for it.

An example of SDTC's unique role in filling this need was reported by one of the participating CEOs. His company originally received SDTC funding to undertake commercial demonstrations of their truck engine technology in the GTA. He began with a handful of people and almost zero revenue, while today, six years later, this company has a revenue stream of close to $100 million and markets in China and California.

This is one example of more than 170 projects we have across the country. During the question and answer period, I would be pleased to provide you with other examples.

SDTC operates in a manner akin to that of early-stage venture capitalists, or VCs, in order to provide not only funding but also innovative partnerships and capacity building primarily to small and medium-sized enterprises. SDTC manages two funds. The SD Tech Fund, which is the subject of this presentation, was established in 2002 and has been recapitalized twice since then. This fund operates beyond R and D funding sources and earlier than traditional lenders, such as the BDC and banks.

A second fund, the NextGen BioFuels Fund, was established in 2007 to focus on Canada's biomass advantage by helping establish first-of-kind near-commercial-scale plants for the production of ethanol and biodiesel from non-food sources.

Through the SD Tech Fund, SDTC has built a network of over 5,000 private sector companies and other entities that are involved with this new sector of the Canadian economy. Today the SD Tech Fund is the single largest clean technology portfolio in North America, with over 171 investments that have a total project value of $1.4 billion. These represent $425 million in federal government funds and over $1 billion leveraged, with 84% of it coming from the private sector.

What SDTC needs in order to continue its important work is a commitment in the 2010 budget for recapitalization of the SD Tech Fun by $90 million per year for seven years. This figure is based on the volume of applications that we have been seeing over the past several funding rounds. Such multi-year predictability of the SD Tech Fund will help ensure continued innovation and commercialization of clean technologies in Canada.

As was stated last week at our clean-tech summit by Mr. John Podesta, an adviser to President Obama, Canada has had an early start in clean technology development and a unique model through SDTC, but the U.S. and other jurisdictions are now jumping in with both feet. This is evident when one sees the many billions of dollars the U.S. is spending on clean technology development and deployment, or the U.K.'s indication that the clean technology sector will be a key driver in the country's emergence from the current recession.

The potential trillion-dollar clean-tech market in China alone creates a strong global clean-tech business opportunity. At this critical juncture, it is important that Canada remain a technology maker, capturing its share of an emerging and significant global clean-tech market. For Canada as an exporting and innovative nation, clean technology represents a scenario wherein its mark may be felt around the world.

I would be pleased to take your questions.

Thank you for your attention. *Merci encore.*

● (1605)

The Chair: Thank you very much.

We will go now to the Insurance Brokers Association of Canada.

Mr. Steve Masnyk (Manager, Public Affairs, Insurance Brokers Association of Canada): Thank you, Mr. Chair. *Merci, monsieur le président.*

My name is Steve Masnyk. I am the manager of public affairs for the Insurance Brokers Association of Canada.

As most of you know, the Insurance Brokers Association of Canada represents over 33,000 general insurance brokers across Canada. These brokers purchase insurance on behalf of Canadian consumers in virtually every community across this country. The vast majority of our member brokerages are small and medium-sized businesses that employ nearly 100,000 Canadians and together constitute a major player in an industry that contributes over $6 billion in direct corporate and personal taxes to Canadian governments.

As you will know, small and medium-sized businesses are the engines of prosperity in every community across the country. These businesses are also very geographically and operationally diverse. Insurance brokers write the vast majority of policies insuring these businesses and the individuals that run them and thus have a very good understanding of the challenges they face in their respective markets.

The insurance brokerage industry has grown and has earned a reputation over the past century as an industry that is local in nature, one in which consumers can deal directly with an experienced insurance professional to advise them on the complicated process of making an insurance purchase. This local component is one of the strengths that consumers benefit from tremendously. It is this neighbourhood presence that Canadians have come to expect and trust.

[*Translation*]

In the last century, family-owned brokerage firms were often passed down from generation to generation. A brokerage firm operated by the same family for several generations normally stays in the same geographical area, where it continues to serve a community and a clientele it knows well. That stability goes against the general trend of an increasingly interprovincial and interterritorial economy.

In Canada, almost 50% of insurance brokerages go back two or more generations. That number shows that consumers and communities recognize the importance of the stable and efficient services provided by brokerage firms. The marketplace, meanwhile, clearly recognizes the value brokerage firms give to consumers and the important role of their ongoing presence as a community service.

However, communities are getting smaller and smaller because the younger generations are leaving home to look for work in urban centres. We believe that one of the government's roles is to help young entrepreneurs invest in the community where they grew up and where they still live. The appeal of high-paying jobs in urban centres tends to dissuade young people from staying home and exploring business opportunities in their own community.

[*English*]

We propose that the government consider making it easier for younger generations to invest in their local communities by deferring the capital gains tax should a transfer of a small business occur between an owner and his or her children. This deferral would lower the already high barrier to entry into a business and make it more attractive and affordable for children to invest in their parents' businesses. The parent/seller could lower the purchase price by the amount of the capital gains tax and make it easier for the child to make an investment. We do not believe in tax breaks or subsidies simply deferring this tax to promote family-owned businesses.

With the average age of principals in brokerages being 57 years old, succession is of vital importance to this industry, more so than at any time in the past.

The CD Howe Institute notes that most industries are going through tremendous consolidation. As a result, fewer businesses are likely to remain in family hands. It is therefore vital to make it easier for younger generations to invest in the family business.

● (1610)

[*Translation*]

We believe it is crucial for Canada to maintain strong, dynamic economies in all rural communities. The government can and should adopt incentives to make it easier for younger generations to invest in their parents' businesses. We firmly believe that this will go a long way toward promoting a solid small business culture in communities from one end of the country to the other.

Thank you for giving me this time.

[*English*]

The Chair: Thank you very much for your presentation.

We'll now hear from the Canadian Community Economic Development Network, please.

Mr. Michael Toye (Executive Director, Canadian Community Economic Development Network): Mr. Chair and members, thank you for the opportunity to present our recommendations to you today. I'm especially pleased to be part of the influential group that gets to follow up your hearings yesterday with the Governor of the Bank of Canada and the Minister of Finance. We're clearly in good circles for recommendations.

Very briefly, the Canadian Community Economic Development Network is a relatively young national network of local organizations working on integrated approaches to economic and social development in their communities. We have several hundred members in every province and territory and support professional development, research, peer learning, and policy work for our members.

Our membership represents a new approach to development, one that integrates economic development—the provision of needed goods and services—with social and environmental goals at the firm and community levels. This movement, which has been growing both in Canada and internationally in recent years, is successful in large part because it inspires Canadians to take action on the challenges facing their communities.

The growth of this sector reflects the emerging understanding of the need for integrated, coordinated responses to complex social and economic issues that cut across sectors, departments, and levels of government. You can see it in the growth and success of horizontal initiatives in the federal government and the increased need for intergovernmental cooperation. This may be most evident in the area of health, where the reality of the determinants of health is becoming more widely understood. I would recommend to the committee to study carefully the Senate's Subcommittee on Population Health's final report, which makes clear and specific recommendations for a whole-of-government approach.

Like traditional entrepreneurship, the power of community economic development in this social economy lies in its ability to mobilize local leadership and action for the challenges facing communities. Locally adapted solutions building on local assets and leadership are more effective and sustainable. We see this, for example, in the survival rate of social economy enterprises, 65% of which are still operating after five years, compared with 35% for traditional SMEs.

Infrastructure stimulus spending, while some of it is available to non-profit organizations and to jurisdictions such as Ontario, still does too little to address the immediate needs of the most vulnerable Canadians who are hardest hit by the economic downturn, including youth and those with weak labour market attachment. CED and social economy enterprises are positioned to support those populations that have been hardest hit. While many businesses have seen consumer demand soften over the last three quarters, many non-profit organizations are experiencing increased demand. For example, Momentum, a community economic development organization in Calgary, has experienced a 47% increase in demand for its business development, skills training, and financial literacy programs since the third quarter of 2008. Over the same period, the employment rate in Calgary increased by 3%.

For this sector to continue to grow, we need modifications to federal policies and programs similar to what has been done in other jurisdictions internationally and provincially.

[*Translation*]

Last November, the Government of Quebec launched its social economy and collective entrepreneurship action plan in response to the economic situation. It also allocated funds for research and information on the social economy, labour force development and support for development of the social economy in new sectors, with new population groups. The federal government can do the same thing

[*English*]

Our brief contains specific recommendations for changes to federal policies and programs that would involve no increase in spending by the federal government but would enhance the range of programs available to cooperatives and non-profit enterprises.

Other options, such as tax credits, have demonstrated success in leveraging private investment in employment enterprises and affordable housing. A 30% Nova Scotia tax credit has generated over $30 million in assets for local community economic development investment funds across the province.

The creation of a federal cooperative investment plan could be modelled after the plan in Quebec, where from 1985 to 2006 some $393 million was invested by members in eligible cooperatives. The cost of such a plan at the federal level is estimated to be $17 million to $20 million per year but would generate some $120 million per year of new investment in Canada.

Finally, it is important to note that poverty needs to be addressed not only in Canada but also abroad. We are happy to hear that the government notes a relatively strong fiscal position compared with other G8 countries. That's even more reason to enhance our international commitment to poverty reduction. In concert with non-governmental organizations, churches, and other civil society organizations, the Canadian CED Network asks the federal government to increase our international development aid spending by an average of 15% a year for the next ten years in order to reach the internationally agreed target for aid spending of 0.7% of gross national income and continue Canada's leadership in promoting a greater role for civil society in the delivery of development assistance.

Thank you very much.

● (1615)

The Chair: Thank you.

Thank you all for your presentations. We'll now have questions from members.

We'll start with Mr. McKay, please.

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

Thank you, witnesses. I apologize in advance for not being able to ask questions to each and every one of you, but time is what time is.

My first question is to Mr. Roschlau, with respect to your three recommendations.

Your first recommendation, with respect to the flow-through of the gas fund, I think is actually a good idea. If that could be enhanced, I think it makes a lot of sense.

Your third recommendation, however, builds upon this transit pass business that was introduced a couple of budgets ago. My recollection of it was that it was going to cost about $900 million to the federal treasury, that its cost per tonne in reducing greenhouse gases was astronomical—something like $6,000 a tonne—and that it was not going to increase ridership. Yet your proposal here is in effect to "level the playing field". You want to actually add to what I respectfully submit is a flawed public policy.

Do you have any evidence of increased ridership as a consequence of this particular policy? If you have, I'd be interested in hearing it.

Mr. Michael Roschlau: Thank you very much. That's an excellent question, because there's a lot of confusion about this issue.

What we're proposing is a tax exemption for employer-provided transit benefits, which is very different from the tax credit that's currently in place. Let me explain.

Right now, most people in Canada get a free parking spot at their place of work. Most Canadians who get that free parking spot aren't paying tax on it as a taxable employer benefit, because there aren't enough parking spots for everybody. In other words, if there are 100 people working at a place with only 80 parking spots, it's considered scramble parking, because it's not reserved and hence it's not taxable. Yet, if an employer wants to provide a transit pass or a transit benefit towards your trip to work on transit, it's fully taxable at the marginal rate. That's the "unlevel playing field", if you will.

The U.S. has this kind of measure. In the U.S., an individual can claim—and the employer can claim—up to I think $120 a month right now for non-taxable transit benefits at the place of work. If you look at the places where this has been taken up in a big way—San Francisco, Chicago, the New York area—there have been massive increases in ridership. I'd be happy to share the details of that with you.

Hon. John McKay: Thank you.

So your argument is that effectively you want to level the playing field between free parking and a taxable pass.

Mr. Michael Roschlau: The beauty of this is that it's targeted to the journey to work. Its success is entirely correlated with the extent to which it's promoted, which is very different from the tax credit that's currently in place.

Hon. John McKay: But you still don't have any evidence with respect to any increase in ridership linked with the transit pass that was introduced by the government.

Mr. Michael Roschlau: On the tax credit side of it, we don't. It's been very hard to make any direct link between the implementation of the tax credit and the ridership increase.

Hon. John McKay: I know that in previous incarnations the Department of Finance thought this was one of the goofiest ideas going, but I'll just leave it at that.

Turning to Mr. Lord, first of all, welcome. From time to time we have sitting premiers at this committee; it's an honour to have you as a former premier in this country.

You are advocating introducing a temporary accelerated capital cost allowance. I should think that your experience in government would tell you that temporary is never temporary, that it is always permanent. Can you recollect any "temporary" measure that was actually ever repealed?

● (1620)

Mr. Bernard Lord: Thank you very much for the question. And it's certainly a pleasure to be here.

There are measures that can be temporary, and we are recommending that it be temporary. If the Parliament were to decide to make it permanent, then I'm sure our providers and members wouldn't be disappointed. But making it a temporary measure to accelerate the investment is what we're looking for.

There will be significant investments made. Let's keep in mind those of the carriers of broad spectrum, with over $4 billion just last year. This year is one of the largest build-outs in many years, and there's more to come. We're saying that if you accelerate the depreciation, you will accelerate the investments. We know going in that it should be temporary and we're recommending that it be temporary.

Hon. John McKay: Now, as I recollect, there was a sell-off of broadband a year or two ago and there's going to be new players in the field. Does your organization represent these new players as well?

Mr. Bernard Lord: Yes. I joined the association, as the president, about a year ago. One of my first objectives was to recruit new entrants. We now have Vidéotron, Globalive—also known as WIND—Public Mobile, and EastLink as members of the CWTA.

Hon. John McKay: Will the accelerated capital cost allowance benefit the new players more or less than the current members?

Mr. Bernard Lord: It will benefit them all.

Hon. John McKay: There was a recent study that said Canada's wireless service is slow and it's expensive. I'd be interested in your response.

Mr. Bernard Lord: There are so many studies out there, it's important to actually compare Canadian services. When you look at 99% of Canadians today having access to the wireless service they want, that's amazing with geography like ours. There are 91% who have access to 3G networks, and in just a few months we will have at least four 3.5G networks in Canada—probably five. That's more than any other country. When you compare, our country, with our geography and dispersed population, is doing extremely well. In terms of pricing, we're not the lowest in the world, but we are among the lowest.

Hon. John McKay: Well, I'll invite you to review my bill every month to see whether it's the lowest.

How much time do I have?

The Chair: You have 30 seconds.

Hon. John McKay: I have a quick question with respect to the SD Tech Fund. You've had a fair run at this. Over a number of years there was a significant investment by the previous government, which hasn't been repealed by this government. What is your return on investment?

Mr. Sailesh Thaker: As you said, we've had a number of years where the SD Tech Fund has been investing in clean technology projects. Typically they take seven years to get to market, so we're just starting to see some of those projects coming out of our pipe.

When you look at some of the indicators, we have about 31 projects that are complete or will be completed this year or next. They have gone on to attract follow-on funding of $902 million—38% of which comes from international sources—so they've been able to mobilize significantly more capital into those companies than what SDTC has.

Hon. John McKay: Have you made any money?

Mr. Sailesh Thaker: We give them a grant. We don't take equity or a return on the money.

Hon. John McKay: Thank you.

The Chair: Thank you.

Monsieur Laforest, s'il vous plaît.

[*Translation*]

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

Good day to all the witnesses.

My first question is for Mr. Thaker.

I'm having a bit of trouble understanding what the Canada Foundation for Sustainable Development Technology is all about and the link between your organization, the Standing Committee on Finance and the government.

In the section of your document titled "Who we are", you state, "The SDTC is a policy instrument of the Government[...]." I don't really get why an organization that is a policy instrument is here before the Standing Committee on Finance lobbying or at least asking the government or the Department of Finance to include in its next budget funds for a paragovernmental organization. I don't understand the request or why you are here, since you clearly state that you are a policy instrument of the government.

All of the witnesses we have heard since the prebudget consultations began have been apolitical and have legitimately defended their point of view. In your case, it strikes me as somewhat anachronistic.

● (1625)

[*English*]

Mr. Sailesh Thaker: *Merci, monsieur Laforest.*

I don't know in terms of all the rules of the committee...but SDTC was created as an arm's-length foundation of the government. We operate in a hybrid fashion, working like a private sector organization helping to deliver the government's policy.

[*Translation*]

Mr. Jean-Yves Laforest: In your own definition of your foundation, you say that you are a "policy instrument". A policy instrument is someting that defends the colours of a political party or at least the current government. That seems quite unique to me.

I would like to ask another question of Mr. Masnyk of the Insurance Brokers Associaton of Canada. You are making a request in order to facilitate the transfer of businesses that have for a long time been family businesses. In many cases, a deal can be made or has the potential to be made within the family, whether it is father to son or father to daughter. You are asking for a tax deferral.

Why you say tax deferral, how long do you think businesses can avoid taxes and pay them later?

Mr. Steve Masnyk: In my opinion, it would be until the business leaves the family's hands. As long as the business stays in the family, the tax scheme would apply. When the business leaves the family's hands, the normal tax scheme would apply.

Mr. Jean-Yves Laforest: In other words, as long as the business stays in the family, payment of capital gains tax, avoided for some time, would not be paid.

Mr. Steve Masnyk: That's correct.

Mr. Jean-Yves Laforest: I'm thinking of one scenario as an example. After three generations, that could keep going. So the business would avoid paying capital gains tax if the father sold the business to his son.

Mr. Steve Masnyk: That's exactly it, until the business leaves the family.

Mr. Jean-Yves Laforest: Thank you.

I was expecting the insurance brokers association to talk about competition with banks. Is that not one of your concerns?

Mr. Steve Masnyk: It is one of our concerns, obviously, but it's not a budget matter. We are here simply to make a budget recommendation regarding taxes, government spending.

Mr. Jean-Yves Laforest: Excellent, thank you.

Mr. Lord, you are speaking on behalf of the Canadian Wireless Telecommunications Association. In Quebec, there was a program called "Villages branchés du Québec" in which the Government of Quebec invested funds to extend broadband networks in just about every region of Quebec. Municipalities and school boards ran the networks and offered fairly substantial grants

Was your association involved in developments like that in Quebec?

Mr. Bernard Lord: According to my information, our members did not participate in that program. There were similar programs elsewhere, in other provinces, in which some members were involved. There were programs in New Brunswick, when I was premier, to help increase access to high-speed Internet service and make it available to more people. A lot of progress is being made throughout Canada, but now, what people are looking for, is not just access to high-speed Internet at home and work, but everywhere else, too. People want high-speed Internet wherever they are. That is why service providers are currently investing huge amounts in network upgrades.

As I was saying, Smartphones use a lot more band than conventional telephones. It takes more infrastructure to serve the same population. In addition, the projected growth is 30% over the next five years.

Mr. Jean-Yves Laforest: Basically, my understanding is that broadband networks are very scarce in less populated areas. Because people are on the move a lot, it would be a huge benefit. At any givern time, there could be a lot of people in a place where there may or may not be any houses.

● (1630)

Mr. Bernard Lord: Exactly. In more populated areas, things can be easier. Those are the first places to be served. No one is being misled; it's a fact. Between those places, where people travel, there's also a need. I would also add that even in heavily populated areas, because demand is increasing exponentially, there is a definite need for more investment. Implementing a mechanism like the one we are proposing would generate more investment and make every region of Canada more competitive than the ret of the world.

It doesn't require more money from the federal government. The most important thing to take into account is that mobile service providers in Canada use approximately 1% of the spectrum licensed by the Government of Canada, yet they pay about 60% of the licensing fees, or approximately $140 million. That makes us contributors, and we are going to remain contributors. All we want is to be able to invest faster.

[*English*]

The Chair: Okay, *merci*.

I just want to clarify, because Mr. Laforest asked a question of SDTC. Just for his information, but also for committee members and witnesses, we have heard from Genome Canada. We will be hearing from the granting councils next week. We do hear from the Canada Foundation for Innovation. So we do hear from foundations that were set up, I think, all under the last government, but it is normal practice before committee. So if we were not to have one, obviously, we would have to not hear from all of them. It is part of normal practice at pre-budget, and we can discuss it as committee members.

[*Translation*]

Mr. Jean-Yves Roy (Haute-Gaspésie—La Mitis—Matane—Matapédia, BQ): Mr. Chair, we have no problem with the fact that Genome Canada or a foundation created by the government is here. However, they say here that "The SDTC is a policy instrument of the Government[...]". That is not at all the same thing as Genome Canada, which is not a policy instrument of hte government. That's the definition we are being given. It's all spelled out.

Mr. Jean-Yves Laforest: I believe there's a translation error, Mr. Chair.

[*English*]

The Chair: I can't find the same statement in the English version, so it may be....

Ms. Hall Findlay.

Ms. Martha Hall Findlay (Willowdale, Lib.): I think it's a translation issue, because in the English version it refers to it being a policy instrument, and I think our colleagues read that as being a political instrument, hence the confusion.

The Chair: Okay.

[*Translation*]

I understand now. I'm sorry there was so much confusion.

Mr. Jean-Yves Laforest: It's like they were saying that the group represented by Mr. Thaker.

[*English*]

is a political instrument for the government.

Hon. John McKay: Everything is a political instrument.

The Chair: They are very non-political, I can assure you, because they were set up by the last government, as Mr. McKay pointed out. I just wanted to clarify that for the benefit of the committee and witnesses.

We will now go to Mr. Dechert, please.

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

Good afternoon, ladies and gentlemen. I appreciate your presence here today and your thoughts and comments on what the government should be doing in the next year.

I would like to start with the Canadian Urban Transit Association, Mr. Roschlau. It's good to see you again.

I understand you were making a presentation this morning before Mississauga city council. I look forward to hearing more about that. As you know, the government has been supporting transit in Mississauga and the GTA with the $83 million for the bus rapid transit project, which is under construction now. Earlier this year we opened the Mississauga bus maintenance facility, which the federal government provided $80 million for. There's $500 million for GO Transit in the GTA and southern Ontario area, including quite a bit in Mississauga—about $75 million, I believe. There's the TTC subway extension, Union Station revitalization, and money for VIA Rail Canada. I hope all that's helpful and you see that as part of where we need to go as a government to support urban transit in Canada.

I have a couple of questions for you.

First of all, on your suggestion for making employer-provided transit benefits tax exempt, I think that's actually a very interesting suggestion. I can tell you from the perspective of a member of Parliament who represents Mississauga, where a lot of people take transit to work every day, that the transit pass tax writeoff has been hugely popular. There has been significant take-up from people who are both employees and students and others who use transit every day to get around, go to school, go to their appointments, or whatever. So something along those lines, I think, is certainly worth looking into.

Can you tell us what you think the cost of providing that kind of employer tax benefit would be across the country and what percentage of employers you think would take advantage of it if it were offered?

● (1635)

Mr. Michael Roschlau: The only experience we have is from other countries, obviously, but again, one of the beauties of this measure is that its cost is directly proportional to the uptake. So if it doesn't work, if nobody is taking you up on it, it doesn't cost the government anything.

We've done some estimates in terms of what we think the uptake might be over a period of time, and it's obviously something that would ramp up and would grow as it became more popular. Those estimates suggest that in the early years you're probably looking at somewhere between $10 million and $50 million per year, and it could then grow up to maybe about $100 million per year with very heavy take-up. That's based on experience that we've seen in the U.S. and other countries that have similar measures in place.

What I really like about it is that it's targeted and that it really has shown elsewhere that it works at the margin. In other words, it generates new demand and it encourages people to switch from driving alone in their cars to using public transit.

Mr. Bob Dechert: What was your view on the transit pass tax credit? Is that a helpful measure as well?

Mr. Michael Roschlau: It has been very good at rewarding people for their existing behaviour, and the transit users who are taking advantage of it are getting, in a sense, a de facto break on their fares after the fact when they claim their tax credit, which is great. But it's important to see it as that, because it hasn't been, in my view, very effective at generating new ridership.

So it's a question of where we want to invest—

Mr. Bob Dechert: It certainly rewards good behaviour, though, doesn't it?

Mr. Michael Roschlau: —and who you want to reward.

Mr. Bob Dechert: It rewards the right kind of behaviour.

Mr. Michael Roschlau: Exactly.

Mr. Bob Dechert: Let me ask you another question. You've made the case for more sustainable funding for transit across Canada. You've mentioned the gas tax fund, the Building Canada Fund. A number of groups have come before us over the last several weeks and asked for a national transit strategy. Are we talking about more than just money and allowing each municipality across the country to make their own decisions, or are we talking about the Government of Canada coming up with some grand vision for how urban transit should take place across the country?

Mr. Michael Roschlau: Yes, we are talking about an integrated approach. The money is an important part of it and the fact that the money be dedicated is an important part of it. But there are lots of other pieces. There's an R and D piece that is really important. There's the whole linkage between investment and land use and urban development.

In the national transit strategy, for example, that the big city mayors brought out a couple of years ago, there was a pledge in there that basically said that with such a strategy, we should make the federal funding contingent upon the municipality's having in place a council-approved commitment to any increases in transportation demand within their community being on transit.

So that kind of obligates them to put the development, the density, and the growth along where the transit investment is being made. That's something we haven't done in the past.

There is also a piece in there about the tax benefits. So there are five elements to this that make it a broadly based integrated strategy as opposed to just funding.

● (1640)

Mr. Bob Dechert: Thank you very much.

I'd like to ask a question of Ms. MacKenzie of Volunteer Canada.

A number of charitable organizations, arts organizations, have asked us to support the suggestion that was originally made by Imagine Canada to increase the charitable tax credit for stretch donations from 29% to 39%. Do you support that?

Ms. Ruth MacKenzie: Yes, we do, and we spoke with Imagine Canada in developing that. We're part of the committee that put together that recommendation so we absolutely support it.

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

I'd like to ask a question of Mr. Thaker of Sustainable Development Technology Canada.

You mentioned in your brief that you want to support young entrepreneurs. How would your suggestion be structured to support young entrepreneurs?

Mr. Sailesh Thaker: What SDTC does is the pre-commercial demonstrations of technology. So they're in real world conditions with a potential customer. When we talk about young, what we're talking about is newly formed organizations and businesses.

Mr. Bob Dechert: So it's not an age issue.

Mr. Sailesh Thaker: It's not an age issue. It's a young organization per se that is starting to build into the market.

Mr. Bob Dechert: Okay, thanks for that clarification.

The Chair: That's 30 seconds.

Mr. Bob Dechert: Well, I did have a question for the insurance brokers.

Can you tell us what you think the pregnant capital gain is among small business owners in Canada, that they would able to defer by rolling it over to their children?

Mr. Steve Masnyk: I'm sorry, Mr. Dechert, I didn't understand the first part of the question.

Mr. Bob Dechert: Do you have any idea what the value of the capital gain would be that exists in these businesses that you're suggesting be allowed to be rolled over and transferred to the owner's children?

Mr. Steve Masnyk: The global value or the per business value?

Mr. Bob Dechert: Either one. Can you give us some guidance on that?

Mr. Steve Masnyk: No, not really. I can tell you that per business it would range anywhere from $600,000 up to several million.

Mr. Bob Dechert: So it's considerably more than the current small business capital gains exemption.

The Chair: Thank you.

We'll go to Mr. Martin, please.

Mr. Pat Martin (Winnipeg Centre, NDP): Thank you, Chair.

I too wish I had more time to deal with many of the interesting issues, but I'd like to begin with Volunteer Canada as well. It strikes me that $5 million per year to lever billions of dollars worth of economic activity is a pretty good return on investment. Even an old socialist like me would have to admit that's not a bad return.

Can you tell us how you arrived at that figure of $5 million and what specifically that $5 million would do to encourage the 60% goal of volunteerism you'd like to achieve?

Ms. Ruth MacKenzie: We arrived at the figure based on our experience of delivering national programs and promoting and strengthening volunteerism over the last 30 years. We want to focus the money on two specific areas. One is social marketing and promoting volunteerism and building on the core value of volunteer involvement as a core component of what it means to be Canadian. Currently, about 46% of Canadians are involved in volunteering through formal voluntary sector organizations—the 161,000.

Mr. Pat Martin: How does that compare to other countries?

Ms. Ruth MacKenzie: I don't have that data, but Canada has one of the strongest and broadest and most vibrant voluntary sectors in the world. The Canada Survey of Giving, Volunteering and Participating is among the most comprehensive data gathered on giving and volunteering habits that exist in the world as well.

What's interesting, though, is that the survey also tells us that about 90% of Canadians are involved in informal helping out, outside of the infrastructure of the voluntary sector. So we know that core value is there. We want to promote people being involved in the voluntary sector that's delivering vital services. The key aspect of the work we want to focus on is training and building capacity of organizations to engage volunteers, so they can dedicate their dollars to delivering on their missions rather than having to think about and wonder about what the trends are in volunteering and what we need to do to capture the future generation of volunteering. That's our job at Volunteer Canada, to be ahead of the curve, and we want to make sure we are able to share those learnings with our sector organizations, who in many cases are struggling with the here and now around volunteer involvement. We want to make sure they're positioned to meet the needs and interests of volunteers into the future.

Mr. Pat Martin: That's very helpful. Thank you very much.

Heritage Canada, I was interested in your presentation and admired the beautiful booklet you circulated. I was taken by your comment that the greenest building is one that's already built. I think that's a fantastic approach to things, and energy retrofitting, etc., should be encouraged.

What I was going to ask you is this. The City of Toronto tried something called a revolving fund at a period of time, where you could do an energy retrofit without any upfront cost to yourself. The fund would pay for the retrofit and then you would pay it back out of the energy savings until such time as it was paid off and then the energy savings were yours to keep. The result was that they had targeted *x* number of buildings but ended up doing double that, and the payback was 100% less one or two per cent—like 98% of the money recouped from the revolving fund.

Is that something Heritage Canada has contemplated on a national level at all?

● (1645)

Mrs. Natalie Bull: I think the notion of a revolving fund would be of interest as well. Our recommendations are flexible in that we're talking about tax credits, but also a grant program could work equally well.

Mr. Pat Martin: What I like about the revolving fund is that it's neither a grant nor a tax credit; it's just a pool of money made available that gets repaid as people renovate. Thank you.

This is the last question I have, and perhaps I disagree with John somewhat about this, but the idea of the tax-exempt status for employer-provided transit is something Parliament dealt with. Nelson Riis, my NDP colleague, had a bill to that effect that passed all stages—one of those rare private members' bills that Parliament passed and approved and endorsed. We didn't get that; we got the current tax credit that you get after the fact. There's a current bill in Parliament today—it's exactly Nelson Riis' bill—put forward by my colleague Denise Savoie. It's percolating through Parliament. I hope the other members have a serious look at it and can see the difference between what we're proposing and what Parliament ratified and what the government of the day gave us, which is no comparison really. The rewarding of existing behaviour doesn't do anything to encourage more people to use transit. So as a tax-exempt employer benefit, it's treated the same way other payroll is, I presume. All wages are tax exempt for an employer.

Is that where it would fit into the tax system?

Mr. Michael Roschlau: Well, I don't think that wages are tax exempt, sir. This act—

Mr. Pat Martin: They're deducted from earnings for the purposes of taxing the company, right?

Mr. Michael Roschlau: We're talking about what elements of the employment remuneration, either in cash or in kind, are taxable. Right now this type of benefit would be fully taxable, because in a sense an employer would be giving an employee either cash towards their transit fare or a voucher that would be redeemable towards their transit fare—their commute to and from work by transit.

Mr. Pat Martin: Yes, currently it would be treated just as if they gave you a car to use.

Mr. Michael Roschlau: Exactly.

Mr. Pat Martin: It's treated as part of your earnings. That's a taxable benefit.

Mr. Michael Roschlau: That's right, and it would be taxed as cash income at the margin of the individual's tax bracket.

You're quite right that this goes back to Nelson Riis' motion about 12 or 15 years ago, and there have been several others in the meantime. I think there was one from the Bloc at one point, and now there is the one introduced yesterday.

Mr. Pat Martin: So we keep bringing it up and we keep voting on it—

The Chair: Thirty seconds.

Mr. Pat Martin: —and we keep approving it, and it never seems to work.

I do hope it has more success this time around under Denise Savoie.It will be just in time for this year's budget. That would be good.

Thank you.

The Chair: Thank you, Mr. Martin.

Colleagues, I'm trying to manage the time as best we can. We have a vote at 5:30, which will probably interrupt our next panel by about 30 to 45 minutes. I'm proposing that we take another round from the Liberals, the Bloc, the Conservatives, and then we start the next panel even before 5 o'clock, if we can. If we could do shorter rounds, it would be very helpful for the chair.

We'll start with Mr. McCallum.

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

And thank you all for being here.

I have a question for Mr. Masnyk first.

I understand very much the importance of small business. And even though I used to work for a bank, I admire the insurance industry. But I have a potential concern with your proposal. From the income distribution point of view, I didn't see any income limit. If we had the Bronfmans, the Demarais, or the Stronachs, who have family-owned, non-public companies, would this rule apply to them or to people of that wealth?

Second, if you have assets in a small business with a capital gain, you get no tax. If it's out of the small business, you might get huge tax. You'd certainly have an incentive for relatively affluent companies to somehow shift the assets into the companies rather than their personal accounts, and I'm wondering if that might not lead to some abuse, potentially at least.

● (1650)

Mr. Steve Masnyk: Thank you, Mr. McCallum.

I think what I've proposed to the committee today is the principle that there should be an incentive for small and medium-size businesses to stay within family hands. The exact logistics or details on how it would work, what the cap would be, and what the minimum would be I would leave to the experts in Parliament to determine. I think that's the principle our members have asked us to present to you.

Hon. John McCallum: We could quite easily get a cap on the size, but what about the potential for this inducing behaviour that could be construed as an abuse of the law?

Mr. Steve Masnyk: I think if it's inducing small businesses to remain within the family unit as opposed to transplanting to other parts of the country where everything is being centralized, it would be a good thing. I don't see how anybody could be opposed to that.

Hon. John McCallum: Okay, thank you.

Perhaps I could ask Mr. Pekrul a question for clarification.

I understand that with CPP the current situation is that if someone drops out of work for a while to look after a child they get exemption in terms of pension calculation. But if someone drops out of the workforce for a while to look after a disabled or elderly person, they get nothing. Is that right?

Mr. Ray Pekrul: Yes, that's correct. We're recommending that there be a drop-out provision similar to the child care provision currently in the CPP.

Hon. John McCallum: I agree with you. With an aging population and looking after elderly people becoming more and more of a problem, some sort of symmetry for the old and the young is a good idea.

The Chair: One minute.

Hon. John McCallum: Mr. Thakar, we certainly strongly support what you're doing, and our leader recently said as much.

To understand, you have an SD Tech Fund and you want a new fund called the clean tech accelerator fund. They're both in support of clean technology. I don't quite know what the difference is and why you need a second new fund rather than more money into the existing fund.

Mr. Sailesh Thaker: Thank you.

I don't think it's necessarily a question of a new fund; it could be more money for the existing fund or under a new instrument that's created. But you're absolutely correct that the purpose is pre-commercial demonstration of—

Hon. John McCallum: So there's no difference between them, just a new name.

Mr. Sailesh Thaker: Right.

Hon. John McCallum: Okay, thank you.

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

We'll go to Monsieur Roy, *s'il vous plaît*.

[*Translation*]

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

Mr. Pekrui, I understand perfectly the situation you are describing, namely that a large proportion of women between the ages of about 55 and 65 are in a very difficult spot, especially those who are widowed and whose husband was previously getting an Old Age pension. The situation means that these women's income drops.

In your brief, you state that the age at which people can start receiving Canada Pension Plan and Guaranteed Income Supplement benefits should be lowered to 60. Even in industrialized countries, the trend is going the other way; people are waiting as long as they can to retire and start drawing benefits. This is the complete opposite to the current trend

In some European countries, access to pension benefits is being delayed several years so that people stay in the workforce as long as possible. The feeling is that even here, because of the precariousness of pension plans, the trend is more to delay by a year or two the start of Old Age Security, Quebec Pension Plan and Canada Pension Plan benefits.

[*English*]

Mr. Ray Pekrul: Thanks for the question.

The point we're trying to make is for women who are between ages 60 and 65 who are widowed and who would be able to receive an allowance under old age security. We're advocating that elderly women who are unattached, and oftentimes very poor, by a large percentage in our country also be eligible for that type of allowance or provision. So we're talking about only those women.

I know it looks like there's a call for the age to be reduced, but that is not our intention. Our intention is only to be able to provide some income, under old age security or under what was the survivor's benefit, to those women who are unattached and are clearly much poorer than the general population.

● (1655)

[*Translation*]

Mr. Jean-Yves Roy: In your document, you talk about single women, divorced women and so on. To my knowledge — and you can tell me whether I'm right —, the provinces have an income security program that is more or less the same. For a single person, there's not much difference between Old Age Security, the Guaranteed Income Supplement and the income security program offered by the provinces.

[*English*]

Mr. Ray Pekrul: I don't know how to respond to that. I just know that group of women is particularly vulnerable and is often living below the LICO level.

[*Translation*]

Mr. Jean-Yves Roy: Yes, that's right.

[*English*]

Mr. Ray Pekrul: If they were married or were living with a pensioner, they would be eligible for those benefits directly; otherwise they are not, according to this provision.

[*Translation*]

Mr. Jean-Yves Roy: Thank you.

[*English*]

The Chair: *Merci, monsieur Roy.*

We'll go to Ms. Block, please.

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

In an effort to honour your request for us to finish up early, I will limit my questions to one, and that will be for the Canadian Wireless Telecommunications Association. As someone who lived in rural Saskatchewan for 20 years and was the chair of a rural health district, who as a mayor also successfully lobbied for high-speed Internet in our small community, I am very happy to hear about increased broadband availability.

In your recommendation you suggest raising, from 30% to 100%, the capital cost allowance for capital expenditures—and I know that you stated the fiscal cost would depend on where that rate lands in terms of what we might do. Can you tell us what the current cost is to the federal government for this program at 30%?

Mr. Jim Patrick (Vice-President, Government Affairs, Canadian Wireless Telecommunications Association): We have public figures from the CRTC indicating that the capital expenses from both wire and wire-line companies that would fall under this class of assets—I think it's class 46 in the income tax regulations—were $12 billion last year. So that's the total capital expenses for telephone companies. We've estimated, in consultations with our members, that half of that is directed toward broadband, so you're left with a figure of about $6 billion. Apply the 19% corporate tax rate and you get about $1.5 billion as the reduction in taxable revenues from the telcos.

Mrs. Kelly Block: Thank you.

The Chair: Thank you very much, Ms. Block.

I want to thank all of you for being with us today. I apologize about the shortened time, but we have votes at 5:30. If you have anything more to submit to the committee, please do so through the clerk.

Colleagues, we will suspend for a few minutes while we will bring the next panel to the table.

Thank you.

●

(Pause)

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● (1700)

The Chair: Colleagues, please find your seats.

I want to apologize. We have votes at 5:30, so the bells will start ringing at 5:15. I'm told there are two private members' bills and there's a government bill, so the votes will take at least 45 minutes, I understand. Unfortunately this will interrupt the presentations.

We have seven groups here, and I'm going to ask colleagues to stay until about 5:21. If each group can shorten their presentation to three minutes we can get all the presentations in. Then we'll go to the votes and ask questions when we come back. If witnesses have somewhere to go we can't expect you to stay, but at least we'll try to get every group on the record before the committee.

I apologize for this, but when votes happen the whips call all members back.

We will start with Mrs. Grant from the Canadian Society for Medical Laboratory Science.

Mrs. Moira Grant (Director of Research, Canadian Society for Medical Laboratory Science): Good afternoon, and thank you, Mr. Chair.

My name is Moira Grant, and I am the director of research with the Canadian Society for Medical Laboratory Science, or CSMLS. I appreciate the opportunity to be here today in the context of your 2009 pre-budget consultations.

CSMLS is the national certifying body for medical laboratory technologists and medical laboratory assistants, and the national professional society for Canada's medical laboratory professionals. I would like to highlight for you the vital role that medical laboratory professionals play in the maintenance of Canadians' health. Whether it is a blood test, a throat swab, or a biopsy, tests performed by medical laboratory professionals provide crucial information about an individual's health. In fact, up to 85% of physicians' decisions are based on medical laboratory test results. Medical laboratory professionals are also on the front line of our public health system, protecting you and your family from emerging infectious diseases such as H1N1.

Some of you may also be surprised to learn that as a group our profession is the third largest health care profession in Canada. A lack of understanding of the key role medical laboratory professionals play in providing Canadians with quality health care leads to a lack of the focus and investment that could resolve critical health human resource challenges related to our profession.

Presently, Canada is facing a nationwide shortage of medical laboratory technologists or MLTs. In 2001, CSMLS issued a report predicting that over half of Canada's medical laboratory technologists would be eligible to retire by the year 2015. Since 2001, provincial and federal governments have taken steps to address shortages of MLTs. Existing education programs for medical laboratory technologists have been expanded and new programs opened.

We are pleased at the progress that has been made, but at the same time we recognize that there is still much to be done. We are calling on the federal government to take leadership in implementing the action plan proposed in 2005 in the *Framework for Collaborative Pan-Canadian Health Human Resources Planning*. CSMLS is urging investments in four key areas, which are mentioned in the action plan.

First, we call for investments in clinical education. We are currently in the situation where clinical sites, primarily hospital labs, are refusing to accept students because of staffing shortages. It has become a vicious cycle. They can't take students because they're too busy due to staffing shortages, and they're short of staff because there aren't enough new graduates. To help resolve this, funds should be targeted for dedicated clinical preceptors to support on-site clinical education. We are recommending the immediate establishment of 140 clinical preceptor positions across Canada at an estimated cost of $10 million.

Second, we call for investments in bridging programs for internationally educated medical laboratory technologists. We have clear evidence that internationally educated MLTs who complete a bridging program are more likely to pass the national certification examination. By providing targeted, long-term, and sustainable funding for these programs, governments can help qualified professionals enter the Canadian workforce in a more timely fashion.

Third, we call for investments in initiatives promoting the quality of work and life. We believe the best way to recruit and retain health care professionals is to create healthy, supportive workplaces. Of particular concern to us is the lack of full-time employment opportunities for new graduates in medical laboratory science.

Fourth, we call for investments in recruitment into the medical laboratory profession. We recommend the establishment of a national scholarship fund to support students entering medical laboratory science programs.

I understand that health and education are primarily areas of provincial jurisdiction. But as we've seen recently with H1N1, illness and disease don't respect borders or boundaries. We firmly believe that the federal government has a responsibility to protect the health and well-being of its citizens. Making investments in health human resources today will help ensure that Canadians continue to have access to high-quality medical laboratory testing in the future.

Thank you for your time and attention.

● (1705)

The Chair: Thank you.

We'll now go to the Canadian Foundation for Climate and Atmospheric Sciences.

Dr. Marlon Lewis (Member of the Board of Trustees, Canadian Foundation for Climate and Atmospheric Sciences): Mr. Chairman and honourable members, thank you very much for the opportunity to present to you on behalf of the Canadian Foundation for Climate and Atmospheric Sciences. My name is Marlon Lewis. I'm vice-chairman of the board of trustees of the foundation, a professor at Dalhousie University, and CEO of Satlantic Incorporated, an optical instrument manufacturing company in Halifax, Nova Scotia.

Canada’s economic rebound hinges on its ability to innovate and to rapidly adapt to changing global conditions. The creation of knowledge through fundamental and applied research underpins innovation and lies at the heart of Canada’s recovery program. According to the World Economic Forum, increased emphasis on science and innovation is crucial to achieving sustained economic recovery. This brief, sirs, describes needs and stimulus measures in a key area for the Canadian economy, which is climate.

The Canadian Foundation for Climate and Atmospheric Sciences provides focused support for excellent university-based research. The foundation is Canada's primary funding body for university-based research in climate, atmospheric, and oceanographic sciences, investing an average of $10 million to $14 million per year into the research community. It is an autonomous, non-profit agency established in 2000, with federal endowments totalling $110 million. The mandate of the foundation continues through 2012, although all available funds have now been committed. We seek support for the foundation in meeting what we believe are challenges unprecedented in human history.

Climate change is a driving force in today's economy. On one hand, it is potentially enormously disruptive across the economic landscape. On the other hand, there is a real potential for the generation of new economic activity and the creation of new jobs. I think we heard a little bit of that in the previous session.

With an estimated value exceeding $100 billion per year, weather-dependent industries such as agriculture, forestry, fishing, natural resources, and tourism dominate Canada's economy. Businesses and governments require improved certainty with respect to future conditions to take relevant policy, regulatory, and investment decisions in these and other sectors. Examples include port and pipeline construction, energy markets, and carbon emission controls. This requires a vigorous research establishment, yet paradoxically, federal funding for university-based work on climate, weather, and oceanographic sciences, Arctic conditions, and air quality is in decline. This is compromising Canada's long-term economic recovery and future development.

Canada's Science, Technology and Innovation Council benchmarked Canada's performance earlier this year against national and international standards and urged Canada to “strengthen and better link all sectors of its science, technology and innovation system if it wishes to maintain its economic independence, competitiveness, productivity and quality of life, and position Canada in the leading group of innovating countries”. The measures and amounts required for this strengthening with respect to climate prediction, we believe, are assessed to be $25 million per year. This amount would increase research activity from the present level by about one-third, and it's what we estimate to be the likely limit for take-up and use of research results for policy and regulatory activities.

The Canadian Foundation for Climate and Atmospheric Sciences therefore recommends that the federal government invest $25 million per year for at least the next 10 years in weather, oceans, and climate research in order to underpin economic recovery, support innovation and policy, enhance intellectual capital, and safeguard Canadians. The funds, we believe, should be administered through an existing agency, such as the Canadian Foundation for Climate and Atmospheric Sciences.

Thank you very much, sir.

● (1710)

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

We'll go to the British Columbia Treaty Commission, please.

Ms. Sophie Pierre (Chief Commissioner, British Columbia Treaty Commission): Thank you very much, Mr. Chairman.

Honourable members, thank you very much for having the BC Treaty Commission, my colleagues and me, join you this afternoon.

We're here to discuss the modern B.C. treaty-making that is going on in British Columbia. This was established in 1992. Unlike the rest of Canada, treaties remain unfinished business in British Columbia.

This is the first time the BC Treaty Commission has appeared before the finance committee, and we do that for a very particular reason: we feel there's not a clear understanding and a clear appreciation of the direct economic benefits of treaty-making in British Columbia.

So we're here to emphasize that and to underscore the words that come from the economic action plan. The Prime Minister's commitment to promote greater participation by aboriginal men and women in the Canadian economy and to address the specific challenges and opportunities they face are well reflected in the economic action plan. What we have to offer through the B.C. treaty process speaks directly to that.

A perfect example of this is that on the west coast of British Columbia you were all participants in moving through the Maa-nulth treaty process. It happened within four days, with all-party support. That has already started to show economic benefit for the region. As soon as that was done, the Province of British Columbia transferred what they called early land transfers. They transferred pieces of prime real estate, not the type where you usually find Indian reserves but real estate having prime economic development potential. They transferred that immediately to the Maa-nulth first nations, and they now have real economic opportunity, primarily in the area of tourism.

We're here to ask your support in accelerating the treaty process and accelerating what's going on through the government with the treaty process. We want to build on the impetus that was created by the Maa-nulth Final Agreement and also to underscore the impacts that were mentioned in the 2006 Auditor General's report, where the Auditor General noted:

> the federal government expects that the fair and timely resolution of B.C. land claims through negotiated treaties will clarify rights to land and resources in the province.

The Treaty Commission has commissioned PricewaterhouseCoopers to update our economic benefits analysis of doing treaties in British Columbia. The last one was done by Grant Thornton in 2004, five years ago. Since then we've had the Tsawwassen treaty that's implemented now and we have Maa-nulth, which was passed in May of this year in the House.

We're taking the reports of the economic benefits of treaty and we're bringing them into today's dollars. The report will be finished next month. Already the preliminary numbers underscore what the previous report said, which was that there's tremendous economic benefit. If we were to do two treaties a year for the next number of years, rather than one every five or so years, we would be looking at doubling net benefits to $2 billion; but for the wage income, we're talking about $7 billion if we do just two treaties a year rather than one every five years or so.

Just as important, though, for you is the lost opportunity costs we have. The Grant Thornton report of 2004 estimated that we lose $1.5 billion a year because we don't have the treaty settled. And of course, take all those numbers and there's the multiplier effect.

So in conclusion, what we're seeking from the Standing Committee on Finance is to consider in your report to Parliament the importance of achieving the economic stimulus effect that will result in the province of British Columbia by completing treaties in a very timely manner. We know it can be done.

Thank you very much.

● (1715)

Thank you very much.

The Chair: Thank you very much.

We'll go to the Health Action Lobby, please.

Ms. Karen Cohen (Executive Director, Canadian Psychological Association, Health Action Lobby (HEAL)): Thank you, Mr. Chairman, and honourable members.

My name is Karen Cohen. I'm the recently appointed co-chair of the Health Action Lobby. I'm also the executive director of the Canadian Psychological Association. I'm joined by Pamela Fralick, who is the past co-chair of the Health Action Lobby and president and CEO of the Canadian Healthcare Association.

The Health Action Lobby, or HEAL, is a coalition of 38 national health and consumer associations and organizations dedicated to protecting and strengthening Canada's health system. It represents more than a half million providers and consumers of health service in Canada. It was established in 1991 with a view to exchanging knowledge, developing consensus, and providing advice to government and others on pan-Canadian health issues.

HEAL is recommending that the federal government establish a five-year national health human resource infrastructure fund valued at $1 billion. It's important to note that the fund is time-limited, issue-specific, and strategically targeted.

In 2007, Canada spent $160 billion on health. It's estimated that between 60¢ and 80¢ of every health care dollar in Canada is spent on health human resource. In other words, of $160 billion, $96 billion to $128 billion was invested in health human resource. This investment underscores the central role of the health professionals within the health care system. The magnitude and the role of the investment demands that we undertake health human resource planning thoughtfully, responsibly, and accountably.

The infrastructure fund is a critical step towards improving the access to health and health service that Canadians need. It's driven by three trends. First, the health needs of Canadians are becoming more complex as a result of chronic disease and living longer with chronic disease, as well as an aging demographic. Second, like the general population, health providers themselves are aging, with several of our health care professions having an average age of over 45 years. They're reaching retirement and they're leaving the profession in numbers greater than they're being replaced. Third, the foregoing trends are not unique in Canada, resulting in intensified global competition to attract and retain experienced and specialized health care professionals.

The fund we're suggesting takes on these trends by targeting these essential and interrelated elements necessary to train and develop additional health care professionals and leaders. These are funding for special initiatives to offset the direct costs of training providers and developing leaders, such as the cost of recruiting and supporting more community-based teachers and mentors—and here, we echo what we've heard today from our colleagues in medical laboratory science; to offset the indirect or infrastructure costs associated with the educational enterprise, i.e. the buildings, housekeeping, maintenance, and information systems that we need to support education and training; as well as an overall data management system that allows us to specify, track, forecast, and cost health human resource requirements in the face of an evolving demand for health service.

The first two elements are required to create additional education and training positions. Practical training depends upon sustained and resourced engagement of community-based teachers, supervisors, and mentors. The third element of HEAL's proposal—precisely, data management—is essential if we are to clearly understand the causes of the boom-bust cycle of our health workforce supply and demand in Canada, demonstrate accountably an effective use of resources, and engage future evidence in foreign practices and decision-making to respond to Canada's evolving health needs.

Understanding the future responsiveness of the health system in terms of providing quality health and health care services in a timely fashion largely depends on the availability of health providers. We are of the view that now is the time for the federal government, in close collaboration and consultation with the provinces and territories and providers themselves, to establish a national health human resource infrastructure fund.

Thank you.

● (1720)

The Chair: Thank you very much for your presentation.

We'll now go to Communitech. We'll do one more presentation. It shortens the time we're here afterwards.

Mr. Mike Wallace (Burlington, CPC): Your name is James Rajotte, and my whip's name is what? I can't remember.

The Chair: Okay. Well, we'll suspend the committee, and I expect all members back here after the vote.

Mr. Mike Wallace: Thank you.

The Chair: We'll suspend the committee.

Thank you.

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(Pause)

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● (1800)

The Chair: We'll continue the meeting. I apologize again for the delay. We did have votes in the House.

We have three more organizations to present and then we have members' questions.

We'll go next to Communitech, please.

Mr. Iain Klugman (Chief Executive Officer and President, Communitech): Thank you very much.

Good evening.

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

My name is Iain Klugman. I am the CEO of Communitech, the technology organization in the Waterloo region. This is my colleague Avonwy Peters.

We work at the forefront of Canada's technology industry, with more than 550 technology companies. We work with companies at all stages of growth, from more than 200 active start-ups with fewer than five employees, through to Canada's largest software company, Open Text Corporation, and Canada's largest technology company, Research In Motion, which employs 10,000 Canadians.

This vantage point gives us insight into what business needs to be successful and into the challenges faced by Canadian entrepreneurs. We're here today because we think government can make a significant difference to our economic success with modest but targeted investments and strategic cost-effective policy changes.

There are two recommendations I want to highlight for you today. One is increased support for the NRC IRAP program and the second recommendation is for the reform of section 116 of the Canadian tax code to address a root cause of Canada's capital crisis.

The industrial research program of the National Research Council has been a significant factor in building and growing successful tech companies in Canada for more than 60 years. IRAP support makes an immediate difference to companies by providing funding for staffing and projects at a critical stage in the development of SMEs, and the program is highly effective. Analysis shows IRAP investments are leveraged by a factor of 11:1. It's non-sectoral, and it's a competitive process that supports companies with the greatest potential.

Tech companies from across the country resoundingly agree on the value of IRAP and we applaud the Government of Canada for increasing the program's budget earlier this year. But even the increased budget dollars were spent in the first half of the year, demonstrating demand.

This is a good program and a strong instrument for government to support companies in an immediate way. IRAP needs continued increased support to ensure that we grow the next generation of tech companies for Canada. I have testimonials that have been distributed to you from four technology companies that give you a sampling of how IRAP has made a difference in their evolution.

I'd like to share just one of them with you as an example, and this comes from Ted Hastings, the CEO of Moxy Media. Moxy Media is Canada's largest Internet company, headquartered in Guelph, Ontario, with offices in Santa Monica, San Francisco, and Fort Lauderdale. He says that they face regular pressures to invest in their U.S. offices. But in 2009, support from IRAP allowed them to staff up a project in Guelph that was originally scheduled to be executed in California. According to Hastings, “This is a program that directly impacts our ability to create jobs in Canada instead of south of the border.”

I won't read the others, but I invite you to take a glance at them.

The second major area is capital crisis. And I'd like to raise this with you this afternoon, as it impacts technology companies. Quite simply, the system is broken, and because it's broken, we are raising a generation of companies that cannot succeed in Canada.

Lack of capital is a barrier to companies at each stage of growth, but there are things government can do that will have immediate positive impact and have minimal or no cost implications, which is always good. Government can help companies raise capital through specific instruments meant to address gaps at particular points in the funding ecosystem. It can offer a tax credit for angel investors to encourage more capital for companies needing $500,000 to $2 million. It can match existing investment instruments like Ontario's emerging technologies fund.

Most importantly, it can reform section 116 of the tax code to make Canadian companies more attractive to U.S. investors. We invest heavily in research and innovation in this country and then we lament that our investments don't translate into commercial success. Why? Once our start-up companies reach a certain size, they have difficulty raising U.S. capital because of section 116 getting in the way, so they're forced to sell their businesses. That means we never create a strong crop of mid-sized businesses in Canada, which means our Canadian VCs aren't successful because they don't yield the returns they potentially could. In fact, we undercapitalize our technology companies through this barrier...one-third of comparable companies in the United States.

In the end, our start-ups never grow into large global powerhouses because they don't have access to capital, and this problem is cyclical. The root cause analysis is that Canada's tax system puts up barriers to investment by U.S. and other foreign investors—namely, through section 116 of our tax code.

We recommend amending the definition of “taxable Canadian property” to exclude shares of private corporations except those whose value is derived from real estate or timber property. This would significantly streamline the process for foreign investors and it would make Canadian companies an attractive investment rather than the daunting and complex administrative exercise that they face today.

Adopting the recommendations of Canada's technology and venture capital communities to reform section 116 will reduce a significant compliance burden. It will have an immediate positive and direct impact on Canada's ability to grow a technology industry that produces more companies, more jobs, and more wealth for Canadians, with no additional cost and no tax leakage.

● (1805)

Ladies and gentlemen, thank you for your time this evening. I look forward to your questions.

The Chair: Thank you very much for your presentation.

We'll now go to Make Poverty History.

Mr. Dennis Howlett (National Coordinator, Make Poverty History): Thank you very much for this opportunity to bring our concerns before you.

Make Poverty History is a very broad coalition, involving over 1,000 organizations and over 250,000 individual Canadians who have signed on in support of our demands for more and better aid, trade justice, debt cancellation, and an end to child poverty in Canada.

Today I want to speak to you about the tremendous opportunity Canada has as host in 2010 of the G8 and G20. It's an opportunity for Canada to provide bold leadership to help deal with the pressing challenges of global poverty and climate change. In order to do this, to have the international stature, leadership, and respect needed to provide that kind of leadership, a key thing Canada could do is adopt a timetable to achieve the 0.7% of GNI aid target.

With the global economic crisis, the food crisis, and the impacts of climate change, after a number of years of real progress in reducing global poverty, we are now in danger of going backwards. It requires a renewed effort if we are to move forward again and achieve the millennium development goals by the year 2015, which is the target date.

Canadians like to think of themselves as a compassionate and generous people. But we are only 16th out of 22 donor countries, and well below the average country effort of 0.47%. The Netherlands, a country with less than half the population of Canada, gives almost twice as much in aid, in dollar terms. Five countries, including Sweden, Norway, Luxembourg, the Netherlands, and Denmark, have reached or exceeded the 0.7% aid target. And another 11 countries, including the U.K., France, and Germany, have timetables for doing so before the year 2015.

Canadians may have reservations about simply increasing Canada's development assistance when there are concerns about the quality of that aid. And those concerns are not without justification. Indeed, I understand the Auditor General will be releasing a report about Canada's aid program next month.

Although progress has been made in recent years in improving the aid effectiveness, including untying aid, the Canadian aid program still has a ways to go before it will become as effective as it can be. But new legislation, the Official Development Assistance Accountability Act, which became law in 2008, will greatly boost efforts to improve the quality of Canadian aid. This is John McKay's private member's bill, which we worked on with him to get passed.

With the passage of this legislation, we have made a big step forward on the "better" part of our more and better aid goal of the Make Poverty History campaign. So Make Poverty History is redoubling efforts now to achieve the "more" part of our demand with the launch of its Let's Get to the 0.7% campaign.

As host of the G8 and G20 in 2010, Canada will be expected to come forward with some kind of legacy initiative. Canadian civil society groups are recommending some bold initiatives on child and maternal health and on food security, which are badly needed as we have made the least progress on the millennium development goals in the child and maternal health area. And on food security, after actually going down to about 800 million people in hunger, we have now gone back up to over a billion. So we desperately need some bold action.

Such bold initiatives cannot be accomplished simply by shifting funds within the existing aid budget. It will require additional aid dollars, which can only be available by committing to a timetable to achieve the 0.7% aid target within 10 years. We estimate this would require about an annual 15% increase in the aid budget.

● (1810)

Just this weekend I met with a very well-connected person from the United States who informed me that the Obama administration is expected to announce in January a $63 billion commitment to a global health initiative. That should give you some sense of scale. Unless Canada is prepared to take a bold initiative at the G8 or G20, we could end up looking bad in comparison with some other countries. The EU chairmanship is shifting to Spain, and the European Union is proposing a major new initiative to achieve their millennium development goals.

The Chair: Thank you, Mr. Howlett.

We'll now go to the Professional Institute of the Public Service of Canada.

Ms. Denise Doherty-Delorme (Section Head, Compensation and Policy Research, Professional Institute of the Public Service of Canada): Thank you.

I'm here to talk to you about four things: public funding for science and technology, outsourcing of government services, the strategic expenditure review, and the Expenditure Restraint Act.

There is concern that the federal government is leaving itself without sufficient regulatory tools, expertise, and financial resources to deal with environmental, public health, and national security crises. Delegating responsibility in these areas to lower levels of government or the private sector is counterproductive. As an example, the 2008 listeriosis outbreak could have been prevented by a well-funded and well-staffed CFIA.

Only the federal government possesses the critical mass of scientific expertise necessary to adjust key health, safety, environmental, and security issues at the national level. Moreover, without a modern infrastructure and a well-educated, highly skilled workforce, Canada has little chance of remaining competitive in today's global marketplace. The work of federal scientists and researchers is the foundation on which university and private sector laboratories base their innovative work. All three must be adequately funded for the system to function well. We've heard other presentations here today stating the same thing. Furthermore, a robustly funded federal science program is the perfect catalyst for Canada's economy at this time. The government should also ensure that public science professionals are able to do their research in an independent and non-partisan fashion, with the sole objective of protecting and advancing the public interest.

Secondly, I want to turn to the use of contracts in the federal government. The institute maintains that the federal government needs to put an end to excessive outsourcing and reclaim the work within the federal public service. A realistic appraisal of overall cost demonstrates that in the majority of cases anticipated savings are rapidly erased and taxpayers end up paying much more in the long run. In this respect, the federal government has never produced a profitability analysis supporting its contention that contracting out is less costly than providing services internally. Contracts are renewed without requests for proposals and without adequate needs assessments. Moreover, the initial costs are frequently exceeded by an additional 50%. The government has a duty to be more transparent in managing its contracts.

Contracting out also poses the pernicious problem of the loss of internal expertise. Dangers arise when the government becomes dependent on private sector suppliers and no longer possesses its own internal know-how to verify contractors' work. Contracting out government services means Canadians are losing a valuable repository of knowledge in critical areas. The governments of the United States, Great Britain, and Australia have substantially increased their support for publicly funded science in this respect. In doing so, these governments have recognized that publicly funded research is a key driver of prosperity and economic competitiveness. The Government of Canada cannot afford to do any less. The institute urges the federal government to put any plans for contracting out government services and science on hold.

Third, I want to address the strategic expenditure review. In 2005, the government launched a five-year process of budget cuts for all departments and agencies. The review asked all departments and agencies to cut their overall spending by 5%. The institute denounces the secrecy surrounding the review. It is necessary to examine thoroughly the real impact of this initiative on federal public services and on all Canadians. Our assessment of the review reveals a number of negative consequences for the operations and work environments of the federal public service. For example, in the field of consumer product safety, a lack of sufficient financial resources prevented the government from hiring more inspectors, forcing employees to rely on recalls and do-it-yourself testing kits.

The review has also had serious consequences for the workplace climate. The public service employment survey reveals that almost 60% think the quality of their work has been adversely affected by the growing lack of resources. Employees feel the pressure to do more work with less. Recent budget cuts associated with the review are seriously harming the government's effort to attract and retain the young, highly qualified workers needed to replace an increasing number of retirees. The review has resulted in significant negative impacts on the quality of federal public services, rather than producing significant savings.

Finally, I want to say a few words about the Expenditure Restraint Act and the so-called Public Sector Equitable Compensation Act.

● (1815)

The institute contends that the Expenditure Restraint Act and the Public Sector Equitable Compensation Act constitute an unwarranted and unnecessary attack on the rights of unions representing federal public service employees. According to a Supreme Court of Canada decision, the process of collective bargaining is protected by the Canadian Charter of Rights and Freedoms. Consequently, legislation that has the effect of substantially interfering with the process of collective bargaining is unconstitutional. In addition, the Public Sector Equitable Compensation Act turns the clock back by 20 years in its impact on women's rights. This proposed legislation will lead to the death of pay equity.

In short, our recommendations are that the federal government should increase independent public funding for federal intramural scientific and regulatory research as a catalyst for innovation; the federal government should rein in its ideologically driven belief that the private sector can provide a better service than its own public service, and undertake a sober value-for-money analysis of the pervasive use of contractors; the strategic expenditure review process should be halted and a full and transparent evaluation of the review should be undertaken to determine its full impact; and lastly, the federal government should repeal the Expenditure Restraint Act and the so-called equitable compensation act.

The Chair: Thank you very much for your presentation.

Mr. Wallace, do you have a point of order?

● (1820)

Mr. Mike Wallace: Yes. I just have a concept for the team here. The meeting was supposed to end at 6:30 p.m. If we went to 7 p.m., and we gave each party 10 minutes, and we went through each party, that would get us to seven o'clock. I think that would give a good opportunity for each organization to ask their questions.

The Chair: That would be helpful, because my understanding is that we're losing our interpreters at seven o'clock, too.

Mr. Mike Wallace: Oh, there you go. That solves the problem.

The Chair: That's a helpful suggestion. *D'accord*?

Thank you, Mr. Wallace.

We'll start with Mr. McCallum, please.

Hon. John McCallum: Thank you. John McKay and I will be sharing our 10 minutes.

Thank you all for being with us here today. I'm sorry for the disruptions with the vote, but it was an act of God, one could say.

Hon. John McKay: Now you're getting theological.

Hon. John McCallum: Well, maybe I'll take that back.

The first question is to the B.C. treaty commissioner. It's not really a question, but if you wish to comment, you're welcome to.

I'm not sure that your proposals cost any money, so I'm not sure they'd be in the budget, but I just wanted to say that having listened to you and read through your brief, I thought those were really excellent ideas that we should work for. It's a huge issue, and it seemed to make total sense to me.

Ms. Sophie Pierre: Thank you very much. If I could, I would like to comment on that.

We recognize that you're used to presentations being made on expenditures. What we came here to talk about is having the funding that has already been allocated be used in a more efficient and effective manner. We know it can be done, and we can raise money here rather than just spending it.

Hon. John McCallum: That's quite refreshing.

Now to Ms. Delorme, you use quite strong language. In your second recommendation you say the federal government should "rein in its ideologically driven belief that the private sector can provide a better service", etc.

Are you suggesting that this ideologically driven belief belongs to the current federal government, or has it been around in some governments in the past? Is this something relatively new to Ottawa?

Ms. Denise Doherty-Delorme: It's certainly not relatively new, but it has certainly escalated in the last three or four years. We've seen staff leave and not be replaced, and billions of dollars—and I'm not using the "B" lightly—being outsourced to companies such as IBM and Telus and ICG for computer systems servicing—without review of the cost, without review of value for money, for example.

Hon. John McCallum: I think you had three categories of scientists—federal government, private sector, and university. Are you saying that in the last three or four years there has been a substantially increased bias against the federal government scientist?

Ms. Denise Doherty-Delorme: In budget 2007 it was outright. The federal government wanted to privatize several laboratories, and it's looking again at closing down federally run public laboratories and moving them to the private sector.

Hon. John McCallum: Now, perhaps this is in the public domain, but it was somewhat new to me. You say things that strike me as potentially quite serious; for example, that in the Canadian Food Inspection Agency the lack of resources caused by budget cuts has increased the risk to public health after the adoption of the new poultry rejection project, which transfers the responsibility for inspection of sick chickens from CFIA veterinarians to the industry, and you say something similar about consumer product safety.

Is this a well-known, well-documented set of facts?

Ms. Denise Doherty-Delorme: They were presented in their proposal under the strategic expenditure review: cut back on staff at CFIA, cut back on its mandate, and move it to the private sector.

Hon. John McCallum: Is this something that has happened, or is it in the works?

Ms. Denise Doherty-Delorme: It's in the process of happening.

Hon. John McCallum: Thank you.

Mr. Klugman—and this also applies to the Canadian Foundation for Climate and Atmospheric Sciences—we are enormously in favour of more funding for science, research, and innovation. In particular, we have heard good things about the IRAP program and the SR and ED program from many quarters. The only caveat is that SR and ED is a bit bureaucratic. There are a lot of hassles.

I have heard less about section 116. If I understand this correctly, you're saying that you want changes in that section that would make it easier for foreigners to take over Canadian companies. That strikes me as a bit of a double-edged sword. On the one hand, we want access to foreign capital; on the other hand, we also hear lots of complaints that Canadian companies get to a certain size and are then gobbled up and are less likely to grow to become big companies.

What do you say to that?

● (1825)

Mr. Iain Klugman: The issue is purely about access to foreign capital. This is the impact section 116 currently has on foreign venture capital funds. If a company has raised early-stage investment, or A round, perhaps within Canada, and it wants to do the next round of financing, the section 116 requirement gets in the way of the U.S. venture capitalists being able to come in with Canadian VCs to invest in the companies. The companies can't continue to grow because they don't have access to venture capital the way their U.S. counterparts do.

Hon. John McCallum: I have to stop you, because I'm over my five minutes and I'm being unfair to my colleague.

Thank you.

Hon. John McKay: It wouldn't be the first time.

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

Hon. John McKay: Mr. Howlett, first of all, I want to publicly thank Make Poverty History for the enormous support they gave to Bill C-293. It was tremendously helpful.

We had our first reporting period as of the end of September. I assume that you've read that report. Any NGO I've ever talked to thinks it's a hugely disappointing response. It's almost contemptuous of Parliament, one might say.

I'm curious as to why you would have any confidence that this government would actually meet its millennium goal targets for 2015, or why the 0.7% aspiration is anything other than an aspiration. Given that they'll be under enormous fiscal constraints, do you think that even the aid budget as it presently exists will maintain its funding levels?

Mr. Dennis Howlett: It's essential that we play our part. The global economic crisis, although it has affected Canada, has affected many developing countries far worse. Increasingly, our economy in Canada is tied to global realities, so it's critical that there be a global recovery that is sustainable. That can only happen if there are investments in development in the south. Only then can we have a sustained global economy.

I agree that the current aid budget and the priorities of the aid program are a problem. But we're hopeful, given the requirements of the new legislation, the Official Development Assistance Accountability Act, and some of the legal levers it provides, that we will be able to work towards continuing improvements in the quality of Canadian aid.

The other thing is that a large portion of Canadian aid goes through multilateral channels. For some of them, such as our contribution to the Global Fund to Fight AIDS, Tuberculosis and Malaria, there is strong evidence that they are doing a lot of good. There are ways to channel additional resources quite effectively, even though there are problems with CIDA.

Hon. John McKay: You're way more hopeful that am I.

To the medical alliance folks, you're recommending a strategically targeted, time-limited national health human resources fund. That seems to me to mean more doctors. It strikes me that the doctors are the choke point in the system, and they're not prepared to give up jurisdiction and services. That effectively means that we throw more money at a problem rather than solve a problem. I'd be interested in your observations.

Ms. Pamela Fralick (President and Chief Executive Officer, Canadian Healthcare Association, Health Action Lobby (HEAL)): Thank you very much.

First of all, certainly I can clarify that this particular fund is not intended to be directed towards physicians. Coming from the Health Action Lobby, representing 38 national health provider associations for the most part, that would not be tolerated, and very much this particular group operates from an interprofessional, collaborative model and would support that all health professions need to be addressed through this fund.

I will get to your specific question. I know you raised the issue last time I was in front of this committee.

● (1830)

Hon. John McKay: I know, it's staring to blur.

Ms. Pamela Fralick: This is my third time, so I figure third time lucky.

I'll repeat one thing that I did say last week. I have a great deal of confidence in the leadership of the physician organizations in this country, whether it's family physicians, the Canadian Medical Association, etc. The leadership is there, but you're talking about a very large systemic culture change. It does take time. So there are a lot of levers that are changing things, but I will acknowledge it takes time.

The Chair: Thank you.

Thank you, Mr. McKay.

[*Translation*]

Mr. Laforest, the floor is yours.

Mr. Jean-Yves Laforest: Thank you, Mr. Chair. Good afternoon to all the witnesses.

My first question is for Mr. Howlett. I would also like to make a comment. I find your approach very interesting and significant However, I view it in the overall framework of the prebudget consultations we have been holding since September. Many groups have appeared and asked for more money for various organizations dedicated to reducing poverty in cities and communities, whether it's for children, senior citizens, Aboriginal persons or the homeless.

You say that considering the gross domestic product and the wealth that exists in Canada and Quebec, we should be doing more to reduce global poverty. That is perfectly commendable. That aid should be based on the wealth that exists right here. I also have to consider the opinions of all the groups that come here to see us and say that wealth is not well distributed in Canada. Some people are richer and keep getting richer. The middle class is fairly well off, but the poorest groups seeking better Employment Insurance conditions tell us they are getting poorer. I'm not saying I'm opposed to international development and aid, not at all. These people are telling us that their impression is that the money spent on international aid and developing countries is money that they won't get and that could enable them to meet their very important needs. I sometimes find myself without an answer for them. Do you have any answers?

[*English*]

Mr. Dennis Howlett: Make Poverty History is campaigning for both an end to poverty globally and an end to poverty in Canada.

I appeared before the parliamentary committee on social development and human resources, supporting the call for a poverty reduction plan for Canada and for the federal government to play its role in support of provincial poverty reduction plans. Now a number of provinces are doing that.

We cannot play off the poor in Canada against the poor overseas. They are both important priorities, and if you compare the need to address the needs of people who are going hungry overseas, who are dying, as well as those who are living in desperate situations of poverty in Canada, and look at some of the other requests that are coming, I would ask you to search your heart and say, is not the survival of children, who could live if but for a small intervention such as the provision of midwives at birth, a priority above some of the others?

I would argue that, for poverty reduction in Canada and overseas, we need to do both. We can't be credible with our assistance overseas if we are not addressing our own problems, but we have to recognize that the desperation of poverty is often much, much worse overseas than it is here.

● (1835)

[*Translation*]

Mr. Jean-Yves Laforest: Thank you.

Ms. Doherty-Delorme, you mentioned a phenomenon whereby the government is doing more and more business with the private sector and contracting out more work. When work is contracted out, some contracts are awarded to former public servants and people who are now retired. I know that some people plan their retirement with that in mind, because they know they'll get contracts.

Is this a major phenomenon? Is it under control or out of control? Is it a good thing?

Ms. Denise Doherty-Delorme: First, the practice of contracting out is out of control. Second, the federal government assumes that everything the private sector does is better, regardless of cost, quality and the time it takes. There is expertise within the government. It's like they're trying to push professionals out the door and get them to start up their own private company by telling them they'll then hire them and they'll be able to do virtually anything they want with no control and with nothing out in the open. It's very troublesome to see contractors not being hired on the basis of merit and requirements related to bilingualism and equity between women, men and other groups not being considered.

Mr. Jean-Yves Laforest: By doing business with the private sector and awarding contracts to subcontractors, the government avoids obligations—for example, obligations related to bilingualism — that it would have to meet if it were hiring people for the Public Service.

Ms. Denise Doherty-Delorme: Exactly.

Mr. Jean-Yves Laforest: Thank you very much, that answers my question.

I have no other questions, Mr. Chair.

[*English*]

The Chair: Monsieur Roy.

[*Translation*]

Mr. Jean-Yves Roy: Ms. Pierre, I served for five years as a member of the Standing Committee on Fisheries and Oceans. You said that you've been waiting a long time for the review of the study of west coast fisheries to be completed. When do you expect it?

[*English*]

Ms. Sophie Pierre: Before we came here to Ottawa we had no idea. It seemed as if it was never going to be produced, because we kept getting put off. We've been told that the fisheries review is going to be complete within weeks. But more importantly, we've been told that some of the treaty discussions that were dependent on that fisheries review being done will no longer be held up. So that's even more important.

[*Translation*]

Mr. Jean-Yves Roy: Thank you.

[*English*]

The Chair: Merci.

We'll go now to Mr. Menzies, please.

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

I would like to apologize to our witnesses for making them wait while we went to vote. That's the unfortunate thing about this government. We have to vote at a specific time, witnesses or no witnesses.

I don't have time to ask questions of everyone. I'm going to share my time with Mr. Wallace.

Ms. Pierre, I agree we've been waiting far too long for these settlements to be made. I think you would agree that more has happened in the last few years than in the 10 or 15 years before that. So we're totally supportive of seeing these things happen, and we support you on that. We agree this is absolutely the right place to bring that forward.

Ms. Sophie Pierre: Thank you. I'm happy to hear that.

Mr. Ted Menzies: I would like to address some quick comments and questions to Dennis Howlett. It's unfortunate that Mr. McKay has gone. His better aid bill is headed in the right direction. We supported that because our government does believe in delivering aid better. There are all sorts of books out there that talk about the way we've done it wrong for so many years. So I was glad to hear some of your comments that it can be done better.

Our budget bill this year is to improve debt cancellation for those countries that owed money back to Canada. So we are moving forward on that. When we talk about the 0.7%, it's a bit of a challenge because most people look at that as a solid number but not everybody counts it the same way. A lot of countries claim things as ODA-able that we don't.

The other issue is that much of our development assistance we cannot count as ODA-able. So we do an awful lot more than is qualified in the 0.32% or wherever we're at now. I would remind everybody that at the end of the Mulroney era we were at 0.5%, and we know what happened in the meantime. So we're working to bring that back up. We've doubled aid to Africa. We've untied food aid, which I think is a very positive step in the right direction.

The other thing I would like you to comment on is this. I have been at some OECD meetings where Canada has been recognized as one of the best countries at actually delivering the dollars that it commits in emergency situations. Could you share your thoughts on that? I know there are a lot of countries that make a grandstand announcement of how many millions of dollars they're going to commit, and then you don't see them again. I'm sure you've heard that.

● (1840)

Mr. Dennis Howlett: The untying of food aid was a very significant move because it allowed for purchasing food and other resources closer to where an emergency might have taken place. So in actual quantity terms, it results in much more assistance being able to be delivered much more quickly, and often supporting local farmers and local economies. So it is a very significant move.

It's true what Mr. McKay said earlier, that we can't expect Canadian aid effectiveness to improve overnight, but I do think it's beginning to move in the right direction and we need to keep pushing for that.

A really important point here is that Mr. McKay's bill does require that Canadian aid be oriented towards poverty reduction. We do have concerns about shifting aid away from some key African countries to others in Latin America that are not as clearly in need of assistance. We think that may be because there are more economic opportunities there for Canadian business. So we would question that aspect, while recognizing that things like untying food aid are a positive initiative. We would say we can't turn our back on Africa now that we have kept our promise about doubling aid to Africa. We need to continue to be there. That's where the need is greatest. So we need to make sure the aid is going to poverty reduction and not to other foreign policy goals.

So I agree with you on some things, but I would urge you to consider rethinking that aspect of your government's policy.

Mr. Ted Menzies: Then that begs the question of how hungry is hungry? If people are starving, they are starving; it doesn't matter what country they are in. We continue to focus on many African countries. I've been in African countries where the money has been dribbled out over the years. I refer to it as aid that is a mile wide and an inch thick, and it doesn't do anybody any good. If you focus your aid, you can maybe fix the problem.

I'll turn it over to Mr. Wallace.

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

Mr. Mike Wallace: Thank you, Mr. Chair. We'll see if I use up all four and a half.

I have a couple of questions. I'm sorry I won't get to everybody, but I'll do my best.

My first question is for Communitech. We hear a lot about IRAP. In a nutshell, why is it successful? Why does IRAP work? We've given some more money to IRAP through FedDev, the new southern Ontario development agency and so on. I hear a lot when I go to small businesses in my town—Sound Design Technologies and a whole bunch of high-tech groups in Burlington. But what is it that makes it work?

● (1845)

Mr. Iain Klugman: I think, very simply, it's that it's administered on the ground in the communities. The people who work at IRAP are on the ground, across the country, and they invest the time building relationships and understanding the needs of the business and making those small-dollar investments with the small companies at critical stages. They focus on research projects, product commercialization—the critical piece that is going to allow that company to go to market or to increase its success in the market.

Mr. Mike Wallace: It's people on the ground, basically. That's what's really helpful.

Mr. Iain Klugman: Yes.

Mr. Mike Wallace: On your third point, your change to the tax measure is to encourage foreigners to invest and make it earlier in comparison to others. What are we doing wrong, in your view, or are we doing anything wrong, or is there something we could be doing to get Canadians to be investing in Canadian technology—other than government money?

Mr. Iain Klugman: Yes. I think things such as an angel tax credit is something that's been talked about for a long time, which would incent people to make investments into companies in Canada. It would also provide a first reporting opportunity for us to truly recognize the impact that angel investment makes in this country, because until we have a way of capturing those kinds of investments, we have no idea how much it is. It's been estimated to be close to $3.5 billion.

Mr. Mike Wallace: I appreciate that. It's an area where not just investment but our entrepreneurial class could be a lot more risk-taking and so on, and we need to find, hopefully through the tax system, a way to encourage that over time. I have no answer at this point.

My question then is for our medical laboratory technologists. My local association or group had me come to my local hospital and took me through the lab and so on about a year ago and gave me the same spiel you've just given now about what the needs are, which is good. I certainly understand the internationally educated medical laboratory technologists and us working at identifying those credentials and making those skills available to actually be in the lab here, for certain individuals.

My question then is on the other side—the Canadian-developed and -educated lab technicians. What do you want the federal government to do to be involved in that area? I'm not sure where the federal government's role is in that. Are you just looking for a strategy from us, as our other health care professionals are looking for in terms of an overall...? Are you part of their bigger strategy or do you have something of your own desires?

Mrs. Moira Grant: Our organization is a member of HEAL and we fully support the infrastructure proposal they bring forward. So we certainly advocate that kind of measure to address health human resources, and as I mentioned in my presentation, we also know there are strategies in place with the pan-Canadian framework document to address some of these health human resources issues on a national basis.

Mr. Mike Wallace: And that includes the medical laboratory technician area also. Is that right?

Mrs. Moira Grant: That's right.

Mr. Mike Wallace: I appreciate that.

Very quickly—and I apologize to our friends from the climate and atmospheric sciences—this $25 million or $250 million over 10 years, that's in addition to the asks we've received from the other funding agencies. That's in addition to that. Are you adding to their money, or do you have your own ability to steer where that money goes on your own, separate from those other agencies?

Dr. Marlon Lewis: The intention would be that we would have our own ability to steer that money as we've done in the past. The other funding agencies have a very clear role to play. NSERC, I would say, is the envy of the world in terms of their operations and their support for Canadian science. Their greatest strength, however, is also their greatest weakness, in that they're a bottom-up driven organization. They respond to scientists who are making application for funds, and they lack the ability that I think we have to make sure the results get translated into a format that can be useful for policy and also for informed business decisions.

Mr. Mike Wallace: I appreciate that.

Thank you.

The Chair: Thank you.

Thank you, Mr. Wallace.

We'll go to Mr. Martin, please.

Mr. Pat Martin: Thank you, Chair.

I too would like to begin by recognizing and welcoming the commissioners of the BC Treaty Commission. I think it's entirely fitting and appropriate that you bring your message here before the finance committee of the House of Commons. I sincerely hope and I will commit to you that when this committee does write its final report of recommendations in regard to the pre-budget process, your message will find its way in there. We'll be pushing for that, to recommend that the government recognize the importance of concluding treaties for all the good reasons that you point out.

I think it's important that you're here for another reason. I'm not sure the Canadian public or even policy-makers realize what an oppressive instrument the Indian Act has been in terms of stifling economic development amongst aboriginal peoples, first nations. A modern-day treaty, such as the Westbank, the Nisga'a, or the Maa-nulth agreement, constitutes economic emancipation for aboriginal peoples.

I've been here since 1997, and I note that the Nisga'a agreement was like pulling teeth every step of the way. It was resisted; there was a fight back. As you point out, most recently, this spring, the Maa-nulth agreement or treaty was ratified by Parliament at the snap of a finger when the will was there. I put it to you that Parliament has no right to hold up, block, or delay, or even to recommend amendments to a treaty that was negotiated nation-to-nation between the crown and a first nation. That's not our role. I don't think we even have a role to play there.

I would ask you to comment. First of all, how many outstanding treaties are there yet to be dealt with through the BC Treaty Commission; and if you choose to take a minute to elaborate, what difference does this make in terms of economic development and the freedom to develop your own land, your own resources, etc., within the community once the treaty has been ratified?

● (1850)

Ms. Sophie Pierre: Thank you very much for your comment and your question.

I will be very happy to give the example of Tsawwassen. The Tsawwassen agreement was finalized, and it was enacted on April 4.

Tsawwassen, as a first nation, was able to access the economic stimulus package that was put out by the government to the tune of $6 million, because they are a local government. If they had remained an Indian band, such as my community, they would have had no access to that. Indian bands do not have access to that. We're not considered local governments in that same sense. When Tsawwassen signed their treaty, they immediately went down that road of having independence and self-government.

So you're absolutely right. In this day and age, to continue to have Indian bands that are totally regulated under the Indian Act, which has no room for economic development, just doesn't make any sense. What makes even less sense is that there is $7 billion that goes to continue to support the Indian Act bands. It doesn't make sense.

Mr. Pat Martin: Thank you.

But even further, my understanding is that an Indian band, as such, is not allowed to cut down a single tree, even on a status reserve, without the express permission of the minister. This is baffling to most of us.

Ms. Sophie Pierre: I served as a chief in my community for almost 30 years. We started a gravel pit four years ago. We still don't have authority today to sell that gravel. We have lost so much money in that. We were able to do our own roads. We borrowed money to do our own roads, because we figured we were opening a gravel pit, we would have an economic development opportunity there, and we could sell the gravel to pay back the loan. We still don't have the licence to do that. It is absolutely frustrating.

Mr. Pat Martin: This is the thing I find in my home province of Manitoba. Those people who might say, “Why don't those first nations pull themselves up by their bootstraps,” don't understand the barriers that are in the way, the archaic, oppressive barriers that are in the way by virtue of the Indian Act.

Ms. Sophie Pierre: They usually say it in much more colourful language too.

Mr. Pat Martin: Anyway, I want to thank you for being here. It is a great message you have brought us today.

I also want to comment on Mr. Howlett's presentation. We were all happy to vote for John McKay's excellent bill dealing with development aid, but the domestic poverty is what we are more seized of in my communities now, because 47% of the families in my riding live below the poverty line, and 52% of the children. In the richest and most powerful civilization in the history of the world, those are embarrassing statistics. In some western European countries and Scandinavian countries, the incidence of child poverty is zero, absolute zero.

My colleague Tony Martin, who I know you work with and know, is developing a bill modelled after Quebec's legislation: that there will be a poverty reduction strategy so that we can set targets for reducing poverty in the same way as we set targets to reduce the deficit back in the 1990s; that everything we do should be viewed through the lens of what this will do to effect the social change necessary. Is your organization in favour of the language being developed associated with Tony's bill, or are you aware of it and working on it?

● (1855)

Mr. Dennis Howlett: Yes. Make Poverty History is in support of a plan to reduce poverty in Canada and was a key group to campaign in favour of a poverty reduction plan in Ontario, which, we are happy to say, got all-party support finally in the Ontario legislature as well. We campaigned hard for a poverty reduction plan in Manitoba, which just got announced earlier this summer.

So we are working on both global and domestic poverty. We don't think it is fair to say you can choose one or the other. You need to do both. We have appeared before the other committee that Mr. Martin is on as well, and we support initiatives there toward a national poverty reduction plan as well.

Mr. Pat Martin: Thank you.

Do I have a moment left?

The Chair: You have two and a half minutes.

Mr. Pat Martin: Excellent. I would like to deal with the presentation of Professional Institute of the Public Service, PIPS, somewhat.

I want to thank you for bringing to the attention of committee that nowhere is there any empirical evidence that this frenzy to privatize everything they can possibly lay their finger on is financially prudent. You point out that the Auditor General herself was denied the information to do an analysis on managing contracts to the private sector. She was told to go and file an access to information request, and that was held from her.

This is not common knowledge, I don't think. We argue that the whole frenzy to deregulate and privatize and outsource and less government is so last century. This is really a neo-conservative ideology that has been disproved and is partly responsible for the financial disaster we see ourselves in. This urge to deregulate everything has brought us into the economic crisis we are in today. I want to thank you for bringing that to the attention of the committee and for giving me the opportunity to comment on it.

Would you expand on that? What is the institute doing to perhaps comment further on that, or provide some empirical evidence as to the veracity of their claims that they are saving money?

Ms. Denise Doherty-Delorme: Certainly, when we look at the Expenditure Restraint Act, which restricted professionals' salaries to 1.5% going back from 2006 all the way to 2011, we see that the government is trying to gain favour by being tough and saying it is very fiscally minded with its own money and therefore it's restricting people's salaries. At the same time, billions—and I do stress that it is billions of dollars—are being spent without regard, without oversight, behind closed doors on private sector contracts.

Mr. Pat Martin: That is $1,500 a day. They will lay off a public servant and then hire somebody back at $1,500 a day.

Ms. Denise Doherty-Delorme: And it is in all departments. We are seeing lease-back of buildings. We see it in the Canada Revenue Agency. There are not enough people, so they outsource. The example I used before was on the computer systems programs, where there was sole-sourced outsourcing of computer services to IBM and ICG. You know yourselves that if your staff has problems with the computer systems, now they have to call somebody who refers to someone else and then to someone else. We are not getting good value for our money, and it is not transparent. As I mentioned before, it goes around hiring processes.

There is also leakage of personal security and personal information, because these companies are no longer Canadian; they are in other countries, and we don't have a good hold on where this information is. This is tax information. This is information for health services, old age security, that kind of information. Very personal information is now being outsourced to other countries.

● (1900)

The Chair: Okay.

Mr. Pat Martin: That's a very alarming report. Thank you very much.

Thank you, Mr. Chair.

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

I want to thank all of the witnesses for being with us here today, for their presentations to the committee, and for their responses to our questions. Again, I apologize on behalf of the committee for the intervention in the middle of the vote, but it could not be avoided. It was a very interesting panel.

Thank you.

The meeting is adjourned.

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