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Chair

Mr. James Rajotte

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● (1105)

[*English*]

The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)): Pursuant to Standing Order 83.1, I call the Standing Committee on Finance to order. This is meeting number 59. We're continuing our 2009 pre-budget consultations.

Colleagues, we have two panels this morning. Each panel is an hour and a half. We have eight organizations in the first panel: the Association of Equipment Manufacturers, the Canadian Mental Health Association, the Cement Association of Canada, the Canadian Association of Fire Chiefs, the Juvenile Diabetes Research Foundation Canada, the Canadian Federation of Apartment Associations, the Ontario Funeral Service Association, and the Ontario-Quebec Grain Farmers' Coalition.

Each of you has up to five minutes for an opening statement. We will proceed in that order, and we will start with Mr. Mains, please.

Mr. Howard Mains (Consultant, Public Policy, Association of Equipment Manufacturers): Thank you, Mr. Chair.

Good morning, and thank you to members of the committee and staff for providing the Association of Equipment Manufacturers with the opportunity to address you today.

Allow me first to say a few words about the members of the Association of Equipment Manufacturers. AEM is a trade association representing manufacturers of agriculture, forestry, construction, mining, and utility equipment. Members include Canadian manufacturers such as MacDon Industries of Winnipeg and Sellick Equipment of Harrow, in Essex County, and some 700 other members that manufacture equipment that allows Canadian farmers, manufacturers, and natural resource companies to compete in the global marketplace.

We have two recommendations that we ask the committee to consider in its report to Parliament. First, like so many other sectors of the economy, equipment dealers are having difficulty financing their equipment inventories. This became more acute when one of the major players in the sector, Textron Financial, withdrew from the Canadian market. In speaking with equipment distributors and some members of Parliament, my understanding is that there is a role for Farm Credit Canada to engage in this area of equipment financing, which is otherwise known as floorplan financing. We ask the committee to provide FCC with this extended mandate, which fits well into its existing financial services.

Second, we urge the federal government to modernize the capital cost allowance rates pertaining to heavy equipment. Specifically, we encourage the government to increase depreciation rates for CCA classes 10 and 38 from 30% to 40%. Those are the classes of equipment that are tractors, bulldozers, motorized machinery, and combines. Modernizing the CCA rates would have positive economic results, with faster replacement of older equipment, which increases productivity and promotes environmental savings. Improvements to the CCA rates would also bring Canada in line with its major competitor and customer, the United States, which has seen a rapid acceleration in its depreciation schedule.

Let's take the example of farming in Canada to illustrate why CCA rates need to be modernized. Canadian farmers use high-tech equipment, such as precision agriculture systems, assisted steering systems, monitors for planting, fertilizing, pesticide applications, and harvest yields, which allows them to drive down fuel and crop input costs, reduce environmental impact, and maximize revenues. The application of these types of technologies has led to tremendous productivity improvements over the past 40 years. As a result of these ongoing technological improvements across the full line of agricultural equipment, Canadian farmers are replacing their equipment much faster. In some cases they are upgrading every three to five years to take advantage of technological improvements to reduce operating costs and increase operator efficiencies as much as possible.

In addition, I've circulated the CCA schedule as it is currently published, and I have highlighted horse, harness, and tractors. You'll note that the harness and tractor both have the same CCA depreciation rate of 30%, which is just one example of how the CCA schedule is out of date. Unfortunately, budget 2009 did not address the need to modernize CCA rates fully.

At the same time, our neighbours to the south were boldly moving forward with their accelerated depreciation rates schedules. You'll see by the chart I have distributed that an American farmer is able to claim more than 93% of the capital cost of a $300,000 combine in the first year of ownership as a result of the implementation of the American Recovery and Reinvestment Act of 2009. On a go-forward basis, depreciation costs will be claimed over a five-year period, as compared to seven years previously. His Canadian counterpart, on the other hand, can only claim 15% of the capital cost in the first year. Budget 2010 strikes us as an appropriate time to correct this.

● (1110)

Positioning Canada to compete on a levelling playing field, attract new business, and improve the attractiveness of our exports will require the federal government to adjust the CCA rates. As the federal government considers how to stimulate economic activity and build a stronger, more competitive, and prosperous Canada, we urge policy-makers to realize the positive benefits derived from modernizing the capital cost allowance and also from extending the services of the Farm Credit Corporation to include floorplan financing for inventory.

Thank you very much, committee members.

The Chair: Thank you very much.

We'll go now to Ms. Craig, please.

Ms. Ruth-Anne Craig (Executive Director, Manitoba Division, Canadian Mental Health Association): Thank you, Chair and committee members, for having us today. I'm here alone from the Canadian Mental Health Association, as the chief executive officer of our national office. Dr. Taylor Alexander is unable to make it today due to illness, so we apologize for that.

I am the co-author of the brief presented to you. Dr. Sid Frankel, associate professor at the faculty of social work at the University of Manitoba, is the other author of the brief.

Thank you for your audience this morning. I'm here today representing, as I said, the Canadian Mental Health Association. We are Canada’s only voluntary charitable organization that exists to promote the mental health of all people and support the resilience and recovery of persons experiencing mental illness. We do this through advocacy, research, education, and service. Our vision of mentally healthy people in a healthy society promotes both individual and collective health and a sense public accountability and provides a framework for the work we do.

We have submitted our brief to you detailing the recommendations we are putting forth for your consideration today. In the five minutes that I have to speak to you I will summarize those recommendations and explain why they focus on both creating a mentally healthy society through initiatives that focus on eliminating poverty for children and families, as well as examining the implications of mental illness and how it so often results in poverty.

In our brief we advocate that income support and other measures to prevent and reduce poverty can play several roles with regard to mental illness and mental health. We have attempted to mainstream our advocacy to cover three areas of importance to the configuring of the upcoming federal budget. These areas cover modifications to the national child benefit supplement, Canada's social transfer, and development of basic income support programs for persons living with mental illness and other disabilities. Of course there are many other areas to consider, but we'll have to leave those for another day.

First, let's focus on the promotion of mental health and the children of Canada. We believe the federal government should increase the national child benefit supplement to create a full child benefit for low-income families of $5,200 per year per child in 2009 dollars. In this, we join the Campaign 2000 movement to end child poverty, because of the psychological damage to children living in poverty, which often has lifelong effects. The Canadian child tax benefit and the supplement have been an important measure in decreasing the depth of poverty for many children. The recommended increase would render the benefit even more effective in preventing sometimes lifelong mental health problems. We've come a long way here, but there is much further to go.

The Canadian Mental Health Association is making this recommendation because of its interest in preventing mental illness and because of the overwhelming evidence that poverty is a determinant of health, especially mental health. Research has shown that growing up and living with persistent poverty is detrimental to one's psychological, physical, and educational health. Social causation studies also show that poverty contributes to the development of a wide range of child and adult psychopathology and has numerous other negative consequences to children, their families, and the community at large. A study undertaken by Campaign 2000 referred to in our brief demonstrates how increasing the national children’s benefit has reduced family poverty significantly and how its continued application could result in an enormous decline in the child poverty rate.

My focus now turns to the impact of mental illness. We also believe the federal government should take a leadership role in establishing a federal basic income benefit for persons who cannot reasonably be expected to earn an adequate income from employment. This has especially been recommended by the Caledon Institute of Social Policy. We support this, because this initiative would include many persons with mental health problems. Those with severe and prolonged disabilities would clearly be eligible, but a combination of limited training, advanced age, inconsistent labour market attachment, and psychiatric disability should also be considered for eligibility.

This benefit would be income-tested, with eligibility based on a demonstration of disability. However, eligibility criteria must be sensitive to the restrictions that flow from mental illness, which can be substantially different and more difficult to assess than those that flow from physical disability. Arbitrary and restrictive interpretation of disability related to mental illness has been a major barrier for many persons disabled by chronic mental problems. This has been demonstrated by difficulties in accessing both CPP disability benefits and the disability tax credit and has resulted in the systematic discrimination and exclusion of persons with mental illness.

One of the best outcomes of initiating a basic income benefit would be the removal of many persons with significant and persistent employment-related disabilities based on mental health problems from provincial and territorial social assistance programs.

● (1115)

The federal government should seek agreements with provincial and territorial governments that they use the resulting savings to deliver a more comprehensive range of disability supports. Its design could be similar to the old age security and the guaranteed income supplement program, with similar benefit levels. Income would therefore be much more adequate than that provided by provincial and territorial welfare programs, which perpetuate a cycle of poverty for thousands of Canadians. This initiative could also assist persons with episodic or short-term labour market attachment, who would greatly benefit from this income. Such involvement is often an important component of mental health treatment and recovery. Recovery from mental illness is completely possible.

Approximately 70% of unemployed individuals with a psychiatric disability are subsisting on social assistance payments and living in abject poverty. According to the National Council of Welfare, in the ten provinces the yearly income of an individual with a disability can be as low as $7,800, two-thirds below the low-income cut-off.

We believe that the federal government could work collaboratively with provinces and territories to establish conditions that are more equitable and humane, and set standards that require provinces and territories to establish programs that pay adequate benefits, that do not punish recipients for obtaining employment that allows the assembly of a reasonable level of assets, and does not increase stigmatization for persons with mental illness. In the meantime, we believe that income assistance payments in all provinces and territories should be increased to 80% of the low-income cut-off.

We believe that these recommendations are realistic and realizable, and that they have the potential to promote mental health and wellness and optimize psychological as well as economic functioning. Positive policy implementation, such as that connected to healthy families and early childhood intervention, can also contribute to the prevention of the original occurrence of mental illness and relapse, because income is a determinant of mental health.

Re-examining the Canada social transfer and redesigning basic income supports—

The Chair: Ms. Craig, we're well over time here. Could we ask you to wrap it up?

Ms. Ruth-Anne Craig: I'll wrap up now and just say that we feel that these are very reasonable and that they could be administered very easily through federal initiatives.

The Chair: Thank you very much.

[*Translation*]

We will now go to Mr. Boucher.

Mr. Pierre Boucher (President and Chief Executive Officer, Cement Association of Canada): Good morning, Mr. Chair and honourable committee members.

My name is Pierre Boucher and I am the President of the Cement Association of Canada.

[*English*]

I'd like to thank committee members for the opportunity to appear today and to provide the cement industry's perspective on budget and stimulus measures.

The eight member companies of the Cement Association of Canada operate 15 plants in five provinces. Canada's cement industry produces on average 15 million tonnes of cement a year, with 10 million tonnes being consumed here in Canada and five million tonnes being exported to the U.S. markets.

As many of you know, cement is a grey powder that is mixed with crushed stone, sand, and water to make concrete. Cement is the glue that holds the concrete together. Cement is a strategic commodity and a critical component of our nation's infrastructure. Cement underpins the construction industry as the key ingredient in concrete, and there is little built without concrete. Each year, Canadians consume on average 33 million cubic metres of concrete, one cubic metre of concrete for every Canadian.

The current recession has seen the largest decline in Canadian and U.S. cement consumption since the Great Depression. Since peak consumption in 2006, Canadian cement consumption is down by almost 30%, and the U.S. consumption is down by almost 40%.

Canada's cement industry applauds the Government of Canada for introducing a stimulus package that has committed to significant renewal of the Canadian infrastructure. We recognize the challenges created in implementing the stimulus package and accelerating investments. We believe we need to encourage governments at all levels to maintain the pace of investment. Even though there may be weak signs of a recovery in the general economy, the global financial crisis has hit Canadian cement manufacturers hard, and we are still feeling the worst of the recession. The recession is not over for cement. The cement industry was the first to feel the impact of the recession, and we'll be the last to see the benefits of recovery.

● (1120)

[*Translation*]

In order to save time, I will quickly present the main recommendations found in our pre-budget submission.

[*English*]

I invite the committee members to examine our written submission. Let me focus on two important areas: infrastructure investment and climate change legislation.

With infrastructure spending in Canada, we have three messages: firstly, continue to get the committed funds out the door as quickly as possible; secondly, do not turn off the committed stimulus funds; and thirdly, make sure that we are spending infrastructure money wisely.

Concrete is a cost-effective, energy-efficient, and sustainable construction material essential to rebuilding Canada's infrastructure. Better highways, green buildings, and water and sewage installations are all made from sustainable concrete. The primary building material in public works and commercial construction, concrete creates jobs throughout the economy. For every 10 construction jobs created by a project, a community gains 17 additional jobs that stay in the region.

Infrastructure investments, whether using federal funds alone or matched by other jurisdictions, should also be accompanied by program guidelines that ensure that all new projects contribute to achieving Canada's sustainable development objectives. These objectives include enhancing energy efficiency, life-cycle costing, reducing greenhouse gases, reducing urban air pollution, ensuring clean water is available, managing waste efficiently, and ensuring safe and efficient mobility of citizens and trade.

Here's an example of a misguided policy. The engineering and construction industries are the best qualified to recommend the most suitable construction material for sustainable infrastructure. A private member's bill that would force the federal government to choose wood over other construction materials has been introduced in the House. This is a misguided bill that will not necessarily ensure that the best construction material is used for the job.

On climate change, in designing a greenhouse gas regulation, the government should align Canada's trade and climate change efforts with those of the U.S. on such issues as price signals, alignment on mid- and long-term climate objectives, and avoiding disruption of cross-border trade and border adjustments due to perceived differences in approach in greenhouse gas mitigation.

Finally, I would encourage committee members to take these key considerations into account and use this report to influence the budget for 2010. I hope these messages will be conveyed to other members of Parliament.

Thank you, Mr. Chair.

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

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

Mr. Robert Simonds (First Vice-President, Canadian Association of Fire Chiefs): Thank you, Mr. Chair.

While I am a fire chief in Saint John, New Brunswick, I am here today as the first vice-president of the Canadian Association of Fire Chiefs. Normally, our association president, Calgary's fire chief, Bruce Burrell, would be addressing you. However, he is currently leading a delegation of Canadian companies to the China Public Security Expo.

The CAFC is the only association that speaks for the many elements that comprise Canadian fire services. Our 1,000 members are located throughout Canada. They include chief fire officers from hundreds of Canadian municipalities as well as fire chiefs from Canada's first nations, industry, airports, seaports, major health care facilities, and Canadian Forces establishments. Our national board of directors includes the presidents of each provincial and territorial association of fire chiefs. Collectively these associations include the vast majority of Canada's 3,500 fire departments.

Our submission relies heavily on the results of two recent CAFC surveys. The first measured the importance of personal income tax relief for volunteer firefighting personnel. The second provided input on a wider variety of issues pertaining to budget 2010.

Of the 108,000 fire services personnel in Canada, 78% are volunteers. In no other emergency first-responder service do willing volunteers play a more significant role. The CAFC's survey indicated clearly that the volunteer fire services in Canada are under stress for a variety of reasons. They range from volunteer fire department members being unable to find work locally to the competing demands of families, aging local populations, and inadequate reimbursement for out-of-pocket expenses, such as gasoline costs.

While many factors contribute to problems in recruiting and retaining volunteers, over 70% of responding volunteer fire chiefs believe that personal income tax relief would be of major help to them in addressing these challenges. Accordingly, our first recommendation is that budget 2010 provide significant personal income tax relief for all volunteer firefighting personnel. The support of the standing committee for this recommendation is imperative. Many private members' bills on this subject have been before the House in recent years, including BillC-219, which made its way out of this committee with all-party support. All these private members' bills ultimately failed. It's time that the cry for help from the volunteer fire services be heeded and supported.

The CAFC's other recommendation addresses the inadequacies of funding available through JEPP, the joint emergency preparedness program. The government calls this the primary vehicle for enhancing the national capability to manage all types of emergencies and to ensure a reasonably uniform emergency response and recovery capacity across Canada. Yet it allocates just $5 million per year through JEPP for emergency preparedness and critical infrastructure protection projects. CAFC has requested an increase in the level of JEPP funding in its pre-budget submissions since 2003, but the $5 million remains in effect, and its value, in the face of inflation, is being eroded with every passing year.

With almost 3,500 fire departments in Canada, $5 million does not go far. The inadequacies of JEPP financing are underscored by the fact that these scarce JEPP dollars must be shared with other orders of government and other municipal departments, including police, emergency medical services, public works, water works, and emergency management organizations. JEPP's relevance has been undermined by the federal government's unwillingness to maintain the available money at required levels. An increased financial injection is needed to restore the meaningfulness of JEPP and to ensure that the Canadian fire services are prepared to deal with large-scale emergencies at the municipal level. Therefore, our submission recommends that JEPP funding available to Canada's fire departments be increased to $20 million per year.

Thank you for the opportunity to appear before you. I look forward to your questions.

● (1125)

The Chair: Thank you very much for your presentation.

We'll now have the Juvenile Diabetes Research Foundation of Canada.

Mr. Andrew McKee (President and Chief Executive Officer, Juvenile Diabetes Research Foundation Canada): Thank you, Mr. Chairman.

Members of the committee, thank you for the opportunity to appear before you today.

I am joined here today by Mr. Bob Hindle, who is also a board member of the Juvenile Diabetes Research Foundation.

Firstly, I'd like to say we're very grateful to the committee and many of its members for their continued support and interest in JDRF and their compassion for Canadians living with diabetes. In its 2008 report, this committee recommended the following, and I quote:

> The federal government create a specialized fund for medical research for children's health. In this regard, priority should be given to the establishment of a partnership with the Juvenile Diabetes Research Foundation of Canada.

We are seeking a similar recommendation for budget 2010, which is why we're here today. We are the leading charitable funder and advocate of type 1 diabetes research worldwide, and in Canada we have been a strong voice for innovation, commercialization, and increased funding for diabetes research, an area of Canadian pride and excellence.

JDRF has been at the centre in the support and delivery of diabetes research advances that have improved the lives of children diagnosed with type 1 diabetes and of the many adults also living with this disease.

Our proposal is a unique funding partnership that combines $125 million from the federal government and a matching $50 million from JDRF. This is a funding requirement over a five-year period.

The benefits of this proposal to taxpayers, the government itself, and our important knowledge-based economy are numerous. Among them are the following: social benefits and a general reduction in the incidence and prevalence of diabetes, an implementation of a proven knowledge translation model, and creation of a virtual nationwide infrastructure that all disease groups can utilize. Fiscal benefits will be achieved through more effective use of government investment in a partnership that will catalyze results and bring Canada to the cutting edge of longer-term commercialization opportunities. Entirely consistent with both Advantage Canada and the government's science and technology strategy, this partnership will attract world-class researchers to our hospitals and universities and address squarely the issue of keeping these jobs in Canada. Canada will continue its legacy of being a world leader in diabetes research by substantively filling a critical gap in clinical research worldwide.

I ask the committee to take these benefits into consideration and the cross-departmental benefits of the partnership as you formulate your recommendations.

More precisely, I would like to highlight some specific industries that will benefit from JDRF's artificial pancreas project, an exciting project that will benefit from this partnership and provide much needed economic stimulus in many sectors of interest to this committee.

The impact of this project will involve and enhance the following key industries: firstly, pharmaceuticals. The delivery pathway of a new device—the artificial pancreas—builds upon JDRF's established record of partnerships with key players in the industry. JDRF set the standard in Canada by obtaining Eli Lilly's $400 million-plus U.S. investment into a Canadian company, Transition Therapeutics Inc. in Toronto. Pharmaceutical companies are now prepared to fund the majority of the financial burden to bring that product to market over the next five years. This partnership lends itself to generating increased economic activity around the commercialization of new technologies while retaining intellectual property rights in Canada.

Additionally, manufacturing will benefit because this device consists of two pre-existing technologies—an insulin pump and a continuous glucose monitor. The current task being addressed by JDRF is the mathematics that link these two devices, required to enable the communication via algorithms. Given that important pieces of the critical research required to bring this product to market will occur under this partnership, it also dramatically increases the likelihood of the finished product being manufactured in Canada, among several other sites worldwide.

In telecommunications, Canada's world-leading telecommunications companies have already indicated their intention to expand each company's existing partnerships with a world-leading Canadian academic institution, regarding the design and manufacture of two new functions for the artificial pancreas, which will be added to mobile communications devices.

This is a concrete and immediate example of how JDRF's unique business management of research has attracted intense interest from an entire industry previously unrelated to the commercialization of health technology devices.

This brings us to our recommendation. At JDRF, we are asking this committee to again recommend that the Government of Canada enter into a 10-year strategic partnership with the Juvenile Diabetes Research Foundation, funding an initial five years to the tune of $125 million to be matched with $50 million of JDRF money. Given the synergistic impact the proposed clinical trial network between JDRF and the Government of Canada would have on research and commercialization in Canada, I ask that you give serious consideration to including a favourable recommendation in your pre-budget report.

The time to act is now, and by working in partnership we can succeed.

Thank you very much, Mr. Chair.

● (1130)

The Chair: Thank you for your presentation.

We'll now hear from the Canadian Federation of Apartment Associations.

Mr. John Dickie (President, Canadian Federation of Apartment Associations): Good morning.

The CFAA represents the owners and managers of close to one million private rental homes across Canada. The need for the reforms we propose arises from the current divergence in the tax treatment of homeowners from the tax treatment of renters. Some of the policies that lead to that are set out on page 2 of our brief. Most low-income Canadians are not homeowners, and the larger part of the income tax benefits of home ownership do not accrue to low-income households, even if they are homeowners.

The tax treatment of rental housing has been made steadily worse since 1972, and on page 2 of the brief we have a rather lengthy list of those detrimental changes to the competitiveness and affordability of rental housing. In the French version the list spans pages 3 and 4.

In order to move toward a balanced housing policy, we suggest that Parliament provide improved tax rules for rental housing, providing a tax deferral on reinvestment by rental property owners, and zero-rating rental housing for the GST or HST.

First, allowing tax deferral on a real estate sale and reinvestment would reduce the cost of rental housing and improve affordability and housing supply. Second, it would promote efficient capital allocation across the economy. Third, it would promote more compact, environmentally sound urban redevelopment. Fourth, it would help small investors, middle-income families, and seniors, since investment rental property is much more widely held than shares or other assets. Fifth, it would permit relocation by owner managers and reduce absentee ownership. Sixth, it would level the rules between rental property and other businesses that already have a similar deferral. Seventh, it would level the rules between businesses that rent and businesses that own their premises. Finally, it would level the rules between rental property and shares in companies.

Three-quarters of company shares are held in tax-deferred vehicles, such as pension plans and RRSPs, but real estate is not eligible for RRSPs or TFSAs. We submit that the deferral cost would be reasonable and merely a deferral—not tax revenue permanently given up.

On zero-rating rental housing for the GST or HST, residential rental housing is an unusual business, in that it is GST-exempt. That means rental housing providers pay GST on their inputs but don't charge GST on rents. So the GST is effectively a cost of doing business that by economic forces is passed through under the price of the product, in our case into rents.

Groceries, another basic necessity, are treated differently. Groceries are zero-rated. So when Loblaws pays GST on rent, electricity, etc., the government gives them and other grocers rebates so those costs are not transferred to the cost of groceries and do not impact on that basic cost of living.

So we are asking for rental housing to be treated in the same way as the grocery industry through zero-rating. I recognize that would be a significant cost to the federal treasury—although it's not an insurmountable cost—but there is a very low-cost solution.

As an alternative to zero-rating I suggest that Parliament substantially increase the allowance for the governments of British Columbia and Ontario to create special rules for their portions of the HST. The industry is facing something of a crisis, because through harmonization additional costs will come to be subject to the provincial portion of the new HST in those provinces. The government agreement allowed certain exemptions and rebates to be made by the provinces, but both of them have used up all of their rebate and allowance amounts.

● (1135)

For the federal government to increase the allowance amount would put the ball back in the court of those provinces as to what they do when they bring in the HST, and the cost to the federal treasury would be negligible because it would merely be the administrative cost of dealing with another exemption when a whole variety of exemptions are currently being put in place.

Thank you for your attendance today.

The Chair: Thank you for your presentation.

We'll now hear from the Ontario Funeral Service Association.

Mr. Patrick McGarry (Member, Ontario Funeral Service Association): Good morning, Chairman Rajotte and finance committee members. Thank you for the opportunity to present to you today.

The Ontario Funeral Service Association represents over 220 independent family funeral homes in Ontario. We are here today to highlight the preferential tax treatment enjoyed by our competitors, the religious cemeteries in Ontario, due to their charitable status. This issue may be further magnified when the Ontario provincial sales tax is harmonized with the goods and services tax in July 2010.

The formal position of our association is as follows: All providers of funeral goods and services, regardless of their corporate structure, will be required to levy the GST in a uniform fashion when providing goods and services to the public. The OFSA wrote the Minister of Finance in the spring of 2008, and the minister's response was positive. The minister's letter stated: “Burial and cremation services are not currently among the particular services to which the exception from the exempt status for charities applies.” In other words, if you provide burial and cremation services, you should apply GST.

Despite these assurance, we have significant concerns. During follow-up discussions with the minister's office, officials recommended that our issue be brought before the pre-budget consultations in 2009. We followed this advice and made a submission to the pre-budget consultations, but have not had a satisfactory resolution. Since then, we have reinitiated dialogue with the minister's office and are awaiting a response.

We would like to bring to your attention a brochure produced by our competitors highlighting the savings on the GST their clients received by using their services. It says, “Save the GST on select service fees”, including burial, entombment, cremation, and hydro. The minister’s letter also states that “the application of the GST is regularly reviewed and your comments will be taken into consideration”. We offer the federal government our experience in dealing with this inequity as part of the GST review.

The GST exemption for our competitors coupled with the harmonization of the Ontario provincial sales tax gives religious cemeteries a significant and unfair competitive advantage. The inherent unfairness undermines the marketplace and ultimately is unhelpful to consumers in their time of need.

In terms of how this relates to the theme of this year's pre-budget consultations, we are of the opinion that tax fairness is the ultimate tax and program measure. If taxes are administered unfairly, then it undermines our tax system and the economy.

Thank you all for your time today.

● (1140)

The Chair: Thank you very much for that presentation.

We'll now hear from the Ontario-Quebec Grain Farmers' Coalition.

Mr. Leo Guilbeault (Chair, Ontario, Ontario-Quebec Grain Farmers' Coalition): Chairman Rajotte and finance committee members, thank you for the opportunity to present to the pre-budget consultations.

William and I are members of the Ontario-Quebec Grain Farmers' Coalition. We represent 41,000 farmers from Windsor, Ontario, to Rimouski, Quebec.

In the context of this year's pre-budget consultations, we are very fortunate to live in Canada. Our land is vast and fertile and our work ethic and entrepreneurial spirit have given us the resilience to weather these difficult economic times. Agriculture is the backbone of our rural communities and economies, providing employment, creating wealth, and providing Canadians with an affordable and secure supply of food.

Our presentation will focus on the agricultural flexibility fund, or AgriFlex, announced in the 2009 budget. The federal government has shown strong commitment to agriculture, and we are encouraged by some of the government's measures, including opening up world markets to Canadian farmers by signing free trade agreements, replacing CAIS with the new "Growing Forward" agenda, investing in infrastructure, and making changes to the Canadian Agricultural Loans Act by freeing up credit for young farmers.

In the 2009 budget we saw the announcement of the agricultural flexibility fund, or AgriFlex. This fund allows the provinces more flexibility in delivering needed programming. However, more needs to be done. The federal government must open the agricultural flexibility fund to business risk management programs.

It is imperative that we have agriculture programs in place that are responsive and sufficiently funded. The original AgriFlex proposal, as proposed by the Canadian Federation of Agriculture, was intended to fund BRM programs. This would allow Ontario to support the risk management program for its grain growers and allow Quebec to support *Le programme d'assurance stabilisation des revenus agricoles*, or ASRA.

Mr. William Van Tassel (Vice-President, Ontario-Quebec Grain Farmers' Coalition): I will continue in French.

[*Translation*]

Each year the government disburses ad hoc payments to address unpredictable hardships faced by farmers. This ad hoc funding—defined as funds in excess of CAIS and Production Insurance—averaged $2.5 billion per year for 2004-2006 according to Statistics Canada.

Traditionally, approximately 60% of total money spent is federal funding, making the federal contribution to ad hoc spending $1.53 billion per year in excess of CAIS and production insurance.

AgriFlex, with BRM, would provide sufficient flexibility in program design and delivery to respond quickly to emerging regional agricultural priorities. AgriFlex, with BRM, compliments and advances key objectives established in the Growing Forward documents. AgriFlex, with BRM, would be distributed to provinces and territories for flexible funding that will be used to address the unique needs of regions and agricultural sectors across the country. Fund distribution would be based on a formula that addresses the total agricultural value of production in individual provinces and territories.

AgriFlex, with BRM, would allow provinces and territories to direct their portion of funds to agricultural sectors where the need is greatest, complimenting existing federal programs, or to areas that are not sufficiently addressed by existing federal programs, or to start new programs.

When used to complement existing federal BRM programs, payments through AgriFlex could offset payments of other programs. Producers would only be allowed to receive payment from one program that addresses the specific need in a given year.

We are not alone. At the last federal-provincial-territorial meeting in July, the provincial ministers of agriculture asked the Minister of Agriculture and Agri-Food, Mr. Ritz, to conduct a strategic review of risk management programs. They also asked that an industry engagement strategy be developed as quickly as possible. The federal minister has committed to reporting back to the provincial ministers in early 2010. We offered our experience and expertise to the federal government for this review but have not yet heard back. Furthermore, Quebec, Ontario, Alberta and Saskatchewan have also indicated that they would like to work with the federal government under companion programs.

Thank you again for the opportunity to present to the pre-budget consultations and we look forward to working with the federal government to keep agriculture strong in Canada.

Thank you very much.

● (1145)

The Chair: Thank you very much.

[*English*]

We will now go to questions from members.

Mr. McCallum.

Hon. John McCallum (Markham—Unionville, Lib.): Thank you, Mr. Chair, and welcome to all of our witnesses.

Chief Simonds, I'm sympathetic to the first point you made, about income tax relief for volunteer firefighters, but that doesn't seem to get you very far. You said that this committee gave all-party support and it still didn't happen. Do you know why it didn't happen?

Mr. Robert Simonds: I believe it was because it was coming through as a private member's bill. It would not have been feasible to move forward on a money bill. For this reason, we need the support of government to move this through.

Hon. John McCallum: I guess it's up to the government, then. If there's all-party support here, it's up to the government. You're suggesting a private member's bill won't do the job.

Mr. Robert Simonds: That's correct.

Hon. John McCallum: Perhaps we'll hear what the government side has to say, but I think it had all-party support in this committee before.

Mr. Robert Simonds: It did, indeed.

Hon. John McCallum: Mr. McKee, we on this side are highly supportive of research in general and medical research in particular. We don't think the government's done enough in this area. I'd like to ask you a question that might sound negative. Why juvenile diabetes? There are all sorts of awful diseases out there requiring research, whether it's cancer or heart disease or diabetes. It's difficult for political people without a medical background to set priorities on diseases. Can you tell us why we should be particularly inclined to support your proposal, as opposed to funding for research in other health areas?

Mr. Andrew McKee: Absolutely, Mr. McCallum. Thank you for the question.

Why support the Juvenile Diabetes Research Foundation? As you said, there are many worthwhile causes, worthwhile diseases out there. The nature of our partnership proposal that we entered into with the federal government is such that we're providing not only expertise in the realm of diabetes and have products ready to come to market to deal with diabetes, but we're also bringing matching dollars to the table as well. So our proposal, where we're offering to bring $50 million of investment in research, achieves additional leverage. Also, our proposal and our partnership agreement creates a clinical trials platform that is not unique to diabetes. That clinical trials platform could be used for any disease. We're asking that ours be the first effort utilized to get that clinical trials program going, but it would be open to any other partner disease group that wanted to bring matching money to the table as well.

Hon. John McCallum: So you're saying the platform you propose would not be limited to diabetes.

Mr. Andrew McKee: That is correct.

Hon. John McCallum: Can you say anything, in terms of the status quo, about existing levels of government funding for diabetes versus cancer versus heart disease? Are you lower than you ought to be?

Mr. Andrew McKee: Certainly. In the realm of type 1 diabetes or juvenile diabetes research, there's currently no government funding specific to type 1 diabetes research in Canada. There is a program within the federal government that provides some $20 million to $30 million a year, broadly based, under CHR, for obesity and type 2 diabetes research, but nothing has ever actually been provided for type 1 diabetes research. As it stands relative to cancer and other diseases, I wouldn't want to quote numbers here today, because I don't know them accurately, but we receive less funding than those other interests receive from government at present.

● (1150)

Hon. John McCallum: Thank you.

On the question of cement, and more generally on the question of infrastructure programs, you say you think the infrastructure money should get out quickly, and it hasn't been. Right now, I believe the money has to be spent by March 2011 or it's lost, and given the slow pace at which the money has been getting out, it would seem that much of the money may not be spent by that date. So my question to you is whether you think that date should be extended.

Mr. Pierre Boucher: We feel that the date should be extended until such time as we can indeed put infrastructure in the ground, cement and concrete. Basically, a lot of paperwork has been done identifying the projects. Engineering firms are doing the engineering, what they have to do, but not much has happened on the ground yet. So that's why the equation is very simple: we say cement, concrete in construction.

What we want is when you renew the infrastructure, you have to construct. You have to rebuild. Certainly the engineers have to design, we agree with that. So this is why we're mentioning that now, for the cement industry and for the construction industry, we're surely not out of a recession yet, because we haven't seen, basically, the shovels in the ground. Hopefully there are shovels. We have identified them and hopefully they'll be in the ground shortly.

Hon. John McCallum: You're saying not much is in the ground yet.

Mr. Pierre Boucher: Some have been in the ground, but not enough. The full impact of the shovels has not yet been seen.

Hon. John McCallum: So how much of the construction season is left this year?

Mr. Pierre Boucher: One month maximum. Not very much is being done in roadwork during the winter. Building construction, of course, is slowed down during the winter period but it still continues. So we are certainly expecting that an increase in the tendering will be done throughout the months to come, to kick-start very rapidly the construction season for next April.

Hon. John McCallum: So if I understand correctly, what you're saying is that with only one month left in the construction season, this whole season has been largely a write-off in terms of getting substantial money and shovels into the ground.

The Chair: Thirty seconds.

Mr. Pierre Boucher: We wish to have more shovels in the ground, but we expect that there will be many, many shovels, if we understand correctly, in the ground next year. This is what is very important.

Hon. John McCallum: Thank you very much.

The Chair: Thank you, Mr. McCallum.

We'll go to Mr. Laforest.

[*Translation*]

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

I would like to welcome all witnesses.

My first question is for Mr. Boucher of the Cement Association of Canada.

In your submission, you stated that the debate concerning federal investments has focused primarily on how fast the money is spent and has not focused enough on how well it is spent.

Do you have specific examples of projects that may not necessarily have been the right choice?

Mr. Pierre Boucher: It is difficult for me to comment on the selection of a given project. These decisions are made by governments, which give priority to projects that they wish to make a priority. It is up to them to establish their priorities.

Naturally, they wish to accelerate spending to help or stimulate the economy. However, they should choose wisely. We propose that a life-cycle analysis be used, which would ensure that the best projects and the best materials are chosen and that the infrastructures built give value for money. I agree that this takes time. The final decision is up to the government. We are definitely surprised at times by the type of projects because they can be carried out easily. We expect that the most difficult projects will be executed in the next few months.

● (1155)

Mr. Jean-Yves Laforest: You also raised the issue of the use of materials such as concrete and cement, which you sell, as opposed to wood. Could you talk about that?

The Bloc Québécois presented a proposal to further support the forestry industry, which is in crisis. The federal government could use more wood in its buildings. Is this at odds with the position you expressed earlier?

Mr. Pierre Boucher: Not at all. However, we clearly stated that cement production has declined significantly since 2006 due to the recession. Whether in the forestry or automotive industry, people in Canada are really hurting. There have been significant job losses.

What we are saying is that if the money is available we have to rebuild and use the best materials in our projects. We have heard that wood bridges will be built. Perhaps, but it depends where. It is better to build concrete bridges. We have building codes in Canada and engineers and architects are best qualified to specify or to agree on the preferred material.

A cost-benefit analysis will indicate the best material for the job. In my opinion, it is not up to the government to dictate the material to be used. That is what we are saying.

Mr. Jean-Yves Laforest: Thank you.

Mr. Simonds, you recommend personal income tax relief for all volunteer firefighting personnel. You also stated that the Joint Emergency Preparedness Program, which allocates funds to municipalities, can be used for other purposes.

You mentioned emergency medical services, police and public works. You indicated that moneys allocated to emergency preparedness were used for public works, for example water systems.

Do you have specific examples of situations where municipalities are using moneys allocated to emergency preparedness for other purposes?

[*English*]

Mr. Robert Simonds: Certainly I would offer that we don't dispute the worthwhile projects that those other applicants have. However, what we would offer is that the need for us to be able to have that state of readiness to respond to the needs of our communities is highly dependent upon having adequate funding.

We have stated on a number of occasions that the application process is very arduous. The criteria for eligibility sometimes do not enable us to move forward on projects that would be clearly advantageous for public safety. So with the increased funding levels and perhaps a further clarification of criteria for selection, we would be able to better optimize the use of those funds for public safety.

[*Translation*]

The Chair: You have 30 seconds, Mr. Laforest.

Mr. Jean-Yves Laforest: Do you not have a more specific example of a municipality spending moneys allocated to emergency procedures for water systems, for example? That is what you were saying.

[*English*]

Mr. Robert Simonds: No, I have no knowledge of moneys that were inappropriately allocated. They would have to satisfy those very stringent criteria; otherwise the moneys would not be allocated.

● (1200)

The Chair: Merci.

We'll go to Mr. Menzies, please.

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

Thank you to our witnesses. We do appreciate each and every presentation. There is never enough time to ask enough questions, so I'll try to focus my comments very succinctly. In the interests of time, could we ask for answers that are succinct as well?

Mr. Boucher, I have to make a comment about your reference. I know you represent the overall cement industry. You commented about there not being enough shovels in the ground. I appreciate that it would be great to have more, but the impression you left this committee with was that there were hardly any in the ground. I would beg to differ with that. In fact, we had one of your members at a committee presentation in Toronto, who was quite pleased with the amount of work their large company was getting all across the country.

I'll use my riding as an example. Cement trucks run 12 months of the year. We have winter, but cement trucks are still pouring all winter long. Just to get it on the record, I think we need to be clear that this is a two-year project; we have a lot of construction under way, and I don't want this committee to think otherwise. We think it's been pretty successful.

If I can, Mr. Mains, what's the holdup with FCC and floor planning?

Mr. Howard Mains: That's a good question. It was brought to the attention of the committee by the Canada West Equipment Dealers Association when the committee was in Calgary, I think, or Saskatoon. I'm not sure which city it was.

We understand there's an agreement in principle that this is a good thing to do, because it is a profitable venture for FCC, after all. We understand that the talent that's needed is there, but one thing we understand to be the case is that their computer systems are not yet designed or in place to allow this type of tracking of inventory. That is the holdup, as I understand it.

I'm not sure how much more attention is needed from the Minister of Finance and the Minister of Agriculture, but I'm sure that if this committee were to recommend that FCC move forward quickly on this, it would be helpful to those equipment dealers seeking to finance the equipment on their lots.

Mr. Ted Menzies: We had pretty good sales of agricultural equipment this year. I'll talk to William about this, but farmers had a pretty good year last year, grain farmers being the exception. A lot of equipment was sold.

Wasn't there adequate floor planning? In my drives across the prairies, I saw lots of equipment sitting on the lots. Some of it, unfortunately, was still sitting there in the drought areas. Has anybody come back into the floorplan business in that void?

Mr. Howard Mains: No. After Textron left that business, nobody has come back in. Bear in mind that a lot of equipment would be financed by the majors, like CNH and the John Deere Capital Corporation. So the majors would be financing their dealers, but the short-line manufacturers, such as MacDon Industries out of Winnipeg and Morris Industries out of Saskatchewan, are having to go back to their financial institutions to extend their lines of credit in collaboration with their dealers to try to get this equipment financed. So the problem is far from being fixed. This is a segment that certainly needs attention.

Mr. Ted Menzies: The accelerated capital cost allowance always sounds so good. I remember back when we had a 100% capital cost write-off, it inflated the equipment market incredibly; it just totally skewed the agricultural equipment market. Are we headed that way by putting the accelerated capital cost allowance too high?

Mr. Howard Mains: I don't think so. What we're looking at, simply—and this would also be for construction equipment and other utility, mining, and forestry equipment as well—is putting our equipment depreciation rates here in Canada in line with the new five-year rule in the United States for similar types of equipment.

I might add that given that the cost of capital to the government is close to zero, the cost to the treasury is getting close to zero as well, because what we're talking about is not lost tax revenue, but deferred tax revenue. With the time value of money getting close to zero for the Government of Canada, this is not a big ask.

● (1205)

Mr. Ted Menzies: Okay, thank you.

My final question will have to be very brief. It's to Mr. Van Tassel, a good friend of mine from his farm in northern Quebec—and to Leo as well.

We seem to have a crisis in agriculture every year. You know that it's going to happen. We've been struggling with how to deal with this, whether it's business risk management, CAIS, or whatever the program is. Has anything come of the meeting last summer with the first agriculture ministers leading you to think we have a better fix coming for the crisis that we know will come next year?

The Chair: Just a brief response, please.

Mr. William Van Tassel: Not that I know of. There was supposed to be a consultation on how to have a better program for business risk management, but we didn't hear if it was finalized yet.

The Chair: Thank you, Mr. Menzies.

Monsieur Mulcair.

[*Translation*]

Mr. Thomas Mulcair (Outremont, NDP): Thank you, chair.

I would also like to welcome those making presentations today and thank them for their contributions to our discussions as we prepare for the next budget.

I will first address Mr. Boucher of the Cement Association of Canada. I will read part of your recommendation no. 3, because I am not sure that I have fully understood it. You begin by stating:

> In designing GHG regulations, the government should align Canada’s trade and climate change efforts with the U.S. on such issues as price signals (timing and size); alignment on mid and long term climate objectives and avoiding disruption of cross-border trade and border adjustments due to perceived differences in approach to GHG mitigation.

I have been working on this issue for a very long time but I am not sure I understand what you mean.

Mr. Pierre Boucher: I will try to explain. In the cement sector, we favour a sectoral approach. Many discussions have taken place, and others are underway, in Europe as well as in Canada, at the provincial level. Because of the Western Climate Initiative, there are many discussions at the federal level in the United States. Therefore, we favour a sectoral approach.

As I mentioned, 15 million tonnes of cement are produced in Canada annually. Approximately 5 million tonnes are shipped to the United States. Hence, it is an integrated market. We are promoting the harmonization of regulations—federal, provincial and American —to foster trade and eliminate tariff barriers and taxes at the border in order to permit the free movement of goods.

Mr. Thomas Mulcair: Could you be a little more specific in your explanation so that we can all understand. You just said that you do not want specific taxes. You want a sectoral approach. You do not want greenhouse gas emission costs to be internationalized for your products, but you do for other products.

What barrier at the border are you concerned about?

Mr. Pierre Boucher: We are concerned about carbon leakage, namely that if cement companies in Canada and the U.S. do not have a level playing field... I will give you an example. British Columbia has a provincial carbon tax, which has led to significant increases in cement imports from Asia, China in particular and Korea.

● (1210)

Mr. Thomas Mulcair: I believe that we must internalize the carbon cost in British Columbia. Thus, it has become more cost-effective to import from these other countries. Is that right?

Mr. Pierre Boucher: Exactly.

For example, global cement production totals 2.5 billion tonnes—

Mr. Thomas Mulcair: Canada is a rather small player in this regard.

Mr. Pierre Boucher: Yes, but it is an important player because it is a strategic commodity.

Having said that, the price issue is fundamental because a large amount of cement is produced. One tonne of cement manufactured in China can compete with one tonne produced in Alberta, for example, or Quebec.

Quebec also imports cement. Therefore, we have a major sectoral approach in the important debate on climate change that has been going on for many years. We have studied and are very familiar with all aspects of the issue, from the cap and trade system to carbon taxes.

We are clearly telling the government that all these regulations must be harmonized in order to prevent carbon leakage, that is, to prevent the relocation of industries. It is much easier now to invest in a cement factory in China. It can be built much more quickly and for less. It can be cost-effective.

Mr. Thomas Mulcair: To clarify your remarks, the Canadian cement industry is taking a stance that is somewhat similar to that taken by the French government. When a country does not comply with the Kyoto Protocol, it can be punished by applying tariff to prevent its goods from entering the country because the overall environmental costs have not been internalized.

Therefore, you would like Canada, which does not comply with the Kyoto Protocol, to be punished through its exports. Is that what your industry is saying?

Mr. Pierre Boucher: No, not at all. We are saying that the cement industry operates globally.

Mr. Thomas Mulcair: Like all other industries, Mr. Boucher.

Mr. Pierre Boucher: Yes, but 40 million tonnes of aluminum are produced compared to 2.5 billion tonnes of cement. It is a matter of scale.

What we are saying is that in order for all industries to be competitive, it must be cost-effective for Canadians to purchase their cement and it has to be produced here.

Mr. Thomas Mulcair: However, not necessarily in an environmentally-friendly way.

Mr. Pierre Boucher: Look, we estimate that cement consumption will double within 25 years.

Mr. Thomas Mulcair: All right.

However, as you indicated, in the end you do not wish to be constrained by greenhouse gas reductions, as planned in Canada.

Mr. Pierre Boucher: Not at all. What we are saying is that there is a global reduction plan and it is being communicated to all governments, including the federal government.

Mr. Thomas Mulcair: However, you nonetheless do not want goods from countries such as China and India, who are exempted from the Kyoto Protocol, to enter Canada?

Mr. Pierre Boucher: What we are telling the government is that if it wants to benefit from this strategic commodity—for example, Venezuela just nationalized its cement industry; in India—

Mr. Thomas Mulcair: What Venezuela did has nothing to do with today's discussion.

Mr. Pierre Boucher: I believe that climate change is a global issue.

Mr. Thomas Mulcair: Agreed. Time is limited. Thank you, Mr. Boucher.

Mr. Dickie, I would like to thank you.

I have a brief question for Mr. Dickie. May I?

The Chair: Yes, you have 30 seconds, Mr. Mulcair.

Mr. Thomas Mulcair: Mr. Dickie, you stated that there is a divergence in the tax treatment of owners and renters.

With regard to the tax credit in the budget for owners who do work on their own homes, for home renovations, would it have been somehow possible to extend this credit to renters, so that not just homeowners could benefit?

[*English*]

The Chair: Just a brief response.

Mr. John Dickie: Absolutely, it should be extended to renters. I would say that the mechanism should extend it to the rental owners, because they will be the ones putting in the money to do the renovations, which then benefit the renters. The renters will have improved rental accommodation, which tends overall—albeit in a marginal way—to reduce the cost of rental accommodation in the marketplace. So I very much support an extension of the home renovation tax credit to the rental housing industry.

The Chair: Okay, thank you.

We'll go to Mr. Pacetti, please.

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

Thank you to the witnesses for coming forward. It's been very interesting. It's always difficult for us to ask questions of everybody, so I will just ask a couple of quick questions.

I'll start with the fire chiefs and Mr. Simonds.

I was around when the bill was passed before this committee, but we also had a few problems with it. The major one was how were we going to track the volunteer hours. I think that was addressed, but I didn't see anything on that in your brief. How are we going to track the volunteer hours and make sure that volunteer firemen are not getting credit for playing cards at the fire station?

● (1215)

Mr. Robert Simonds: Thank you very much for your question. That's an absolutely valid question.

We have responded previously and clarified this. For example, there is a very stringent provision with respect to the recording of this information. In particular, at the municipal, village, and town level, but also at the level of the office of the fire marshall, and workplace health and safety, there are a number of....

Mr. Massimo Pacetti: Could this could be addressed through a log-in system and be certified by somebody who—

Mr. Robert Simonds: Exactly. It's about having sufficient auditing in place to negate any of those types of—

Mr. Massimo Pacetti: I just wanted to put that on the record. Thank you.

Mr. McKee, I'll ask you a quick question as well. In regard to your request, have you approached Health Canada, or even the CIHR, the Canadian Institutes of Health Research?

Mr. Andrew McKee: Absolutely. That's in the nature of our request. If you read our proposal, it actually funds a partnership between CIHR and us. So we have a memorandum of understanding with CIHR, and the funding could flow either through CIHR or directly to us.

Mr. Massimo Pacetti: But what feedback have you had? Are they interested, or do they need more funding?

Mr. Andrew McKee: Of course they're interested: they signed the memorandum of understanding two years ago.

Mr. Massimo Pacetti: Okay, but is there enough funding there, or do they require more funding?

Mr. Andrew McKee: They require new funding to give effect to this as soon as possible.

Mr. Massimo Pacetti: So you would ask us to funnel it through CIHR?

Mr. Andrew McKee: That's one of the potential avenues. We've had two approaches. The initial request, in consultation with government, suggested that doing it through CIHR was the best proposal. CIHR has changed its leadership several times recently, so they are doing another internal review and are coming out with a new strategic approach right now. At present, we've been told that it could be 12 to 18 months before they can give effect to this.

Mr. Massimo Pacetti: Thank you.

[*Translation*]

Mr. Tassel, is the grain sector affected by supply management, which may or may not be negotiated with European countries?

Mr. William Van Tassel: If the grain sector, if there is supply management—

Mr. Massimo Pacetti: Chicken, eggs...

Mr. William Van Tassel: Not really, but in a certain sense, yes. With regard to the amber box, the current figure is $4.3 billion. If there are changes, if there is support for the WTO, there could be a reduction of $2.3 billion. That could lead to changes in the type of program funding.

Mr. Massimo Pacetti: I see.

[*English*]

Ms. Craig, I think your proposal is quite interesting, the basic income benefit. I don't think I've heard it put that way before, and I think I like it. But how would it be delivered federally? We already have welfare programs being delivered by the provinces. Could you elaborate? We don't want a duplication. I'm not so sure it would be efficient for the federal government to get involved in setting up another basic income through the tax system. I'm not sure it would work.

Ms. Ruth-Anne Craig: We're asking that the basic income supplement be initiated and administered through the federal government. It would be much easier and more equitable that way. The federal government would work with the provinces to look at developing other support systems, such as employment preparation and educational opportunities.

Mr. Massimo Pacetti: But would it be a separate program?

Ms. Ruth-Anne Craig: Yes, we want the basic income supplement to come from a federal initiative.

Mr. Massimo Pacetti: How would it be evaluated? We hear a lot of complaints about the provincial government's not doing a good enough job in delivering welfare. People complain that it goes to people who don't need it, and that those who need it don't get enough. I can't see how the federal government would be able to do a better job, since they're much further from the people in question.

Ms. Ruth-Anne Craig: First of all, if the rates were raised to supplement the elderly pensions, that would help considerably. Right now people are receiving less than $8,000 in the provincial system—and that's with the disability supplement.

Mr. Massimo Pacetti: So the beginning would be to increase the amounts for the guaranteed income supplement, old age security, and the Canada child tax benefit?

Ms. Ruth-Anne Craig: Absolutely.

Mr. Massimo Pacetti: And then you might want to increase it progressively with GST reimbursements and other things of that nature.

Ms. Ruth-Anne Craig: That would be good.

● (1220)

Mr. Massimo Pacetti: So this would work with existing programs to deliver income to people who need it most. It would not add a separate bureaucracy.

Ms. Ruth-Anne Craig: We feel it would be best to eliminate some of the provincial social assistance programs in favour of delivering a federal initiative.

Mr. Massimo Pacetti: That's interesting.

Ms. Ruth-Anne Craig: The federal government could work with the provinces to establish other initiatives that would be beneficial to people receiving the supplement. This would assist people in transitioning back to work. People with mental health problems can recover, but once you're in a cycle of poverty, it's difficult to get out.

The Chair: Thank you, Mr. Pacetti.

We'll go to Monsieur Laforest.

[*Translation*]

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

I have a question for Mr. Van Tassel, of the Ontario-Quebec Grains and Oilseeds Farmers' Coalition.

The Quebec and Ontario grains and oilseeds farmers have banded together. I presume that is because you are minor players in the grain market compared to western producers. Is that one of the reasons why you got together?

Mr. William Van Tassel: I would not say that we are minor grain producers but that we have different crops. Soya is the main crop in eastern Canada. It was more a question of having the same needs. In talking, we realized that we had the same needs. Ontario could also give its opinion.

Mr. Leo Guilbeault: In Ontario we have benefited from the Risk Management Program, RMP, and in Quebec from the Programme d'assurance stabilisation des revenus agricoles, ASRA. We started talking and realized that our needs were similar. Thus, we worked together to establish a federal program, which led to the creation of the AgriFlex program.

Mr. Jean-Yves Laforest: You talked about AgriFlex and said that it does not cover business risk management programs. I gather that the Agricultural Flexibility Fund is not as flexible as that.

In very simple terms and to clarify this for us, could you give us some examples of risk management programs that are not covered but that should be?

Mr. William Van Tassel: At present, the Agricultural Flexibility Fund is not flexible. Initially, we asked where the greatest needs were.

Grains and oilseeds are doing fairly well at present in Canada and that is not where the needs are. However, pork producers do need help. The money could go there this year in certain provinces. That is the kind of flexibility that is needed. At present, that is not what is happening with risk management programs. It is going to other types of programs.

Mr. Jean-Yves Laforest: Give me an example of a risk management program.

Mr. William Van Tassel: Quebec has the agricultural revenue stabilization program known as ASRA. The federal government has the AgriStability program.

Mr. Leo Guilbeault: AgriFlex does not provide funds to sectors in need in a given period. We are not asking the federal government to spend more money but to spend it in those sectors that need it at present. You spend about $1.53 billion per year. We are asking for this $1.53 billion to be distributed to sectors in need in the year they need it.

Mr. Jean-Yves Laforest: Therefore this program is misnamed.

Mr. Leo Guilbeault: Exactly.

Mr. Jean-Yves Laforest: All right, thank you.

I would like to ask Mr. McKee of the Juvenile Diabetes Research Foundation a question. We know that health is a provincial jurisdiction. Have you also approached the provincial governments?

● (1225)

[*English*]

Mr. Andrew McKee: In the case of JDRF, we don't actually receive any government money for funding research in Canada. We're a private foundation and we co-fund with other partners. The individual researchers in many cases will ask for provincial funding, but at present there's no adequate provincial funding to support all the type 1 diabetes research going on in Canada today.

[*Translation*]

Mr. Jean-Yves Laforest: Thank you.

That is all, Mr. Chair.

[*English*]

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

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

Welcome to all of you today. I'll try to get through as many as I can.

I might first say to our people here on behalf of the private funeral owners, quite frankly, I couldn't agree with you more. Government regulation should not create a competitive imbalance. It shouldn't happen. And if they're there for particular reasons, obviously I think we have to try to find some solutions around that. I thank you for your concerns.

I'll just try to go around as much as I can.

Mr. Mains, I think your request from 30% to 40% on the accelerated cost is a move forward and I think it's reasonable. If it were to go to 100%, yes, we would run into perhaps an inflationary situation with the equipment. We thank you for that. That's a suggestion, obviously, that the committee can take under advisement.

I will slip over now to Ms. Craig. I took a look at your recommendations here, and it's pretty significant from a cost point of view—enhancing the national child benefit, the basic income program, restoring the Canada social transfer. Maybe I'll just make a brief comment on it and then ask you for a costing thought.

Actually, with regard to the national child care supplement in budget 2008-09 we actually contributed $5.6 billion, which is three times more than any previous government had ever committed to child care. As well, we increased the budget for the child tax benefit by $436 for a low-income family. We added the disability tax credit. We brought in the disability savings plan. They were all helpful.

I know it's never enough, because we obviously have a situation where there are always communities and families in need, but at some particular point we do have to find a balance on that.

What you're suggesting now is significantly costly. Do you have any particular costing assessments? When you say families should be raised by another $5,200, what would that cost?

Ms. Ruth-Anne Craig: Although I don't have the cost for that, we do know that is the amount required to meet a poverty reduction standard. It's still about $2,000 below. And as I did say in my presentation, I do believe we have come a long way in reducing child poverty, but we still have a long way to go.

I apologize for not having that figure.

Mr. Daryl Kramp: I don't expect you to pull numbers out of the air on this, but perhaps in a further contribution to this committee your group could provide us with some figures so we can try to factor in.... When we get through budget deliberations, there will probably have been more asked of us than there is federal budget composition right now, so we have to find some areas of consideration. Therefore, if you have some numbers you can provide to this committee, we would willingly accept them, and I thank you for that.

Ms. Ruth-Anne Craig: We'd be happy to do that. Thank you.

Mr. Daryl Kramp: Thanks very kindly.

I noticed in one area you almost suggested—if I could stay with you for a second—that we infringe on provincial jurisdiction. You note that “provincial and territorial programs, largely funded through the Canada social transfer, are fraught with inconsistencies and counter-productive”.

There are a number of inadequacies in the provincial delivery of this, but where do we go? Do we simply advise the provinces, hopefully, to do their job? The last thing we can do, as the federal government.... Transferring the funds is one thing, but we can't dedicate results. So are you suggesting that we get directly involved with the provincial administration?

Ms. Ruth-Anne Craig: To a certain extent, yes, because there should be some accountability for those moneys. But we're still asking that the federal government work collaboratively with the provinces on that, and to look at some of the provinces that have really had some great poverty reduction strategies—for example, Quebec, or Newfoundland and Labrador, and now Ontario.

● (1230)

Mr. Daryl Kramp: Okay, fine. Thank you very kindly.

Mr. Simonds, with regard to section D of your presentation, you're looking for ongoing funding. I come from a rural area where there are a significant number of volunteer firefighters. From the point of view of the allowance for tax purposes, that certainly is a welcome measure, I know locally, but that has also been acknowledged by all parties. As you suggested, potentially the vehicle might be through the next federal budget. Once again, that would be a provocative thing that we'll bring forward, so if you have a costing for that and your guesstimate, that would be appreciated as well.

The Chair: I'm sorry, you're out of time, Mr. Kramp. I apologize for that.

Do you want to respond briefly, Mr. Simonds?

Mr. Robert Simonds: Yes, Mr. Chair.

Specifically, are you asking in terms of what would the cost be with respect to the tax relief for—

Mr. Daryl Kramp: It's a lot of money to get something off the ground, but does it need an ongoing cost once you establish an emergency preparedness, to then maintain it? It should be cheaper to maintain. You're asking for a continuous allotment all the way through.

The Chair: Sorry, we're way over time. Mr. Simonds, can you briefly address that?

We're getting into our next panel time now, Mr. Kramp.

Mr. Simonds, please.

Mr. Robert Simonds: Certainly. If I understand the question in terms of what is the long-term need and does it need to be modified incrementally, we would offer that right now, probably because of the number of projects that have not been able to take root, it would be a significant undertaking by government if it were to increase the funding levels to what we're asking for today.

The Chair: Thank you very much.

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

Colleagues, we will suspend for two minutes and bring the next panel forward.

Thank you all for being with us; we appreciate your time.

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(Pause)

●

● (1235)

The Chair: We will start our second panel and continue this session on our pre-budget consultations.

We have another eight organizations with us here this afternoon. I'll read them in order of presentation. They are the Canadian Working Group on HIV and Rehabilitation, the Canadian Bar Association, the Union of Canadian Transportation Employees, the Canadian Cancer Society, Enbridge Inc., the Aerospace Industries Association of Canada, the Canadian Electricity Association, and REAL Women of Canada.

Thank you all for being with us here this afternoon. Each of you has five minutes maximum for an opening statement. We'll begin with the Canadian Working Group on HIV and Rehabilitation, please.

Mrs. Martine Mangion (Manager, Episodic Disability Initiatives, Canadian Working Group on HIV and Rehabilitation): Good afternoon, Mr. Chairman and members. Thank you very much for inviting the Canadian Working Group on HIV and Rehabilitation to present today. We are pleased to provide input on how Canada's disability income support programs could be improved and better coordinated to create incentives and reduce barriers for increased labour force participation for people living with episodic disabilities.

Everybody knows someone living with an episodic disability. They include conditions such as mental health, arthritis, HIV/AIDS, MS, and some forms of cancer.

There are an increasing number of Canadians living with episodic disabilities. Features that distinguish episodic disabilities from traditional disabilities are their unpredictability and alternating episodes of illness and wellness, both of which can have a negative impact on employment participation and income security. The experience of many people living with disabilities is that while some disability income support programs are essential, many trap them in poverty by creating barriers to staying on the job or returning to work. For people living with episodic disabilities who have periods when their health permits them to work, this is especially true.

For Canadians with episodic disabilities, more flexible disability income support programs would facilitate labour force participation consistent with their capabilities. Both the financial and social implications of partial disability benefits, combined with partial earned income from the workplace, would be a win-win for Canadians with episodic disabilities as well as for disability income support programs as a whole.

Let me give you an example. Jane is a 42-year-old woman who has been working for over 15 years. She has recently been diagnosed with arthritis, which is causing her excruciating pain. Jane begins to get episodes and flare-ups of arthritis; these are unpredictable and last a few days. Sometimes Jane can work for a few months or more without an episode; however, Jane only gets five sick days from her employer. One arthritis episode can use up all her sick days. In light of this, she is forced to disengage from the workforce and go on disability income support, as she needs more sick days than her employer can afford to provide.

Now Jane is out of the workforce on disability income support and not paying employment-related taxes. She does not have as much money to contribute to the Canadian economy and may lose access to her employer's extended health benefits. However, if Jane were able to use employment insurance sickness benefits in a more flexible way and over a longer period of time, instead of the current 15 consecutive weeks or 75 full days, she would be able to stay attached to the workforce, have access to her employer's extended health benefits, and continue to pay income tax and EI premiums.

This is not about more; it's about different. These modest changes to employment insurance sickness benefits would help many people to be employed, as well as result in a more efficient and effective program and better use of resources.

Our first recommendation is to make employment insurance sickness benefits more flexible. Change the EI sickness program to allow people to work part time or intermittently and receive partial sickness benefits for up to 150 half-days as needed, instead of the current 15 consecutive weeks or 75 full days. This would enable people who are or could be employed to remain attached to the workforce by working part time when their health permits, while receiving part-time benefits.

I'm now going to turn it over to John Stapleton.

● (1240)

Mr. John Stapleton (Principal, Open Policy, Canadian Working Group on HIV and Rehabilitation): Thank you.

There's a real lack of coordination in governments among disability income support programs. Government, private, and quasi-government bodies spent an estimated $28 billion—please make note of this figure—in 2008 and 2009 in direct income support benefits to individuals with disabilities, without any comprehensive oversight respecting what the programs do as a whole or purport to achieve for Canadians with disabilities. Yet disability income programs are critical supports for people living with disabilities. Most of these programs do not recognize the episodic nature of many disabilities, and when they do, there are varying definitions, policies, and practices because these programs are designed for different purposes and by different jurisdictions.

I'd just like to go to our recommendations. We recommend that the federal government work with the provinces, territories, and the private sector to increase coordination and integration among the eight disability support program areas—Canada Pension, EI, veterans' benefits, disability tax credits, provincial programs, workers' compensation, employers' long-term income protection, and the RDSP, registered disability savings plan, the new program—and the five areas of support, which include disability supports, caregiver supports, employment and training, social services, and medical services.

Our next recommendation is that the federal government work with the provinces, territories, and private sector to develop a program or combination of programs that provide partial disability income support to complement earned income from part-time work.

Where do we go from here? A crucial next step would include convening a national multiple stakeholder policy dialogue, hosted by the Government of Canada to identify and develop a comprehensive response to barriers that inhibit the full integration of people living with episodic disabilities in Canada. It would result in financial and social advantages both for Canadians living with episodic disabilities as well as for Canadian society as a whole.

Thank you, Mr. Chairman.

The Chair: Thank you for your presentation.

We'll now go to the Canadian Bar Association, please.

Ms. Tamra Thomson (Director, Legislation and Law Reform, Canadian Bar Association): Thank you, Mr. Chair and honourable members.

The Canadian Bar Association is pleased to appear before the committee today. We are here representing the charities and not-for-profit law section of the CBA, and since most of you are familiar with the Canadian Bar Association from our frequent appearances before this and other committees, I will just tell you a bit about the charities law section.

Its members comprise lawyers who advise charitable and not-for-profit organizations of all sizes from across the country, and they bring that perspective to their views on that area of law.

I will ask Elena Hoffstein to comment on the proposals that have been circulated to you.

Mrs. Elena Hoffstein (Executive Member, National Charities and Not-for-Profit Law Section, Canadian Bar Association): Thank you very much for allowing me to address you today.

We are advocating abandoning the current approach to monitoring and supervising charities in favour of one that strikes a more effective balance between public accountability, on the one side, and allowing donors and charities the freedom and flexibility to effectively advance their charitable purposes, on the other.

A concept paper was created by the working group of the Canadian Bar Association, which I had the honour of chairing. It was submitted to the chair of this committee and to Finance Canada. It provides more detailed information about the presentation I am making.

We are asking for the replacement of the disbursement quota regime that charities currently have to work with, in favour of a more simplified approach that gives the flexibility both the charities and their advisors are looking for. The disbursement quota contains two major elements, one of which is that charities are required to expend 80% of donations for which they have given receipts in a prior year. There are some exceptions, the major one being that donors can make gifts requiring the charity to hold the capital for up to ten years without spending it. There is also a second component that requires charities to expend 3.5% of the value of assets that are not used in charitable activities.

The objectives of this disbursement quota are to ensure that charities use the bulk of their funds for charitable purposes, limit administrative and fundraising expenses, and prevent charities from having excessive accumulations of funds.

Both the charities sector and the Canadian Bar Association charity section support the need for supervision and accountability of charities. This isn't about fighting that; it is intended to demonstrate that the current rules do not achieve the desired results. We would like to urge an immediate change to those rules, because charities have been struggling with them for many years.

The current rules are too rigid, complicated, and arbitrary. They do not recognize the programming needs of charities. Most charities want to expend money, and they are being hampered from doing it in a way that cannot be good for anybody. Programming needs of charities are not being met, especially in these difficult economic times. Charities are suffering from this economy just like all businesses. What they are being forced to do because of this disbursement quota requirement reaches them in many levels. They are precluded from investing their funds in a positive, strategic manner because they're being forced to invest in ways that allow them to meet programming needs while dealing with economic losses. Small and rural charities in particular are being very hard-hit by both the economic downturn and the disbursement quota rigidity.

The government has a new fundraising policy that provides certain controls on overspending on fundraising by charities. That deals with one of the cornerstones of the disbursement quota. Second, the disbursement quota should allow donors and charities a certain amount of flexibility, while encouraging charities to expend in an appropriate way having regard for their programming needs.

We are recommending that the disbursement quota be abandoned in favour of a simpler approach of a percentage of funds to be spent every year by charities, and that the government work with the charities sector to develop a regulatory scheme that is more flexible.

Thank you.

● (1245)

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

We'll now go to the Union of Canadian Transportation Employees.

Ms. Christine Collins (National President, Union of Canadian Transportation Employees): Thank you, Mr. Chair. We welcome the opportunity to be here today.

The Union of Canadian Transportation Employees, UCTE, is the national union for most government transportation employees. With its foundations in Transport Canada, we represent government transportation workers at Transport Canada, the Canadian Coast Guard, the Transportation Safety Board, the Canadian Transportation Agency, airport workers, Nav Canada and many others. We represent government workers who we believe are foundational to the important and critical role the federal government plays in ensuring the safety and security of Canadians. UCTE members are proud of these roles and legitimately feel that it is in the public interest for government to support and nurture these critical federal jobs.

We are here today to address budgetary issues related to two issues: aviation safety and aviation inspectors, and the Canadian Coast Guard capital budgets and the Canadian Coast Guard workers.

On aviation safety and aviation inspectors, for over four years now, Transport Canada has been implementing a nationwide safety management system, known as SMS, for aviation safety. The foundation of SMS is reasonably solid insofar as it is designed to expect more safety responsibility from aviation company management and workers. If implemented properly, SMS should produce safer skies. Unfortunately, the Transport Canada SMS has become a poorly understood methodology for reducing inspector jobs and safety budgets.

Today, in a total aviation inspector complement of approximately 871 positions, there are 130 vacancies. Today, when program review wants budget cuts from Transport Canada, they're offering up aviation safety. According to the estimates, Transport Canada plans to reduce safety and security budgets by 12.5% this fiscal year and by 6.3% next fiscal year. SMS has become a code word for inspector shortages and drastically reduced safety budgets.

Budget and staffing problems are compounded by serious pay inequities between bargaining groups and by union–management confusion about the path forward for collective bargaining. Pilot inspectors, known as AOs, and non-pilot inspectors, which are TIs, do the same job, and yet there can be a 25% pay differential between the AOs and TIs in favour of the AOs. This situation is seriously compounded when transport management chooses a TI to be a team leader supervising the AOs, who make considerably more money.

We recommend a bargaining subgroup for aviation technical inspectors, immediate staffing of the vacant inspectorate positions, and an increase to the safety and security budgets by 10%. There should be no new costs associated with filling the inspector positions. These positions are already funded. A bargaining subgroup would only produce new costs if the bargaining table produced new costs.

The 10% increase in safety budgets would require additional funding of approximately $60 million annually. In recent days, senior managers at transport have communicated the need to reform Transport Canada's SMS and to realign funding priorities to ensure safety of the travelling public. It's early days, but we are hopeful that transport is choosing a new path forward. There's a long way to go, and much communication needs to take place between the management and union leadership.

Support from Canada's parliamentarians is critical if Transport Canada is going to refocus its efforts in line with the safety mission and priorities. We encourage you today to openly and publicly express support for the recommendations we are proposing.

On the coast guard, we're pleased that the government is working with the shipbuilding industry to create long-term, sustainable capital investment for naval and coast guard vessels. Under the Canada First defence strategy, the navy has achieved a long-term 30-year capital commitment. Unfortunately, this is not the case for the coast guard. Only five of the 29 vessels are funded.

With Arctic sovereignty a priority, and with an increasing security and safety role for the coast guard and its workers, a modernized and capable fleet is essential. To ensure a modernized and capable coast guard, we're asking for a long-term capital commitment for the Canadian Coast Guard. A long-term commitment is not a one-time balloon payment that could put debt and deficit reduction plans at risk.

● (1250)

Long-term capital investment is simply making the commitment now instead of making the commitment later and possibly when it's too late, when our increasingly aging fleet is beyond its useful life.

Capital budgets of the coast guard are already projected to rise over $5 million in 2011-12. By making a $500-million annual capital commitment now until the fleet requirements are met, the coast guard and shipbuilding industry will be able to plan, invest, and prepare for the next generation of mariners and other skilled workers.

We look forward to your questions and your support for our recommendations.

Thank you.

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

We will now go to the Canadian Cancer Society.

Mr. Daniel Demers (Director, National Public Issues Office, Canadian Cancer Society): Good morning. Thank you very much for allowing us to come and make our recommendations to this committee.

At the Canadian Cancer Society our mission is to fight cancer and improve the quality of life for people living with cancer. We are the largest charity in Canada, with over 170,000 volunteers. We are also the largest funder of basic health research outside the government.

As you know, cancer impacts the lives of virtually every person in this country, and next year will become the single greatest cause of premature death in Canada. Fully 40% to 45% of all Canadians, and I would say including everyone in this room, will develop some form of cancer in their life. That is half of all Canadians.

So why are we here? Why are we at a finance committee? What concerns us today, and it's at the foundation of our recommendations, is the financial reality facing cancer patients today and the long-term sustainability of our health care system.

This past summer we celebrated the 25th anniversary of the Canada Health Act, and at the heart of our system is the ideal of universal access and the promise, as Tommy Douglas said, that people should be able to get whatever health services they require, irrespective of their individual capacity to pay.

Last year Canada spent $172 billion on health care, and for the last three years health care expenditures have been rising steadily, at an average of over 6.3% per year. At this rate, in eight years the cost of our health care system will be double what it is today.

But increasing costs are only part of the pressure on our health care system. As you know, we have an aging society. People are living longer because of steady improvements in drugs and treatments, and in many ways in fact we're winning the fight against cancer.

The five-year cancer survival rate is now 62%. In the 1960s it was only 30%. As a result, we are now seeing more people with more needs than ever before needing the health care system, and this will continue to put increased pressure on that health care system.

How can this committee help address the realities facing cancer patients and the sustainability of the health care system? We are here to make three recommendations that we believe will provide immediate and long-term support to patients and some financial relief to governments, as well as helping to prevent cancer.

First of all, establish a national catastrophic drug insurance program. Cancer patients are spending less time in hospitals. Almost three-quarters of new cancer drugs are taken at home, and often these drugs are not paid for by the public system. Therefore, cancer patients and their families must bear these costs. This means that some cancer patients may not be able to take the drugs prescribed by their oncologists, and even those Canadians who do have insurance, co-payments and lifetime caps on coverage create huge financial stress. Cancer patients should not be worried about how they will pay for their drugs.

Furthermore, a cancer patient in British Columbia should not have better health care than their sister in New Brunswick. This is not universal health care.

Secondly, enhance the compassionate care benefit under the employment insurance program. As I said earlier, the number of cancer patients is on the rise, and many of these people are receiving treatment at home. This leaves an enormous responsibility on family members to provide care and medical support for loved ones.

The economic input the family caregivers contribute to our health care system is estimated to be $26 billion a year. These caregivers are not paid medical staff. They have families to look after, they have jobs to maintain, and 77% of all caregivers are women.

As our society ages, we'll have more people taking time off work to help a loved one fight cancer or other illnesses. In fact, studies show that three-quarters of us will be a caregiver for a loved one at some time in our lifetime. We need to provide financial support to these family members.

Our last recommendation is focused on saving future costs to the health care system. As you know, tobacco is the leading preventable cause of death and disease in Canada, and therefore we recommend that the government strengthen its strategy against tobacco contraband. We know that cheap, illegal cigarettes encourage teens to smoke and discourage adults from quitting, and if we don't act now, illegal cigarettes may well undo many of the gains we've made in tobacco control.

This is not just an issue of public health, this is also an issue of public revenue. The federal government is losing more than $1 billion a year in forgone taxes. Provinces are losing even more.

I know we all share concerns about the sustainability of our health care system. I also know we all want to make sure that cancer patients receive the treatments they need, regardless of how much money they have or where they live. The question is, will the government take the steps now to ensure that our health care system is there for its next 25th anniversary?

Thank you.

● (1255)

The Chair: Thank you for your presentation.

We'll now go to Enbridge Incorporated.

Mr. David Teichroeb (Manager, Alternative and Emerging Technologies, Fuel Cells, Enbridge Inc.): Thank you for the opportunity to present a proposal we believe will drive clean tech investment in Canada.

If nothing else, I'd like to leave you with an example of how Canadian innovation can take root in our domestic markets, deliver environmental benefits, and create jobs to serve local energy needs and create export opportunities.

Enbridge is Canada's largest liquid pipelines distributor and largest natural gas distributor, but we're also an investor in renewable energy, such as wind, solar, and low-carbon technologies like fuel cells.

Today I'd like to highlight a global first. We call it our hybrid fuel cell technology. It's a Toronto pilot project that makes ultra-clean electricity in the cities without burning fuel or creating harmful air pollutants.

While I'll explain the technology shortly, our point is that to take this innovation to the next level, like more mainstream wind, we must remove barriers to investment. By removing barriers, first, we need to do an expanded focus on a wider portfolio of technologies if Canada is to reach its potential for sustainable energy. This portfolio would include both renewable and low-carbon sources of clean tech. For many years, Canada successfully stimulated investment in a select group of renewables like wind. We need to build on that success and stimulate investment in other low-carbon, clean tech if we're to meet our environmental commitments.

Second, we have a need—and one might say an obligation—to ensure Canada tracks investment to these next-generation low-carbon technologies. Unlike more established renewables, which in many cases are imported, we can establish a leadership position in the development and deployment of these emerging technologies. We learn by doing and using these technologies so that Canada can strengthen its ability to innovate, improve upon, and advance research and development for subsequent breakthroughs.

Enbridge believes both issues are addressed through our ask today: that is, that Canada establish an investment tax credit for eligible clean technologies. Fuel cells are only one such technology. We need look no further than the United States to understand the competitive investment climate for clean tech. The U.S. energy bill of November 2008 enshrined long-term commitments for solar photovoltaic and fuel cells with an investment tax credit of 30% or $3,000 a kilowatt, whichever is less. A Canadian investment tax credit would make us competitive with policies in the U.S. and in other jurisdictions like Germany, as well as the United Kingdom. It would create an attractive investment environment for these technologies.

I'll talk a little bit about our hybrid plant that combines fuel cells with a second low-carbon technology. The combined system captures waste pressure energy off our pipeline and turns it into electricity without incremental emissions. Simply put, natural gas is travelling a great distance across Canada. The first thing we do, as a utility, is we squeeze that gas through a valve to reduce its pressure. By using technologies like this, we can reduce that pressure but generate useful electricity that's sent to the grid like a wind turbine. In essence, gas goes in, gas goes out at a lower pressure, and electricity is available to the homes and businesses in that neighbourhood.

Fuel cells are like a continuous battery; they don't burn fuel, so they don't emit harmful air pollutants. Their very high efficiency means less carbon dioxide is generated per kilowatt of electricity. We built this plant on 22 parking spaces within 10 metres of a public sidewalk. It's quiet, clean, and has a low profile. If you have the package before you, you'll see I've provided a picture. This plant produces enough electricity for 1,700 homes. We could not have built one of our wind turbines in this type of urban environment.

Our ask of the federal government is to provide incentives to low-carbon, clean technologies to level the playing field alongside renewables. Since these technologies are relatively early in commercialization, it would be helpful to use policy tools that establish a competitive investment climate with the U.S. For fuel cells, that investment tax credit is 30% or $3,000 per kilowatt, whichever is less, but as industry demonstrates its commitment to invest in these technologies, a more predictable growth curve exists. At that time, government and industry can establish specific program support such as the ecoENERGY renewable power program. Until that time, we can learn by doing through a relatively simple amendment to the tax code.

Here is a final thought. This hybrid fuel cell is just one example of Canadian innovation attracting attention in the U.S., Europe, and Asia. Unlike other investments Enbridge has made in renewable technologies, which are generally imported, we've involved many Canadian partners in the development. These include companies like Satcon Power Systems in Burlington, Bristol Canada, a supplier in the greater Toronto area, and Schneider Canada in Mississauga.

Our partners and Enbridge have a vision: building a domestic market that strengthens Canada's potential for selling energy innovation abroad.

● (1300)

Thank you for your time. I hope this was informative.

The Chair: Thank you very much for that presentation.

We'll now go to the Aerospace Industries Association of Canada.

Mr. Claude Lajeunesse (President and Chief Executive Officer, Aerospace Industries Association of Canada): Thank you, Mr. Chair and honourable members.

[*Translation*]

Thank you in advance for your attention.

I know that you received our submission.

[*English*]

Our recommendations are clearly stated in our submission, and here today I will only provide you with key highlights and updates.

My message is very clear. The worldwide future for aerospace is very bright, and it is our collective duty—industry, universities, governments, and the whole community—to ensure we are part of that extraordinary future.

Let's remember that in 2008 Canadian aerospace directly employed 83,000 people in high-value-added, high-paid jobs in every region of the country. It is truly a national industry whose impact is important in all regions and all communities. In my view, this has been demonstrated by the creation this year of a non-partisan parliamentary committee chaired by a true Canadian hero, Marc Garneau, and co-chaired by members from all parties. This is again a confirmation of the importance of aerospace across our country. In 2008 we produced $23.6 billion worth of goods, 83% of which were exported.

Looking at the future, let's keep in mind the rapid expansion of the middle class in China, India, eastern Europe, and Latin America. The demand for travel and movement of goods across oceans will require, according to the best estimates, over the next 20 years the addition of 22,000 to 25,000 planes at a cost of over $3 trillion. That's $3,000 billion over the next 20 years. We in Canada need to be part of that exceptional opportunity to create high-value-added jobs.

I'd like to provide some updates to our brief.

Minister Clement announced a $200-million investment in SADI over the next four years. He announced this last August. We are very grateful for this Government of Canada support to aerospace, and we thank the minister and his colleagues, since they were able to move this decision along. And this was referred to in our brief. Of course, we will continue to seek further SADI partnerships to build on our successes.

The federal government has also announced a review of defence procurement policies. We welcome this initiative and have submitted a comprehensive document outlining the position of the industry. The objective of the review is to optimize the impact of aerospace military spending on the creation of long-term value-added jobs across the country. Note that this has little impact on government spending. It is simply a matter of spending smarter. In this regard, it should be noted that the revisions to the industrial and regional benefits policy—the first revisions in 23 years, since 1986—announced a month ago, again by Minister Clement, are very welcome and represent, again, ways to spend smarter rather than more. Once more we congratulate the minister for having tackled this issue.

In conclusion, aerospace is an industry of the future. Its impact is felt across the whole country. We need to work together to have Canada share in that future.

I invite my colleague Maryse Harvey to add a few remarks.

● (1305)

[*Translation*]

Mrs. Maryse Harvey (Vice-President, Public Affairs, Aerospace Industries Association of Canada): I will quickly conclude in French by simply reiterating the remarks made by Mr. Lajeunesse.

Undoubtedly, the aerospace industry provides Canada with an opportunity to create more wealth. It is an industry that makes a clear contribution to the economy and the balance of payments. It is evident, however, that global competition is becoming increasingly fierce. Other nations obviously see the potential for growth of this industry and our market share is threatened.

We are here to ask you to not make the mistake of taking this industry for granted because it is an industry that promotes innovation and productivity and has a great deal to offer all of Canada.

Thank you.

The Chair: Thank you very much for your presentation.

[*English*]

We will now have the Canadian Electricity Association.

[*Translation*]

Mr. Francis Bradley (Vice-President, Canadian Electricity Association): Thank you, Chair.

Founded in 1891, the Canadian Electricity Association is the voice of the electricity business in Canada. It is comprised of public and private enterprises and represents the entire electricity value chain, from production to delivery to clients, from coast to coast.

[*English*]

Canada's electricity system is the envy of the world. It is over 75% non-emitting, thanks to hydro and nuclear generation. Only 24% of Canada's electricity is generated from fossil fuels like coal, oil, and gas.

Respecting the committee's request to focus on a single issue, my remarks today will focus on corporate tax policy, specifically on a suite of recommended changes to the federal tax system that can be applied to carbon capture and storage, or CCS.

Canadian consumers expect the electricity industry to continue to provide them with safe, reliable, sustainable, and competitively priced electricity that enhances their quality of life and responds to the shift away from carbon. Increasing demand, the transformation to a smart grid future, plug-in electric cars, and the electrification of mass transit in our urban centres will require the electricity system to grow and adapt.

● (1310)

[*Translation*]

These objectives pose a number of challenges given the industry's ageing infrastructure and escalating costs, not to mention the increasing rigour of regulatory requirements.

[*English*]

CCS technology has the potential to provide remedies to some of these challenges and Canada has an opportunity to be a world leader in this area. However, since CCS is not yet economically viable, it is essential to make changes to federal tax regulations to encourage the commercial development of projects using a variety of new CCS technologies.

CCS involves the removal of carbon dioxide from thermal generation. It requires a wide range of processes and equipment from pre- and post-combustion capture, oxy-fuel combustion, to pipelines that transport carbon dioxide from the capture plant facilities to the sequestration site. The requirements to implement CCS are great.

CEA recommends that budget 2010 make changes to the capital cost allowance rates of the Income Tax Act through the addition of two new provisions to schedule II of the regulations with respect to subparagraph (d) of class 43.1. The exact wording of our proposals can be found in our submission, and I encourage the committee members to reference the suggested changes as well as our recommended changes to investment tax credits. We recommend that ITCs be made available for CCS projects in a manner analogous to scientific research and experimental development projects, the SR&ED projects.

In addition to these necessary changes to the Income Tax Act, if Canada is to lead on CCS and clean energy, we must remain competitive. It's important to note the extent to which the U.S. already uses ITCs to promote CCS technology. Examples of U.S. action and incentives in this area include a credit of $20 U.S. per metric ton of carbon dioxide captured and disposed of in secure geological storage, and a credit of $10 per metric ton of carbon dioxide captured and used in enhanced oil or natural gas recovery and disposed of in secure geological storage.

[*Translation*]

In terms of investments in smart grid and clean energy initiatives, the United States, for example, spends millions on matching grants for smart grid technology as well as on loan guarantees for renewable energy systems. It also spends more than $3 billion on energy research, including CCS.

[*English*]

While the focus of our submission this year is on CCS, we do not wish to lose sight of what we feel are other critical tax issues. Principal among them is the need to address CCA rates for overall transmission and distribution assets, and CCA rates for smart grid initiatives, including smart meters.

The emerging focus on smart grid is revolutionizing the energy sector, and electricity is going to be at the centre of it all. The electricity system is the backbone of the Canadian economy, and its competitiveness and ability to attract capital should be supported.

Thank you. I look forward to your questions.

The Chair: Thank you for your presentation.

Our final presentation will be Ms. Watts with REAL Women of Canada, please.

Ms. Dianne Watts (Representative, REAL Women of Canada): Thank you, Mr. Chairman.

REAL Women of Canada is a national organization of women from all walks of life and from differing economic, social, cultural, and religious backgrounds. We are united in our concern for the family, the basic unit of society.

Since our incorporation in 1983, REAL Women of Canada has promoted the equality, advancement, and well-being of women, recognizing them as interdependent members of society, whether they are in the family, workplace, or community.

We commend the government for eliminating some forms of discrimination against the family, which had not been addressed by previous governments—namely, pension splitting for retired Canadians and making the spousal tax deduction equal to that of the principal earner. Other welcome family taxation measures were the $2,000 tax credit for parents with children under 18 years of age, and raising the basic personal deduction in personal income tax. Details of our policy recommendations can be found on our website at realwomenca.com.

“Tax Fairness for Families” is the title of our brief. It is only fair that government policy should remain neutral on the issue of career choice for women, including the option of remaining at home as full-time homemakers. Public policy should treat women at home and women in the labour force equally. In order to achieve a balanced and equitable tax system, we believe that the following recommendations should be implemented: one, end tax discrimination against the single-income family; two, the universal child care benefit should be increased; three, end funding to special interest groups.

First, on ending tax discrimination against the single-income family, federal tax policy discriminates against the career choice made by women who choose the career of full-time homemaker. This injustice is evident in tax policies that discriminate against the single-income family, which pays higher personal income tax than the double-income family earning the same family income. The family that does not place its children in substitute care is already the victim of discrimination regarding the child care expense deduction, which is only available to two-income families.

Public policy should equally assist and not discriminate against parents if they choose to care for their own children in the home environment. The fairest way to correct inequality in family policy is to recognize the family unit rather than the individual for tax purposes. Inequities between single-income and dual-income families can be eliminated by allowing the single-income family to split the family income to file separate income tax returns or by allowing joint tax filing.

Secondly, the universal child care benefit should be increased.

Canadian families appreciate the popular universal child care benefit, which we believe sends an important message to all Canadian parents that the work they do and the sacrifices they make to provide Canada with a future generation is valued.

Difficult economic times call for our government to consider all segments of society in redistributing tax dollars. We believe this is an appropriate time to confirm Canada's support for family expansion and provide an increased universal child care benefit to all Canadian families without discrimination. The amount of this redistribution would be comparatively minor when considering transfers that are made for other causes. Moneys for redistribution could be taken from funds given to outdated special interest groups.

Our third recommendation is to end funding for special interest groups.

The federal government gives grants and contributions estimated at $26 billion annually to numerous special interest groups, including businesses, labour unions, sport and lobby groups, such as day care advocacy groups and radical feminist organizations.

Status of Women Canada handed out grants worth $15 million in the last fiscal year, an increase of 40% since 2005. In the last decade, $225 million in tax dollars has been provided to Status of Women Canada. Our organization has always opposed such funding because it discriminates against Canadian women who do not conform to the feminist world view. Their objective of equality and full participation of women in the economic, social, and democratic life of Canada is interpreted to exclude the contribution made by family-oriented women. Their assumption that Canadian women are not fully participating in society is not acceptable to all women.

Women are not all the same. We are individuals, extremely different in our needs and interests. No single government agency or ideology can represent the views of all Canadian women, just as no single agency or ideology can represent all Canadian men. Government funding for feminist women's groups only is unacceptable and unfair. The future of our country depends on the strength of its families.

● (1315)

The family, which is the foundation of a nation, should be central to the formation of all public policy. Government decisions, especially tax and social policy, must be fair and equally beneficial to all Canadians. Economic circumstances have changed since the 1960s. Rather than remain fossilized in the 1960s mindset, it is time to move on and give attention to time-honoured institutions such as the family.

Thank you very much.

The Chair: Thank you for your presentation.

Thank you all for your presentations here this afternoon.

We'll start with Mr. McKay, please.

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

Thank you, witnesses. They were all good presentations, and I apologize in advance if I'm not able to ask questions to each and every one of you.

Let me start with the Canadian Electricity Association. You're asking for amended CCA rates, presumably that's accelerated capital cost, not decelerated capital cost. This committee had the good fortune of an interesting visit to Weyburn, Saskatchewan, to watch the process there of putting carbon into the ground and enhancing the life of the oil wells in Weyburn. It struck me, and I'm sure it struck other members of the committee, that this was very good for the environment and also very good for the company. They were doing very well, thank you very much. They're enhancing the quality of their wells and improving their life.

The obvious question is this. Why would you need an accelerated capital cost allowance when in fact that particular process appeared to be quite profitable?

● (1320)

Mr. Francis Bradley: In certain circumstances that may indeed be the case, but if we're looking at trying to develop something that will be large-scale, we are not yet at a point where the technology is commercially viable. If that were the case, we certainly wouldn't be looking for this kind of treatment.

Hon. John McKay: So you're looking, in effect, to go to the more leading-edge use. This was, if you will, a unique set of factual circumstances—a readily available, pure supply of carbon, and a bunch of wells up here. Okay, so that's your point, then. It is for those companies, but presumably, if those companies in fact use it, so also would highly profitable companies.

Mr. Francis Bradley: Well, if we look at the example of some of the specific areas where this would apply, we're talking about regions of the country that rely heavily on thermal resources for their electricity generation. We are talking about investments already in existing plants that are running and have been running for quite some time. In a number of those regions we don't have alternatives to the thermal generation that is currently there. The technology to be able to convert electricity generation to something that does, on a large scale, capture carbon is not yet economic. We do not yet have demonstration projects that are doing it on that scale. We are attempting to do so, but we're not yet at that point.

Hon. John McKay: Thank you.

This question is to the folks from Enbridge. You also have a carbon dioxide transportation and storage model here. Are you in a similar position to the folks from the electricity association, in that most of your programs don't have a readily available nexus between pure carbon and oil wells?

Mr. David Teichroeb: Certainly the presentation I spoke of was our fuel cells, but on the same alternative energy theme, the carbon capture and storage is something that is emerging. I would not put it as mainstream technology. There will be significant risks to overcome, and the early adopters of that technology are going to have to be encouraged to invest that capital in such a way that this technology evolves to become mainstream.

Hon. John McKay: Where is your carbon storage facility?

Mr. David Teichroeb: Enbridge would look at two opportunities around carbon capture and storage. One opportunity would be the mainline transportation of purified carbon dioxide through pipelines to a storage area, and a lot of them are saline aquifers that would be in and around some of the basins in Alberta and Saskatchewan.

Hon. John McKay: So would you use your pipeline facilities to transport that?

Mr. David Teichroeb: We would transport it and in our case it would not be for any type of enhanced oil recovery, to the best of my knowledge.

Hon. John McKay: Thank you.

This question is to the cancer folks. Your catastrophic drug plan has been supported by the Liberal Party for quite a number of years, and I think it was in part of our last platform. What struck me as interesting is that there are apparently 19 plans in Canada and you essentially want some coordination among those plans so that there's a universality of access across the country so that everybody is covered.

What little you read about these kinds of things in the newspaper is that it has to do with somebody who's not covered. If you have 19 plans, and you're trying to coordinate them all, how would you end up doing anything other than not going with whichever of those 19 plans is the richest plan?

Mr. Daniel Demers: We certainly recommend that we go up to the highest standard rather than down to the lowest. Right now, all things considered, it would probably be the standard in British Columbia. We're recommending that no Canadian should have to spend more than 3% of their net income on drugs, which would make it equal to the standard in B.C.

I acknowledge that the Liberals had this in their platform, and every other major federal party also promised to do it, but nobody has yet. The provincial ministers of health recently asked the federal government to step forward, acknowledge that they have a role to play, and meet with them. So the first step is for the federal government to admit something must be done here to ensure universal access.

Today, if you need drugs and live in Prince Edward Island, they'll cost you roughly $6,500; in B.C. they're free. That's not universal health care.

● (1325)

Hon. John McKay: Finally, to the episodic disability initiatives folks, you talked about the financial implications of increasing coordination among the eight disability support programs and five service areas. My vague recollection is that in the last budget $40 million was set aside for a disability centre in Whitby. Doesn't that address your concern?

Mr. John Stapleton: It doesn't address our concern, because we're really talking about the large programs in Canada. When brought together they spend about $28 billion in total. They're at the federal and provincial levels of government; some are even at the municipal level and in private industry. In many cases those programs serve different purposes and have totally different philosophies.

Hon. John McKay: Does that budget allocation do anything for your concern?

Mr. John Stapleton: I don't believe it addresses it.

The Chair: Thank you.

[*Translation*]

Mr. Laforest, please.

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

Good afternoon to all witnesses.

My first question is for Ms. Collins of the Union of Canadian Transportation Employees.

I listened carefully to your presentation and I must say that your submission presents an alarming view of the safety of air transportation in Canada and Quebec. I would go so far as to say that you did not pull any punches. You stated that transportation organizations have a lack of resources and staffing difficulties that directly affect the safety of travellers. You spoke of a serious shortage of aviation inspectors. You said that Transport Canada is at the same time cutting its budgets for inspections and security. You stated that you believe the safety of the travelling public is increasingly at risk.

We just completed pre-budget consultations across Canada and we often travelled by plane. I, at least, am happy to have finished the process of flying to other places.

However, I realize that, at the same time, you are making demands, which is appropriate for a union representative. If I were listening to you without doubting what you were saying, I would possibly be inclined to refer the matter to the Auditor General of Canada, Ms. Fraser, so that she would investigate the increased risk to the safety of travellers.

Are your comments and your submission as alarmist as I perceive them to be?

[*English*]

Ms. Christine Collins: There is certainly risk to the travelling public. I also believe the Auditor General identified weaknesses within civil aviation, Transport Canada, in her last report.

Mr. Michael Teeter (Advisor, Union of Canadian Transportation Employees): The Auditor General is scheduled to review civil aviation next year, I believe. Anything you can do to suggest a more fulsome review would be appreciated.

● (1330)

[*Translation*]

Mr. Jean-Yves Laforest: Thank you. I must say, you sound quite alarmist. I am trying to take a balanced approach. I realize you have to defend the position of your members and possibly see about an increase. I am not questioning the quality or professionalism of your association.

Mr. Demers, you speak of problems related to the fact that many people or their families do not have the means to pay for the necessary drugs because increasingly, cancer is being treated at home. Do you have any concrete examples?

[*English*]

Mr. Daniel Demers: I would be happy to send you a copy of a report we recently did on the disparity between Canadians in their access to drugs. It clearly shows that your ability to get the drugs you need is increasingly dependent upon how much money you have and the province in which you live.

We've done a comparison based on the drugs, the provinces, and the costs. It clearly shows that not all Canadians are being treated equally.

[*Translation*]

Mr. Jean-Yves Laforest: There is something you have not talked about. What about people who are diagnosed with cancer, who receive treatment and have to take leave from their job. I think they get only 15 weeks of employment insurance benefits.

I, personally, have seen many people with cancer who get treatment and quite often lose their job afterward. In fact, the 15 weeks do not cover them long enough. Some might return to work too soon after going through a rather difficult time under chemotherapy or radiation treatment.

You have not made any requests in that regard. Is there a reason for that, or have you indeed made such requests?

[*English*]

Mr. Daniel Demers: We've looked at the issue of the patient, but also the family that supports the patient. In both cases the system does not allow for long-term financial support when you're suffering from a chronic disease. People with cancer are living much longer. It's episodic.

You're right that we have to look at the employment insurance programs, but we also need to look at the support programs for families that need to take time off—it might be three weeks now or three or four weeks two months from now—to support a parent or child. We agree with you in both cases. We need to look at financial support for all patients who are living with long-term chronic diseases—cancer or other diseases.

[*Translation*]

Mr. Jean-Yves Laforest: Thank you.

I have a question for Ms. Harvey or Mr. Lajeunesse. You are asking for an increase or a new program to the tune of $400 million. Are there any projects that might not get off the ground if that $400 million were not granted?

Mr. Claude Lajeunesse: You are right, we are asking that the SADI funding be increased to $400 million. Nonetheless, as I was saying, Minister Clement has already announced an additional $200 million—or part of the $400 million. This should address our immediate needs.

However, we will continue to stress the fact that $400 million is needed to ensure that Canadian companies have the necessary technology to be competitive on the global market in the coming years.

The Vice-Chair (Mr. Massimo Pacetti): Thank you.

Thank you, Mr. Laforest.

[*English*]

Ms. Block, you have seven minutes, please.

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

Thanks to all of our presenters here today. I certainly enjoyed reading your submissions.

My first questions are for the Canadian Electricity Association. I have to admit I'm very thankful that we did a site tour in Weyburn to see their facility for carbon capture and storage. It certainly helped me put into perspective some of the things that were referenced in both your submission and Enbridge's. It was a very good tour to take.

In your submission you mentioned a previous pre-budget submission on capital cost allowance rates for smart-grid initiatives. We certainly hear a lot about smart grid these days. I'm wondering if you could further explain the issue as it relates to your industry and the role of the federal government.

● (1335)

Mr. Francis Bradley: Yes, and thank you very much for the question.

The smart grid is on the minds of a lot of people and is certainly attracting a great deal of attention in the media. It has attracted the attention of the Obama administration in the United States. Smart grid is all about how we're going to accommodate new technologies on both sides. On the supply side it involves new types of distributed generation and how we're going to be able to accommodate the sorts of technologies that my colleague from Enbridge was talking about today into the grid. That's on the supply side, but it is also about how we're going to accommodate new types of demand, because the demand will change. We are on the cusp of some pretty significant changes in terms of energy use and electricity use around the world. We're on the verge of plug-in hybrids. We're going to see a lot more electricity in transportation as we move to a more carbon-constrained world, and we need to allow for greater customer control over costs. That clearly is where we need to get to.

There's going to be a requirement for some pretty significant investments. What we were looking for, and it continues to be one of the questions we have, is the capital cost allowance treatment. The sorts of technologies that we're talking about are not treated any differently from the old technologies. A new smart meter is effectively a piece of IT. It's not a mechanical meter. It's not a piece of equipment, and much of this equipment is not equipment that will last for generations, like much of the transmission and distribution system that exists today. We're talking about technology that really is IT, so we were looking for a very specific treatment. If the committee is interested, we can provide details in terms of what our recommendations were.

Mrs. Kelly Block: Thank you very much.

The Vice-Chair (Mr. Massimo Pacetti): If you could you send that information through the clerk's office, it will be distributed to committee members.

Mr. Francis Bradley: Absolutely.

The Vice-Chair (Mr. Massimo Pacetti): Go ahead, Mrs. Block.

Mrs. Kelly Block: Thank you.

My next question is for Ms. Watts.

Thank you for your submission today.

Towards the end of your submission, you stated that the future of our country depends on the strength of our families. As you all know, the Liberal Party recently released *The Pink Book, Volume III: An Action Plan for Canadian Women*, which includes the promise to create a multi-billion-dollar national child care program. We have heard from a few organizations that have also made this same recommendation, but I have to admit that as a mother of four children who chose to stay home, I was thankful for the tax measures that were there that allowed me to have that choice. I did appreciate the fact that your presentation brought a balance to the discussion for choice.

What I wanted you to do was comment on a multi-billion-dollar national child care program and how that might also fit with your second recommendation for the universal child care benefit and the increase of that benefit.

Ms. Dianne Watts: Thank you very much.

We've always supported a wide range of choices for mothers and fathers. If the mother, or both parents, want to work, they should have a choice of a relative caring for the child or a small day care centre.

In February 2005 the Vanier Institute of the Family did a study asking parents their preference in terms of child care. Their primary choice was that pre-school children should be cared for by parents at home. This is the choice that Canadians are making, and they want to have that choice. We believe that family-friendly taxation will give all parents that choice. The next choice would be a grandparent caring for young children; after that, a relative or a home day care; and last, institutional day care.

There is a place for large day care centres if people want to use them, but we believe that Canadians should have a wide range of choices. A universal institutional type of day care system is very expensive. Government studies from 1985 indicated it would be $15 billion a year. The people who promote this type of system—it's a large, unfortunately, Soviet style system—never mention that it's going to be $15 billion a year. It's going to reduce choice, because it's going to increase taxes to the average family and fewer and fewer parents will be able to care for their children at home.

As it is now, many parents want to care for their children at home, but because of financial pressures both parents must work. We've always been in favour of relieving those barriers and pressures on parents. That will also relieve our demographic difficulties in terms of not being able to replace our population and having an ageing population. Also, it will assist in dealing with family members who are ill. If you have no one at home because everyone must work in order to pay the bills, when someone becomes ill there's no one to care for them. But if someone is willing to be a full-time homemaker.... I know in my family, my mother would take care of whoever was sick or having difficulties—financial, personal problems, or health problems. Unfortunately, we're missing that today.

● (1340)

The Vice-Chair (Mr. Massimo Pacetti): Okay, thank you, Ms Watts. Thank you, Ms Block.

Mr. Mulcair, seven minutes.

[*Translation*]

Mr. Thomas Mulcair: Mr. Chair, thank you for your generosity.

Again, I am pleased to welcome and thank everyone who has contributed to our discussion on our next budget. Since we are short on time, we cannot ask all the questions we had hoped to.

I would like to begin with Ms. Collins, who is the president of her transportation union. I more or less agree with my friend and colleague, Mr. Laforest, when he said that he found your comments to be alarmist. I would say instead that what you said was alarming. I think the nuance is important.

[*English*]

You point out that there are 130 vacant aviation inspector jobs at Transport Canada. Ms. Collins, could you tell us if there's a relationship between those vacancies and the classification and compensation problems your members are experiencing?

Ms. Christine Collins: Yes, there's a direct relationship. Transport Canada is having difficulty in not only recruiting, but also retaining qualified aircraft maintenance and manufacturing inspectors. Simply, the wages are too low. They recruit from the airline industry, where the wages are up to $25,000 more per year than a government aircraft maintenance and manufacturing inspector. The wage gap and the challenges to recruit were recognized by the former deputy minister of Transport Canada, Louis Ranger, when he did his presentation last year before the government operations committee. So Transport Canada itself recognizes there's a serious problem in this area.

Additionally, I don't think it comes as any surprise that we have a very archaic classification system. An inspector within our group, an AMM inspector, makes considerably less than a co-worker who is a civil aviation pilot inspector doing the same job. This certainly creates problems within the workplace.

Mr. Thomas Mulcair: Without going too far afield, since this is such an important subject, I would like to know if your group has had any time to reflect on the possible safety implications of Air Canada farming out a lot of its maintenance work to Central America. From now on a lot of our aircraft will be dealt with down there. Are there any practical implications of that, that could affect safety? I was with the International Association of Machinists in Montreal yesterday, and they're quite concerned.

● (1345)

Ms. Christine Collins: Yes, and we've raised this issue with Transport Canada as well. I think with the safety management system being downloaded, if I may use that expression, to the industry, and not as an additional layer but instead of, we're leaving it to an industry that is also facing economic pressures. In the example you used, they've contracted out that work, yet they have to maintain a safety management system for the work. I'm not sure at all how it is possible.

When they're contracting out the maintenance of various aircraft in another country, it becomes a question of different standards of safety, different economic realities of the job done, and where does the responsibility ultimately rest? In the event of a serious incident, is it Transport Canada that is going to have responsibility because they've changed to allow the industry to self-inspect, who then contracted out to other companies that are not necessarily in Canada? It's a very serious issue.

Mr. Thomas Mulcair: Mrs. Collins, in answer to your question, the responsibility is in fact ministerial. You were talking about Deputy Minister Ranger. Unfortunately, he's no longer there, because he was holding his own with regard to a very persistent minister who wanted to do things his own way.

That's where it's going to be, but unfortunately if there's a tragic accident, that will be of little solace to the families involved.

[*Translation*]

Mr. Demers, I want to thank you for your presentation.

Generally speaking, do you think the inclusion of prescription drugs in basic Canadian health insurance coverage is the logical extension of the convention in the 1960s? And let me just say that you were quite right to quote Tommy Douglas. We are all proud of him. He is the father of our Canadian health and social services system, which is universal and free.

It is not a normal extension. With the shift away from hospital care, which we are currently seeing in health care in general, people are increasingly being cared for at home. As such, what was once provided at the hospital as an integral part of health care, now has to be covered. If we are saving money by keeping people at home, we have to at least cover the cost of the drugs.

You provided examples from British Columbia and Prince Edward Island to show two extremes. Can you comment on Quebec's health insurance system? If you have time, could you tell us how it compares to the others?

[*English*]

Mr. Daniel Demers: Actually, what I would like to do is to send you a list of the drugs by province, their availability and the cost to access them. I don't have a specific drug in mind in the province of Quebec.

We do know, for example, if we look at the overall class of drugs, the cost to a patient is basically zero in B.C. and Alberta; it's roughly $12,000 a year in Ontario; roughly the same in Quebec; $6,500 a year in New Brunswick and Prince Edward Island.

In part, it depends on which drug, which treatment you have, and what the provincial program is to assist.

To your overall point, this is the logical evolution of health care. Fewer and fewer Canadians are getting all of their treatment in a health care setting in a hospital, which is what the Canada Health Act was designed for. They need to have caregiver support at home, so families and others can be there when they need support, to make sure they take their medicine, to make sure they have the care they need. But they also need help in accessing the drugs at home.

To have a system designed on receiving your care in a hospital, when more and more people are now getting their care at home, it doesn't make sense. The system must evolve.

The Vice-Chair (Mr. Massimo Pacetti): Thank you, Mr. Demers. If you do have that information, could you forward it through the clerks as well?

[*Translation*]

Thank you, Mr. Mulcair.

Mr. McCallum, you have the floor for five minutes.

Mr. Thomas Mulcair: Mr. Teichroeb—

The Vice-Chair (Mr. Massimo Pacetti): Your time is up, Mr. Mulcair. Thank you.

Mr. Thomas Mulcair: Thank you.

The Vice-Chair (Mr. Massimo Pacetti): Thank you.

Mr. McCallum, you have five minutes.

[*English*]

Hon. John McCallum: Thank you.

Welcome to all of you, and thank you for joining us at this time.

I'd like to ask the Canadian Bar Association a question first, in terms of charitable giving. I would assume you're aware of Don Johnson's proposal regarding tax-free land when transferred to a charitable organization. We've heard from him, and we've heard from the Imagine Canada people. It's possible that the government can't afford to do both but could afford to do one. If there were a choice between the Don Johnson proposal versus Imagine Canada's, can you tell us which you would think would be better?

● (1350)

Mrs. Elena Hoffstein: Thank you very much for the opportunity to respond to that question.

Both proposals are very worthwhile, so it's a very difficult choice. On balance, when you're talking about the Imagine Canada proposal, talking about the stretch credit that was put forward earlier in your deliberations, I think that has broader ramifications to the donor base and would also encourage Canadians to give more, so it probably has a broader appeal.

If you're going to support any—and I would hope you would support all in due course—maybe that one is more immediate, but the Don Johnson proposal is also very worthwhile to consider. Large donations are also very important to charities, but appealing to Everyman is also important and I think more immediate.

Hon. John McCallum: As you may know, Don Johnson is very tenacious in this area. I raised this subject with him.

I totally agree with you. His counter-argument would be that while this measure is more populous, less elitist, his would have more bang for the buck in terms of inducing dollars of charitable donations.

Mrs. Elena Hoffstein: I think he makes an excellent point. He's also a very good friend of mine, and I don't want to say that I'm not supportive. I'm hoping you will support all three proposals.

I do think the disbursement quota is one that we have suffered under for a very long time. I took it upon myself to establish that committee at the Canadian Bar Association.

Hon. John McCallum: Thank you.

Sorry, I have to cut you off or else I'll run out of time, but when I say Don Johnson is tenacious, I would add that it's a good thing to be tenacious in a good cause.

Ms. Collins, a pattern seems to be developing. You talked about large budget cuts and job vacancies in the area of aviation safety. Yesterday we had a witness who said very similar things in the area of food safety and other kinds of public health and safety. You may not have knowledge beyond your own sector, but do you see this issue of declining attention to public safety as more general than just with regard to aviation in recent times?

Ms. Christine Collins: Absolutely. I think in different departments within the federal government they have some difficulty and problems with understanding and interpreting the meaning of safety management systems. Certainly one would have thought that Transport Canada, when they're going forward in what we're saying is the wrong way in implementing safety management in aviation, should have looked at what occurred within the food industry when exactly that happened, first, and the end result that we saw and addressed with having industry self-inspect in the food industry and the tragic results we saw last year.

Hon. John McCallum: There are few thing that could be more important for a government than food safety and aviation safety, so I think this will certainly be one of the things that we in the Liberal Party will be pushing.

The Chair: You have 30 seconds.

Hon. John McCallum: There's only time for the question.

Some Conservatives say that no industry should receive any support. In the case of your own industry, I think that's not realistic, because other countries support aerospace so much. So can you give us a case, on that basis or on other bases, for supporting aerospace?

The Chair: And in ten seconds, please.

Mr. Claude Lajeunesse: Absolutely. As you say, we're in competition with other countries. I think the Conservatives, as you mentioned, have recognized that. I think the additional $200 million in SADI, the strategic aerospace and defence initiative, is a recognition of the fact that they have come to the conclusion that we're competing with others abroad and they're supportive of that. We just want to make sure that, on top of spending more, there's also smarter spending in areas such as procurement, in terms of IRBs, and so on.

The Chair: Thank you, Mr. McCallum.

[*Translation*]

Mrs. Beaudin, you have five minutes.

● (1355)

Mrs. Josée Beaudin (Saint-Lambert, BQ): Thank you, Mr. Chair.

Thank you honourable guests for accepting this committee's invitation to be here.

I am pleased to be here today because I do not usually work on this committee. I am a member of the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities.

I have two short questions for you, Mr. Demers, to clarify certain points.

You spoke of compassionate leave benefits. You would like to see some improvement to those benefits. Could you elaborate on the type of improvements you would like to see?

I would also like to ask you, Mr. Stapleton, to elaborate on the concept you spoke of, namely to move away from the income support programs already in place to go to a unitary system. I would like to hear more of your thoughts on that.

We will start with you Mr. Demers, followed by Mr. Stapleton.

[*English*]

Mr. Daniel Demers: I think the place to start with the compassionate leave benefit is to understand that if we don't support people to be home to provide care, those people will be in the hospital system and that will increase costs. So it makes sense to allow people to support loved ones at home.

In 2004, the compassionate benefit program was—

[*Translation*]

Mrs. Josée Beaudin: Sorry, that was so short.

Have you thought about the improvements you would like to see to those benefits?

[*English*]

Mr. Daniel Demers: Yes, and I would start with the existing program, which had $190 million set aside. In no year has more than 5% of that money been spent. Over the last five years, $600 million should have been provided caregivers and only $26 million went out the door. So the first thing is to work with the program, spend the money that's there, and get it to the people who need it.

If we look at other longer-term improvements, more flexibility. There should be an allowance that allows people to take the time off in chunks of time versus one continuous period.

Also, it is, quite frankly, unconscionable that if you have a dying child you have to sign a document that says you acknowledge your child will die within the year. No parent who wants time off to provide care for that child wants to give up hope.

Improvements to the system are possible, but the first thing is that the money is there, and why isn't it being spent and why isn't it being provided to caregivers?

[*Translation*]

Mrs. Josée Beaudin: Thank you.

[*English*]

Mr. John Stapleton: What I was trying to talk about was more the structure of the programs themselves. Many disability programs are “all or nothing” propositions. In other words, you get that program, you get the benefits from it—CPP disability is much like that—but if you go back to full-time work then you receive absolutely nothing from the program. What we're saying is there's an opportunity for people with episodic disabilities to be able to have a sharing arrangement whereby the program would provide some of its income, maybe a half of it, and someone can get the other half from employment. But when you have disability programs based on that “all or nothing” proposition then they don't work for people who otherwise could be in the labour force.

The second point is the working income tax benefit that was brought in a couple of years ago, in 2007. In the budget of 2008, there was a specific proposal for a working income tax benefit for persons with disabilities, but when we saw the program rolled out in 2009, there was no mention of what some of us call the “WITB-D”, and that was an opportunity that perhaps was missed.

[*Translation*]

Mrs. Josée Beaudin: Thank you very much.

The Chair: You have one minute.

Mrs. Josée Beaudin: No, that is okay.

The Chair: Very well. Thank you very much.

[*English*]

I am going to take the next round. We will go a little bit over, and I apologize for that, but we did start a little bit late. I just wanted to get in a five-minute round. I have a series of questions and I don't know how many I'll get to.

I want to start with the Canadian Cancer Society. As the son of a father who's a 32-year survivor, I certainly thank you for all the good work you do.

I wanted to ask you about your third recommendation, about contraband tobacco. I read through your rationale and absolutely agree with it. I don't think there's a person in this room or in this Parliament who would not agree with this, but it's a challenge. It's a challenge because—and I want to say this properly—I think no government would want to increase tension, especially along the border or with first nations communities, so there's a lot of political sensitivity surrounding this issue. You do reference the U.S. side of the Akwesasne reserve. Do you have any specific advice or has the Canadian Cancer Society itself been in a dialogue with first nations communities to try to address this problem?

● (1400)

Mr. Daniel Demers: I agree with you. All parliamentarians are of the same view that this has to be stopped, and I just want to thank you very much for passing Bill C-32 unanimously by the House. It is a great piece of legislation.

We have been talking to aboriginal groups. We have been talking to our colleagues in the United States. Quite frankly, it takes political will, but it also takes solutions that don't require going on reserve for enforcement. We've provided in our brief some recommendations on how to go about doing that. The first step is in fact to meet with the Americans and encourage them to take the responsibility of border security from their side more seriously and implement some tax measures, and also to look at the supply of tobacco and related inputs into the creation of cigarettes.

We have provided recommendations that don't require going to reserves, and we'd also encourage the government to work with the Americans and encourage them to live up to their responsibilities on border security because most of these cigarettes are coming in from the States.

The Chair: I certainly appreciate that. I know the minister has been working on it, but we will, as parliamentarians, follow up as well. There are members on this committee who are members of the Canada-U.S committee. We can certainly raise that as well.

My second issue I want to raise is with Enbridge and the Canadian Electricity Association. First of all, thank you for the work you're doing, certainly with respect to renewable and with the utilization of heat and waste energy. I think that's absolutely excellent.

I'm going to poise a challenge, because you're both asking for credit or tax changes of some kind, the investment tax credit with Enbridge and with the carbon capture and storage technology in terms of accelerated capital cost allowance rates. When I'm in Alberta, my friends back home ask me why we are so hard on the energy sector in terms of regulations with respect to our greenhouse gas emissions. When we're here in Ottawa—and you can watch this in question period in about 15 minutes—frankly, as a government, we get heavily criticized for not doing enough. So the political challenge here is having three political parties saying that we should not give subsidies or credits or these things to companies and we ought to use regulations to force these companies to do this on their own. I want you to sort of answer that political question for me, because that's the question certainly that we get as a government each and every day.

Perhaps we'll start with Enbridge and then go to the Canadian Electricity Association.

Mr. David Teichroeb: I thank you for the question. It certainly is a challenge, and I think as Enbridge, with assets in various parts of North America, we are challenged to find ways to make those investments and drive innovation. You look at Saskatchewan today, and they are using waste heat off gas compressor pipelines to make electricity. When we look south of the border, there are opportunities in various states where there isn't just federal support, there's state-level support layered onto it.

My own view, having constructed that pilot plant I spoke of, is that when you look at what's happening in peer areas, you're not just driving energy issues, such as greenhouse gases and clean air, you are driving innovation. Wherever this technology is used, people learn to make that mousetrap better. Those innovations, the next generation, will happen where it is being used. It's both stimulating industry for innovation and also addressing the environmental issues.

The Chair: I appreciate that. My time is running out.

Just to follow up then, is this a temporary tax credit? Do you see it as time limited in terms of one, two, or three years so that it is viable economically over time?

Mr. David Teichroeb: I would see it as time limited. I would say that it takes time for industry to embrace this, so probably even in a five-year window you wouldn't see yourself drawn into a huge amount of stimulus. It would get the industry started. It would grow, and you could look to other technologies then to continue that sort of tax stimulus.

The Chair: Thank you.

Mr. Bradley, did you want to have 30 seconds?

Mr. Francis Bradley: Yes, absolutely. For the question as to whether or not it should be financial instruments or commanded patrol, my answer would be that it eventually will be both.

What we're talking about here is anticipating that at some point in time there will be indeed regulations, there will be a carbon-constrained future that we will all be operating in. This is an anticipatory move that we are attempting to make. We want to be able to develop, before we get to that point, the ability to in fact move to a more carbon-neutral approach, particularly in the regions where they don't have other options.

The Chair: I'd like to continue that discussion, but I am out of time and our committee, unfortunately, has ended.

Thank you all for being with us here this afternoon. Thank you very much for your presentations, your submissions, your responses to our questions.

The meeting is adjourned.

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