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Tuesday, October 5, 2010

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Chair

Mr. James Rajotte

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• (0905)

[English]

The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)): Good morning, everyone. This is the 32nd meeting of the Standing Committee on Finance. We're continuing our discussions here on pre-budget consultations, preparing for next year's budget.

We have with us two sessions this morning and five groups per session. In the first hour and a half we have the Canadian Bureau for International Education, the Canadian Construction Association, Financial Executives International Canada, BMO Capital Markets, and Make Poverty History.

We want to thank you all for coming in this morning. You have up to five minutes for an opening statement, and then we will go to questions from members.

We'll start with Ms. McBride. I believe you'll be presenting on behalf of your organization.

Ms. Karen McBride (President and Chief Executive Officer, Canadian Bureau for International Education): Thank you. *Merci beaucoup.*

[Translation]

CBIE's brief underscores the importance of international education for Canada and Canadians. In a globalized, competitive and knowledge-based world, attracting greater numbers of qualified international students to Canada and sending greater numbers of Canadian students abroad to gain international knowledge and competencies is essential to Canada's prosperity. Canada's main global competitors recognize this fact and are investing heavily in international education to ensure that they are able to compete effectively and efficiently, with a view to acquiring the talents and competencies their labour markets require and building strategic relationships in the future.

[English]

In international education Canada is falling behind. Our brief highlights recent data that make a compelling case as to the short-term and long-term economic benefits from attracting greater numbers of international students to Canada and sending more Canadian students abroad.

In the interest of time, I will not reiterate these points but would be pleased to say more about these links to economic competitiveness during the discussion.

When it comes to addressing these gaps, our brief makes three recommendations. Our first recommendation focuses on interna-

tional education marketing. CBIE was grateful that in its 2009 report this committee highlighted the importance of international students and recommended that the federal government, in partnership with the provinces and territories, explore the development of a national strategy to promote greater emphasis on Canadian education services exports. I'm very pleased to report that there have been important developments in this regard since last year.

In order to bring greater coherence to the education sector's international marketing efforts, the five key national associations, the Association of Canadian Community Colleges, the Association of Universities and Colleges of Canada, the Canadian Association of Public Schools—International, CBIE, and Languages Canada have established the Canadian Consortium for International Education Marketing. These associations recognize that collective action is required to improve Canada's visibility in the competitive global education market and thereby achieve better results. It is important to note that the consortium has established strong working relationships with key federal departments and provincial-territorial governments through the Council of Ministers of Education Canada.

Moreover, at their August meeting, provincial-territorial premiers committed to further develop an international education marketing action plan that identifies areas for investment and opportunities for federal-provincial collaboration on marketing. At a follow-up meeting on September 24, education ministers confirmed their intention to work in cooperation with the federal government and key stakeholders to address barriers to attracting international students. Therefore, the key actors, governments and the education sector itself, are aligned and working in partnership so that we can maximize the results of an additional investment in education marketing, an investment we hope this committee will recommend in the context of its upcoming report.

Our brief identifies a target for this investment of \$22 million per year for five years. Comparative data show that this target would put Canada on a more level playing field with its competitor countries.

In the context of this year's fiscal constraint, however, we recognize that a shorter-term commitment at this level of funding might be more feasible. Even this level of investment for an initial period of two years would help Canada make an important step forward, allowing us to deploy the federal-provincial Imagine Canada brand effectively, leverage the strong partnerships that now exist, and capitalize on the capacities of key stakeholders rather than duplicating efforts.

In our view, the foundations of an effective national marketing campaign are in place, but we cannot be successful without a significant federal investment.

[*Translation*]

CBIE believes that the recommendations outlined in its brief, which call for new funding in this area, represent a wise investment that will better position Canada for future success.

Thank you for the opportunity to present our position today.

I look forward to answering your questions and hearing your views.

Thank you very much.

The Chair: Thank you very much for your presentation.

[*English*]

Next is the Canadian Construction Association.

Mr. Wayne Morsky (Chairman of the Board, Canadian Construction Association): Good morning, Mr. Chair.

My name is Wayne Morsky. I'm the chairman of the Canadian Construction Association, or CCA, the national association representing the non-residential construction sector in Canada. This is a volunteer position. In my other life I'm the president and CEO of Morsky Group of Companies, a family-run business based in Saskatchewan, which has been active in road building and heavy construction for the past 60 years.

The CCA represents more than 16,000 members working in every region of the country and in every aspect of construction, including industrial, commercial, institutional, as well as road, sewer, and water—essentially every type of construction except your standard residential home. But I'm here today in my capacity as chairman of CCA.

To begin, I would like to caution against moving too aggressively to reduce the deficit. Our members witnessed firsthand the devastating impact previous deficit reduction efforts had on our nation's infrastructure, and we recommend Parliament take a more balanced approach. There is no point in paying off your mortgage if you cannot afford to fix the leak in your roof. We appreciate that Canadians are concerned about the growing deficits, but they are equally concerned about the crumbling infrastructure. Even after the investments of the past several years, there are still billions more required to modernize our aging infrastructure. Ultimately, investments in infrastructure must be seen for what they are: critical investments to improve productivity, and not just another line item on a federal budget.

Funding remains a primary concern to CCA members, particularly at the municipal level. According to the Federation of Canadian Municipalities, local governments collect just 8¢ of every tax dollar of revenue raised, but are responsible for more than 55% of the core public infrastructure assets in Canada. As such, no one should be surprised that the most reasonable estimates still peg our national infrastructure deficit at well over \$100 billion, and that does not include the billions more that will be needed to comply with the recent federal water regulations over the coming decade.

This challenge requires a coordinated national approach. As a first step, governments must quantify the need, which is why we recommend the council of the federation undertake the appropriate research and development of a long-term financial plan to fairly cost-share the investments required to renew and maintain our core public infrastructure. To that end we believe that new revenue-sharing mechanisms are required between governments.

As an interim step, the federal government should make permanent the GST rebate for municipal purchases, as well as increased transfers under the federal gas tax program from \$2 billion to \$5 billion annually. Such immediate changes will not only increase the fiscal capacity of municipal governments but provide them with the program certainty they require to make long-term infrastructure investment decisions.

CCA members are also very concerned about labour supply. The construction industry will need 395,000 new workers over the next seven years to keep pace with retirements and demand. Unfortunately, college infrastructure simply cannot meet the growing demand, despite the investment made under the knowledge infrastructure program over the past two years. Many programs still have admission wait lists of more than 18 months, and when apprentices graduate they often cannot find employment because most small construction businesses cannot afford to absorb the costs associated with apprenticeship training. To overcome the college infrastructure crisis, CCA members recommend that the knowledge infrastructure program be funded at \$1 billion annually over the life of the Building Canada plan to 2014.

Finally, CCA members feel that the federal government can introduce a number of measures to enhance Canadian competitiveness and improve our environment. The first is to adjust the one-time limited base capital cost allowance rates for heavy equipment purchases over the next few years. New and more expensive T4 engine technologies are being introduced next year. These technologies offer dramatic reductions in harmful emissions, but could add 10% to 20% additional cost to equipment. Therefore, to ensure that Canada's heavy equipment operators, such as the construction, mining, oil and gas, and trucking industries, become early adopters, we recommend increasing the CCA rate of classes 10, 16, and 38 to 50% and make purchases depreciable on a straight-line basis.

Our second recommendation is to permit tax deferral of capital gains on the sale of investment properties for a period of one year if the proceeds are reinvested in new property and utilized to pay for energy improvements. This would help reduce the overall emission produced by older buildings and permit these proceeds to be reinvested, encouraging building owners to make energy-wise investments.

• (0910)

With that, Mr. Chairman, I will conclude. I look forward to your questions.

The Chair: Thank you for your presentation.

We'll now hear from Financial Executives International Canada.

Mr. Michael Conway (Chief Executive and National President, Financial Executives International Canada): Good morning, Mr. Chairman and committee members. I am Michael Conway, chief executive and national president of Financial Executives International Canada.

FEI Canada is a voluntary membership association comprised of over 2,000 Canadian chief financial officers and other senior finance executives. Our recommendations to this committee are the results of the collective effort of FEI Canada's tax committee, represented here today by Peter Effer, vice-president taxation at Shoppers Drug Mart.

In our written submission to you, we highlighted a range of budgetary initiatives that FEI Canada thinks the government should adopt, as they are key to an efficient tax environment. These include tax simplification, productivity, deficit reduction, economic renewal, and retirement planning.

Budget proposals should reduce the complexity of the taxation system and its compliance requirements, not add to them. To illustrate how complex tax laws have become, here's a copy of Canada's first tax act, introduced in 1917 as a temporary measure to fund World War I. Well, almost 100 years later, I wouldn't call this progress; this is what we now have.

When our research institute, the Canadian Financial Executive Research Foundation, surveyed our members for the study we published this summer, CFERF found that the tax system has become excessively complicated and that Canadian businesses, large and small, are bogged down with tax compliance issues.

If you look at it from the macro viewpoint, companies are a large source of tax revenue for the government. These same companies are devoting an inordinate amount of time and money on compliance when their managers could be spending more time advancing corporate growth and profitability. Simplifying the tax act would help make companies and the government more efficient and thus more competitive.

Improvements to the tax system that would help Canadian businesses thrive include some form of group tax reporting for companies, such as the implementation of a loss transfer system. These measures would help Canadian companies increase their productivity, a critical issue made even more urgent by the rise of the Canadian dollar. High productivity levels cannot be reached without a strong labour market. Skill development can be encouraged by introducing a refundable tax credit for qualified education and training and creating a deduction or tax credit for individuals who personally incur education or retraining costs.

Higher productivity is synonymous with the use of high performing and cost-efficient equipment and technology. To meet this objective we encourage extending the write-off for manufacturing machinery for at least five more years, as well as the write-off for computers. The government should encourage provinces to eliminate

payroll taxes, as these are taxes on inputs that discourage employment and increase the cost of goods.

As policies should encourage investment and facilitate access to credit and capital markets, withholding taxes should be reduced or eliminated to encourage foreign investment. The government should continue to focus on deficit reduction and good fiscal management to ensure that the Canadian economy can withstand future downturns. Our country's tax system should also provide Canadians with more flexible retirement planning opportunities. That's why FEI Canada recommends extending to age 75 the mandatory date for concluding CPP contributions and for contributing to RRSPs or converting RRSPs to RRIFs. FEI Canada also recommends granting a 125% deduction for the first \$5,000 contributed to RRSPs.

In conclusion, budget initiatives should protect and speed up Canada's progress through economic recovery, and they should be revenue neutral over the short to medium term. Our proposed tax measures conform to those objectives.

We strongly urge the government to consider these measures and implement them in Budget 2011. FEI Canada stands ready to assist.

Thank you.

• (0915)

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

We'll now hear from Mr. Johnson, please.

Mr. Donald Johnson (Senior Advisor, BMO Capital Markets): Good morning, Mr. Chairman and distinguished committee members. Thank you for giving me an opportunity to appear before your committee this morning.

My name is Donald K. Johnson, and I'm appearing today in my role as a volunteer board member of five not-for-profit organizations in health care, education, the arts, and social services. In this capacity I'm actively involved in fundraising as well as donating personally to help each of these charities achieve their missions.

I'm appearing today to request that your committee give consideration to recommend that the government include two measures in the upcoming budget that will stimulate greater private sector funding for the not-for-profit sector on the basis that it's more tax effective than direct government spending.

The economic action plan will be implemented and completed by next spring, and the prime focus going forward is balancing the budget. The government has committed not to raise taxes or to reduce transfer payments to the provinces. In order to achieve a balanced budget, the focus must be on reducing spending on low-priority government programs, limiting future increases in government spending, and limiting measures that could potentially cost the government tax revenues.

Because the federal and provincial governments are not in a position to increase funding for the not-for-profit sector during the next few years, Canada's charities are also facing significant fiscal challenges. The demand for the services in health care, post-secondary education, social service, and the arts continues to grow. What can the government do to address this dilemma? You can capitalize on the enormous success of the 1997 and 2006 budget measures that initially reduced and ultimately eliminated the capital gains tax on gifts of listed securities. These measures have resulted in billions of dollars of incremental private sector funding for our not-for-profit sector. The capital gains tax exemption can be expanded to include gifts of two other significant appreciated capital assets: private company shares and real estate.

Charitable donations of both of these asset classes are exempt from capital gains tax in the U.S. Extending the exemption from the capital gains tax for charitable gifts of these assets would unlock additional private wealth for public good on the basis that it's much more effective and targeted than the bureaucratic process of direct government appropriation. Any concern about valuation abuse can be addressed by one simple measure: the charity would not issue a tax receipt to the donor until it has received the cash proceeds from the sale of the asset.

Also, if the purchaser of the asset is not at arm's length from the donor, the charity would need to obtain two independent professional appraisals to confirm that the charity is receiving fair market value for the sale of the assets. For each \$100 million of incremental charitable giving, the federal government would forego approximately \$11 million in capital gains tax. The donor would of course receive a charitable donation tax credit from the federal government for \$29 million, the same as for a gift of cash.

The total tax revenue cost to the federal government would be approximately \$40 million. Now, there's a high level of awareness and support for these measures across Canada, particularly among the tens of thousands of volunteer board members of our not-for-profit organizations and the management and employees of our hospitals, universities, arts and cultural organizations and social service agencies such as United Way. In particular, I'd like to mention three prominent organizations that are supportive.

The Canadian Federation of Independent Business has 107,000 members. They have understood and are supportive of these measures because all members are private enterprises. It is estimated that over one-third of family owned independent businesses in Canada will be sold or transferred by the end of this decade. Also, most of the 1,800 mayors who are members of the Federation of Canadian Municipalities are supportive. Not-for-profit organizations in municipalities would receive incremental funding from donors who live in their community, but there's no tax revenue cost to the municipality because they derive their revenues primarily from

property taxes, not income taxes. Not-for-profit organizations in smaller and rural communities, in particular, would benefit from gifts of private company shares and real estate. Also, the C.D. Howe Institute published an e-brief last September endorsing both of these measures.

Now, it is also important to recognize that the Liberals, the NDP, and the Bloc Québécois have publicly confirmed their support. Charities across Canada thanked the Liberals and the NDP for their support with full-page advocacy ads published in *The Globe and Mail*, *The Toronto Star*, and the *Ottawa Citizen* last December.

● (0920)

Charities in Quebec thanked the Liberals, the NDP, and the Bloc Québécois for their support in full-page advocacy ads published in *La Presse* and *Le Devoir* last January.

We urge the finance committee to recommend that the government implement these measures in the upcoming budget. This is one of the few public policy issues upon which all four parties can agree and for which all Canadians will be very grateful.

Thank you for your attention. I'd be pleased to answer any questions.

● (0925)

The Chair: Thank you, Mr. Johnson.

Now we'll hear from Make Poverty History, please.

Mr. Dennis Howlett (Coordinator, Make Poverty History): I'm Dennis Howlett, national coordinator of Make Poverty History. With me is Laurel Rothman, who is a member of our steering committee and also the coordinator of Campaign 2000.

Poverty is a violation of human rights on a massive scale. It doesn't have to be this way. Collectively, we now have the resources, the technology, and the knowledge necessary to end poverty, both globally and here at home. If we choose, if we have the will to act, we can make poverty history. But we need a plan to do this.

Globally, there is a plan: the millennium development goals. Just two weeks ago in New York, there was a big world summit—Prime Minister Harper attended, along with many other leaders—to assess the progress made in the 10 years since this plan was adopted.

There has been significant progress made, but the progress has been affected by the impacts of climate change and the global economic crisis. Many of the eight goals have actually stalled or even been reversed in their progress. So what we need now is a redoubling of efforts in order to achieve these goals—the promises that were made to the world's poorest people—by the year 2015, because there are only five years remaining.

This is not the time for Canada to be stalling on its commitment to achieve these goals. Canada has contributed until now, but last budget there was an announcement that the aid budget would be frozen. Now, in the final stretch, is not the time to reduce our level of effort. If anything, we need to increase our level of effort.

Governments in developed countries have obviously been affected by the impact of the financial crisis. We recognize—and this was clear in the meeting I had yesterday with Finance Minister Flaherty—that these are difficult times in terms of the upcoming budget. We have to keep in mind that the developed countries have spent trillions of dollars in response to the global financial and economic crisis, and this has led to large deficits for countries, including Canada. But the spending mostly went to bail out banks and corporations. Very little actually went to help developing countries cope.

Pursuing deficit reduction primarily through spending cuts, especially cuts to social programs and international aid, could further harm the poor in Canada and the poorest and most vulnerable people in the developing world who have already suffered the most from this financial and economic crisis which they did not cause.

Twenty-five percent of the planned overall reduction to the deficit, as announced by the Canadian government in last year's federal budget, will come from freezing its aid budget over the next five years. This is unjust and puts an unfair burden on the poorest people.

Two weeks ago in New York, I met the new British international development secretary, who said that even though the new Conservative government there faces a huge financial challenge, they are not going to balance their books on the backs of the poorest people. He said that himself. And the new government recommitted to achieving 0.7% by the year 2013.

There is support in Canada for increasing the aid budget. Last June we did an Angus Reid survey that showed 61% of Canadians actually support increasing Canada's aid budget.

Finally, I'd like to remind you that there is an alternative. We need to look at the revenue side as well and not just rely on cutbacks for deficit reduction. While increasing personal income taxes on middle- and lower-income people would undermine the weak economic recovery, there are other innovative tax measures that deserve consideration.

● (0930)

The financial transaction tax, or the Robin Hood tax, as we have called it, could raise hundreds of billions of dollars that could be used to reduce deficits in developing countries, as well as provide financing for poverty reduction and climate change adaptation in developing countries, which donor countries have been increasingly hard-pressed to come up with.

By imposing a very small fee of 0.05% on financial market transactions, the global financial sector, which benefited most from the bailouts and rescue packages, who now pay far less in taxes than other business sectors, would be made to contribute its fair share to a global economic recovery. And the FTT would have the added advantage of discouraging excessive speculation.

Laurel will now say a few words about domestic poverty.

The Chair: I'm sorry. You're about a minute over your time, so can we leave that for the question and answer session? If one of the members doesn't ask, I'll ask as the chair. Thank you.

Colleagues and witnesses, we do have to suspend for a few seconds. I understand there are technical difficulties. They're having trouble televising this hearing. So I'm going to suspend, and then we'll come right back.

● (0930)

_____ (Pause) _____

● (0930)

The Chair: I would ask witnesses and colleagues to find your seats, please. I apologize for that technical interruption.

We will now begin with questions from members. We have Mr. Brison for seven minutes, please.

Hon. Scott Brison (Kings—Hants, Lib.): Thank you very much.

I'll start with Mr. Johnson. Mr. Johnson, you've been appearing before this committee for about 12 years, initially looking for the reduction of the capital gains tax on publicly listed securities, which in fact the Liberal government provided and halved. Then coming back to both Liberal governments and the Conservative government, which ultimately did follow through in eliminating capital gains tax on publicly listed securities....

In terms of garnering the support you've received from the Bloc, NDP, and Liberal parties, the Conservatives have in the past understood the importance of not taxing large donors and attracting more of this private capital. So I think there's a good trend line here, and I think the Conservatives will follow suit on this. But they may have some questions in terms of the valuation.

You touched on this, and I think that's one of the concerns that may exist, not so much around land—land, if it's done at the point of sale, is a little different—but in terms of the private corporations.

What other countries have done this, and are there other models we can look at in terms of the valuation side?

Mr. Donald Johnson: Well, both private company shares and real estate gifts are exempt in the United States from capital gains taxes. The United States has a process where the charity issues a tax receipt to the donor after a couple of appraisals have been done on the valuation.

What we're proposing is a simpler measure that would I think basically eliminate concern about valuation abuse. The charity would issue a tax receipt to the donor after the charity has received cash from the sale of the asset. That way, there is no concern about some artificial value being attributed to the gift. What we're proposing for the Canadian system would be better than the U.S. system. It would be simpler, clearer, and would eliminate any concern about valuation abuse.

●(0935)

Hon. Scott Brison: So we have a model that's working in the U.S. and you have a streamlined or simpler model for here. I think that may help address whatever concerns may exist by the committee around valuation.

Thank you very much, Mr. Johnson. Based on our experience with you in the past, we may as well do this, because you will just keep coming back in successive governments.

Mr. Donald Johnson: Rest assured I will.

Hon. Scott Brison: Thank you very much.

Mr. Morsky, it's good to see you again. I saw you on Saturday when I spoke to the Construction Association of Nova Scotia.

The issue of the March 31 deadline was raised with me on Saturday by your members in Nova Scotia, and there is great concern with that. How important is it that the government come out very clearly that there will be flexibility and that projects that have already started with federal commitments will be fully funded, even if they are not completed by the March 31 deadline because of all kinds of factors, particularly Canadian winters? How important is that to your members?

Mr. Wayne Morsky: I think it's important to note that the recent announcement by the minister, with respect to the stimulus deadline, was very favourable. Our industry is aware of this deadline. It's a critical deadline. The situation is that it's difficult to predict because there are a lot of unforeseen circumstances across the country. Weather is a big factor. I realize that even in my own province we've had one of the wettest summers we've ever had. There are a lot of things that can't be done this year.

Another thing that has to be considered that is very important to the stimulus deadline is paving, which is a big part of the stimulus package. The March 31 deadline is not a factor because paving ends in the next couple or three to four weeks, if we don't get the weather we have to. It is important; we realize that it's a very big issue across the country. What we've done as an industry is try to advise our members of this deadline and to work towards it as best they can.

Hon. Scott Brison: Thank you.

Mr. Conway, you said we should be urging provincial governments to reduce payroll taxes. Do you believe that a 5¢ increase per \$100 contribution as a payroll tax increase will hurt Canadian jobs, will reduce Canadian employment?

Mr. Michael Conway: I'll direct the question to Mr. Effer.

Mr. Peter Effer (Vice-President, Taxation, Shoppers Drug Mart, Financial Executives International Canada): The payroll tax that we're referring to relates to the incremental payroll tax, not the employment insurance in particular, which I believe you're referring to. In Ontario, for example, there's a payroll tax on company payrolls in excess of \$400,000, equal to 1.95% of the payroll. Those taxes exist in Ontario, Quebec, Manitoba, and Newfoundland.

Hon. Scott Brison: But in terms of there being one taxpayer and one employer—one who pays federal and provincial—if you say that provincial payroll taxes cost jobs, isn't it logical to assume that federal payroll taxes cost jobs too?

Mr. Peter Effer: Yes, but we were directing our attention to the provincial payroll taxes.

Hon. Scott Brison: At a federal committee. I'm just trying to help here. We are a federal committee, so we can make recommendations to provincial governments, but we really direct federal policy. I'd really appreciate your input directly on the increase in payroll taxes scheduled for January. The CFIB estimates a 60,000 loss in jobs based on that increase. You've said that there will be job losses based on provincial increases. Do you not agree that this will cost jobs even though it's been enacted by a federal government?

Mr. Peter Effer: Sir, on that particular measure I didn't come prepared to speak.

I will clarify what we're referring to on the provincial payroll taxes. In 2007, there were temporary financial incentives introduced to encourage the provinces to eliminate their provincial capital taxes. They were introduced by the federal government; they were noted in last year's budget. That's the reference to the encouragement on the federal side.

Hon. Scott Brison: Thank you.

With regard to international education attracting more students, I couldn't agree more. It becomes a real competitive advantage for us in the future. If you look at the cabinets of countries like Brazil or China or India, about one-half of the cabinet ministers have some education experience in either the U.S. or the U.K.

Should we be doing more to develop national scholarships that have the kind of international reputations that Rhodes scholarships or Fulbright scholarships have? And is there a way to combine the sector represented by Mr. Johnson and government, setting up arm's-length foundations and attracting philanthropic money? Should we be doing more on that?

●(0940)

The Chair: Ms. McBride, just a very brief response on that.

Ms. Karen McBride: The second recommendation in our brief, Mr. Brison, speaks to the need to continue to expand our scholarship offerings. I believe there is absolutely room to look at new mechanisms that would attract private sector donations as well, because I believe industry recognizes the importance of attracting top talent.

The Chair: Thank you.

Monsieur Paillé, s'il vous plaît.

[Translation]

Mr. Daniel Paillé (Hochelaga, BQ): From the outset, I want to make it clear that I am in a conflict of interest situation with Financial Executives International Canada, as I belong to the organization. I was not at your party yesterday. I hope it went well, in Montreal.

In your report, you say you want to increase the deduction for the first \$5,000 individuals contribute to their RRSPs to 125%. Would you go so far as to say that for the first \$5,000 contributed to a registered retirement savings plan, we should follow the model of workers' funds in Quebec, namely the Solidarity Fund QFL and the CSN fund? Would you go so far as to give further tax deductions for the first \$5,000, similar to these workers' funds in Quebec?

[English]

Mr. Michael Conway: Our recommendation is to encourage Canadians to put more away in retirement planning. Clearly there's a challenge, as the demographic curve continues for all of us, to make sure that all Canadians have appropriate retirement income. We went to the point of saying that there are many Canadians who are not saving enough. This would provide them with extra stimulus to encourage them to put aside the moneys for themselves.

Anything the government can do to encourage Canadians to save for their own retirement will be helpful, because ultimately the piper will probably have to be paid. So it's better to encourage Canadians to take it upon themselves to responsibly save for their retirement, rather than wait for an ultimate government solution.

[Translation]

Mr. Daniel Paillé: Thank you.

Mr. Johnson, you talked about charities and the receipts issued by those organizations. The government recently introduced a bill to prevent employees of trusts that issue tax receipts from earning more than \$250,000 a year. That gives rise to certain problems when it involves universities or hospitals, for example.

I have already met with people in Quebec regarding this matter. Have you noticed that people elsewhere in Canada are concerned about the idea of a salary cap for anyone working for a charity trust, in order to prevent such organizations from issuing tax receipts if they happen to employ a doctor, an engineer or a director who makes more than \$250,000? Have there been reactions to this outside Canada?

[English]

Mr. Donald Johnson: I serve as a volunteer board member on the Toronto General & Western Hospital Foundation, and I'm well aware of this private member's bill. The concept of putting a cap on the compensation of executives in hospitals in particular, universities, or any non-profit organization is not a good idea.

The boards of directors of hospitals and universities need to attract the best talent, and we are competing with the United States for the best talent. To put a cap of \$250,000 on what the head of a hospital or university can earn would be very counterproductive. We would lose our best talent to institutions in the United States. The compensation decision should be made by the board of directors of the hospital or university, and they should make the judgment as far as what kind of compensation package, research support, and so on is required in order to attract the best and brightest talent.

I'm totally opposed to the concept of a cap on the compensation, and I have offered to appear as a witness before this committee when it has its consultations on that private member's bill.

● (0945)

[Translation]

Mr. Daniel Paillé: I hope that all the committee members heard you.

Mr. Morsky, you talked about the deadline for infrastructure projects. The government seems to have forgotten that it will rain this fall, that there will be frost and snow. The government also seems to have forgotten that when projects are carried out too quickly, it leads to overtime and consequently a higher wage bill, since people will have to do the work at a faster pace.

As for the availability of materials, in your industry, have you noticed, or can you give us any examples to suggest that people are scrambling, that there will be a shortage of certain materials, that materials will be scarce and that, once again, producing those materials will be more expensive, especially pipes?

Instead of making decisions on a case-by-case basis, should the government not just announce that the deadline can be postponed?

[English]

Mr. Wayne Morsky: We have not experienced a materiel supplier shortage, to my knowledge, across the industry. There has been shortage of certain things. Labour has been one of the issues, of course, not only because of the stimulus package but also because our industry, as I said earlier, is struggling with a shortage of people.

It's a matter between governments to extend this policy. We as an industry are very cautious in the face of the fact that any kind of change in that deadline could lead to a lot of legal ramifications. This was a stimulus package; it wasn't for the economy. It certainly wasn't one for a legal economy, but we believe that the ramifications of extending the stimulus deadline could lead to that.

What we are seeing is that people are working very hard to meet these completion dates. They knew what they were in the beginning when they tendered their projects, and it's in no way different from bidding a job today that's not under the stimulus package: you know what your completion dates are and you have to work towards them.

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

Merci, monsieur Paillé.

Mr. Wallace, you have seven minutes.

Mr. Mike Wallace (Burlington, CPC): Thank you, Mr. Chairman.

Thanks go to our guests for coming, and our apologies for being late. We were at a previous meeting and we had to get here. It's a little further than we expected.

I have a couple of questions, first of all for our friends from the financial executives group. Do you want to comment on the four- to five-day work week and whether that payroll tax, which would be federal, if the Liberals support it...? I'm surprised Mr. Brison brought it up today.

Has your organization looked at changes to the EI system, as are being proposed by the opposition, reducing the amount of time you need to work before you could collect EI, and at what it would do to payroll taxes?

It's a yes or a no.

Mr. Michael Conway: We haven't looked at it in great detail, but we were appreciative of the reduction, recognizing that everything is a balancing act between the need to balance the deficit and the date and timing of when the EI rate increase was scheduled. We were supportive of the rollback down to the level it was reduced to.

Mr. Mike Wallace: So you're supportive of that. Very good.

In your presentation this morning—it's a nice segue, in terms of balance—a lot of your submissions, which I don't necessarily disagree with, were about reductions, but you also said at the end that the reduction needs to be neutral, in a balanced sort of approach. There are two sides to every balance sheet, which you guys are well aware of, and to an income statement. If we're reducing on the income coming into government, where is the balance? Where do you see us taking money out of the system to be able to pay for those cuts?

• (0950)

Mr. Michael Conway: Well, I guess we have two things. One is that we suggested being revenue-neutral over the short to medium term. For example, in the writeoff of equipment, if it's going to be written off over a short period of time versus a long period of time, over the medium term it will still be written off. So the revenue to government will be unchanged, but slightly delayed in the case of an accelerated depreciation.

In terms of where to find the money that is needed to balance the deficit—or ideally, ultimately, eliminate the deficit and return to a surplus position—it's efficiency. It's not efficient for the government—or corporations—to deal with something like this. There are many ways to simplify the tax act, and in doing so we'll be able to streamline, using it both from the government side and therefore they will....

Mr. Mike Wallace: I appreciate that. Does your organization actually have in writing a guide to where the streamlining could take place? Do you have recommendations on what should be done?

Mr. Michael Conway: Absolutely. We mentioned group tax reporting. Most countries in the world have group tax reporting. This is where a variety of companies in a corporate group put a consolidated tax return together, rather than individual returns.

Mr. Mike Wallace: Have you costed out what that costs the treasury?

Mr. Michael Conway: It's really what it costs in terms of the complexity involved, and also the fairness of it. Large corporations go into elaborate planning to effectively get consolidated tax returns. For smaller firms, the burden is disproportionate, so they can't. That's not fair. And with all due respect to tax colleagues, time spent by tax executives and other financial executives doing these things, and by the government in monitoring and trying to understand these mechanisms, is not really a good use of resources that could be more profitably—

Mr. Mike Wallace: But I could call your organization, and you would have actual, specific recommendations in writing that I could get—perhaps off your website?

Mr. Michael Conway: We certainly.... That's one. In various submissions we have referred to reduction of the number of CCA classes. There are 40-odd CCA classes and a lot of.... There are very many reductions that we'd love to work with.

Mr. Mike Wallace: From our perspective, for us to incorporate.... Big, broad suggestions are great, but specifics get action.

Mr. Michael Conway: Right. We have some more specific actions, and we'd be willing to work with you. For example, for small companies, why not just have their accounting income equal their taxable income and eliminate all the reconciliations that these poor small businesses are trying to do but really can't do, so they have to have high-priced advisers to do them? The government needs to understand that: just simplify things.

Mr. Mike Wallace: Okay. I appreciate that. I'm going to move on to Mr. Johnson about the real property issue.

I think Mr. Brison is accurate that...and we have a private member's bill from one of our members who was here earlier who is following up on some of your suggestions.

From a practical point of view, if I were to donate real property, such as by making an actual transfer of three acres to my local museum, could I do it and be exempt from any capital gains on it now? Is there any issue with that? Can I transfer real property to a not-for-profit under the current tax system?

Mr. Donald Johnson: My understanding is that if it's defined as ecologically sensitive land, it is exempt; it goes to a nature conservatory. However, if it's just regular property that you're giving to a charity, no, you're not exempt.

Mr. Mike Wallace: Is there any concern, sir, that Mike Wallace owns two numbered companies and I sell my real property to my other numbered company and take the tax deduction for it but maintain the asset, and I give the money to a charity and get a tax receipt for it and have no capital gain on it. Is that a real possibility?

Mr. Donald Johnson: Well, what we're proposing is that the charity issue a tax receipt to the donor only after it receives the cash.

Now, in the case where the purchaser of the asset is not at arm's length from the donor, there is potential for valuation abuse. We propose, to address that concern, that before the charity can issue a tax receipt to the donor—one of your numbered companies—the charity would have to obtain two independent professional appraisals of the value of that asset, to ensure that the cash it has received for the value of that asset is fair market value.

• (0955)

Mr. Mike Wallace: This is your method for getting around it: transferring it directly to the charity, and they're responsible for the sale. Is that correct?

Mr. Donald Johnson: The donor could arrange for the purchase of the asset, but if it's not at arm's length, the charity has to obtain two independent appraisals to make sure that the value received for the sale of the property to the other party was fair market value. That addresses the concern about potential valuation abuse. The charity gets the cash and —

The Vice-Chair (Mr. Massimo Pacetti): Okay. Thank you, Mr. Johnson and Mr. Wallace.

Mr. Martin, you have seven minutes.

Mr. Tony Martin (Sault Ste. Marie, NDP): [*Inaudible—Editor*]...and perhaps it will give Laurel a chance to speak a little bit about domestic poverty.

I have just a couple of lead-in questions and then it's all yours.

Not doing anything about poverty has been measured by various organizations in terms of impact on the economy. I'd like you to speak about that.

Also, given that this has been brought up here in another context, maybe you could comment as well on the “two models” approach to eradicating poverty: the charitable model versus government actually taking action and putting in programs and paying for them and making sure everybody gets access.

Ms. Laurel Rothman (Steering Committee Member and National Coordinator, Make Poverty History): Sure. Thank you.

I think we have some broad recommendations, which include a designated federal poverty reduction plan that complements what the provinces and territories have been doing; a federal anti-poverty act, and, Mr. Martin, you've introduced a private member's bill that certainly embodies key commitments; and sufficient federal funding to programs that would include a decent standard of living. We also have a specific recommendation for this budget, but I'll address your other question first.

The committee should know or recall that even before the full impact of the recession in 2008, more than three million people lived in poverty in this country. Almost one in ten are children, and that doesn't even include the shameful situation of first nations, where one in four children live in poverty. You've asked what the cost is, and obviously there are costs to individual children and their families and tremendous costs to all of us.

A group of economists worked with the food banks last year in Ontario. They actually did some projections and calculations about the costs, and for Canada they estimated that the cost of poverty is between \$17 billion and \$20 billion each year in terms of increased health care costs, which of course is something we are all paying close attention to; lost productivity as a result of people not being able to be in the workforce for a number of reasons, whether it's accommodation for people with disabilities, reliable and affordable child care for lone-parent families, or whatever it is; and as well, the cost of the criminal justice system, for everything from policing to courts to incarceration to victims' expenses.

Those were the large costs across the country. So I think it behooves us all to take seriously the need for investments.

With regard to the issue of taking the charitable sector route versus a broader one—let's call it a universal public policy route—I work for one of the largest charities in Canada, Family Service Toronto. There's no doubt about the fact that the services we provide are important, but they're no substitute for public policies that not only support low-income people but prevent people from falling into poverty.

As well, I want to say just a couple of things. The fallout from the recession remains today for many Canadian families. Household debt is at an all-time high, and as the Canadian Payroll Association recently reminded us, or surveyed, six out of ten employees reported that they'd have trouble making ends meet if one paycheque was late.

So I think we have to look at preventive strategies as well as strategies to help lift out of poverty those who are in poverty now. We have a ready-made solution that can be implemented in next year's budget, and that will certainly help many people. We want to see you commit to increase the Canada child tax benefit and the national child benefit, the combination, to \$5,400 over the next three years.

The Government of Canada's own research has shown that the national child benefit supplement for low- and modest-income families prevented 59,000 families with 125,000 children from living in low income.... So it has a solid track record, it's efficient to administer, and it's clearly in the federal jurisdiction. There's something you could do: a very specific recommendation that would assist many children and their families in this country.

Let me say that as Canada's population declines slightly and our aging population increases, we all benefit from strategic investments, as some of the economic projections have shown, particularly those that bolster children's health and development and help to prepare them to become our future citizens, parents, workers, and taxpayers.

• (1000)

Mr. Tony Martin: Do I have more time? Two minutes?

Dennis, you mentioned the response to the recession being more a bailout of banks and corporations as opposed to the ordinary man and woman trying to keep body and soul together. You related it to the global experience and the third world, the developing countries. Could you relate that a bit to Canada for us and how that played out here?

Mr. Dennis Howlett: Well, in Canada, we didn't have to bail out the banks as much as other countries, but in Canada the auto sector and other sectors did receive federal support. Also, the bulk of the stimulus spending went to infrastructure, which is important, but relative to other countries, very little of it went to direct investment in green energy, which would actually produce more jobs than some of the things that we did put it into. Also, very little went to helping people cope with the downturn.

So now that we're hopefully moving out of a recession, the poor, who really did not get much help, in Canada or globally, now shouldn't be the ones to bear an unfair burden of cuts to social programs or cuts to development aid. It's simply not fair when they didn't get much help to begin with and now are being asked to bear an unfair burden.

The Vice-Chair (Mr. Massimo Pacetti): You have about 10 seconds, so I'll use it up. Thank you, Mr. Martin.

Mr. Szabo, five minutes.

Mr. Paul Szabo (Mississauga South, Lib.): Ms. McBride, I was very pleased to have your presentation on the whole idea of promoting international students for Canada, providing support for scholarships and related things, basically. Given what Australia has done, what the U.K. has done, and other countries, our numbers have been declining. I believe your report says since 2004. What's the economics of all of this if we're going to make investments of some \$22 million a year for five years? How does that translate? This is important. This as an investment that has a real payback. It didn't come out really clearly in your presentation. I'd like to give you a chance to make your last pitch.

Ms. Karen McBride: Thank you very much.

The presentation highlights a few critical facts with respect to the economic impact of international students in Canada. Some of them are short-term economic impacts and some of them are longer term that are very important.

In 2008, international students spent \$6.5 billion in Canada. That was the total value of their cost of living expenses and tuition. That's a \$6.5 billion impact across the country, and in fact that translated into 83,000 jobs in communities across the country. This is a very strong economic impact. When you look on a comparative basis, for example, however, with Australia, with two-thirds of the population and a smaller education system, they had an economic impact of \$15 billion from international students in 2008. That's two and one-half times what the impact was in Canada. So we could be doing far better.

In the longer term, I would point out that more than 50% of international students here in Canada intend to apply for permanent residency. We have a demographic crisis on the horizon. International students who come to Canada end up with a Canadian credential. They are already well integrated. There are new measures that have been put into place by Citizenship and Immigration called the Canadian experience class, which allows them to stay. So it is a way to address our labour market challenges.

•(1005)

Mr. Paul Szabo: Terrific. That's exactly what this committee should hear: that there is a situation, there is an initiative, and there is a payback over the near and longer term too. That's very important.

Let me move on to Mr. Conway. I'm glad you raised, as a significant part of your presentation, the whole issue of retirement. The United States actually some time ago started to phase in increasing the age of retirement. When you consider the impact on employees when we have economic downturns, and some of them are in the age range of 55, etc., it's a very difficult time to get back into the labour force, to obtain gainful employment, and be able to earn maximum CPP benefits. Are you convinced that we as a country need to consider these realities, that people aren't able to earn the maximum and provide for retirement? Is this as important an initiative for us to consider as some of the things that have already been talked about in Parliament?

Mr. Michael Conway: Yes, there are several reasons it's in our submission. Number one, it's just the demographics. This provides more time for people to put money away. The government has extended the mandatory date for concluding CPP contributions, I believe, from age 68 to 70. We're now saying to provide the option to go to age 75.

You mentioned work displacement, that some people find it difficult to find other gainful employment. One of the other recommendations that we had in our submission related to somebody who's been working for a long time. Hopefully for them they get a large termination payment, but then they have difficulty finding spots. Actually, the interesting thing is that some of these people then stop, look around, and decide to start their own businesses. We said, why not defer the taxation for a while on that termination payment they get from working for this employer for 15 or 20 years and allow them to use those moneys to start a new business and get on a good footing, to possibly start a company that creates employment and the like? It's trying to look at things in an innovative manner.

Mr. Paul Szabo: Unfortunately, my time is up, but I hope to talk to the gentleman later about the fact that people aren't using their full RRSP contributions, the RESPs, and the tax-free savings accounts are also—

The Vice-Chair (Mr. Massimo Pacetti): Thank you, Mr. Szabo. *Merci.*

Monsieur Carrier, cinq minutes, s'il vous plaît.

[Translation]

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

Mr. Robert Carrier (Alfred-Pellan, BQ): Thank you, Mr. Chair.

Good morning, ladies and gentlemen.

We have the good fortune of being a country that is well organized, where every lobby group is able to come and articulate its priorities and comments. I think that is a very good thing. Since we have a limited amount of time, we have to focus in on certain issues. It is very refreshing to hear from people who work to fight poverty. I am thinking specifically of the presentation Mr. Howlett gave earlier.

I have been an MP for six years, and I have the privilege of belonging to a parliamentary association. I chose Africa as a priority because that continent needs our help and our cooperation. I went to Africa two weeks ago. We visited two of the poorest countries, Benin and Burkina Faso. Assistance from the government was cut because they are no longer considered target countries for international aid. Our government made that decision as part of its move to freeze international aid. I simply want to point out we need to realize that even though we have many issues that need to be addressed here, at home, it is still important to look beyond our borders and to view our situation in terms of what is going on elsewhere.

In your presentation, Mr. Howlett, you talked about the poverty that exists here, in our own country. I agree with you. We do have poverty here, and we do not do enough about it. For a number of years now, the Bloc Québécois has been trying to give disadvantaged seniors the Guaranteed Income Supplement to bring them up to at least the low-income cutoff, which used to be called the poverty line, and the government has always refused to do so, saying it would cost too much. So it costs too much to keep people living at the poverty line. What a shame, but that is where things stand right now.

You talked about a national social housing strategy. I agree that it is important to build more social housing. In my own municipality, in Laval, Quebec, there are at least 1,000 people on the waiting list for subsidized housing, affordable housing provided by the city. So there is a desperate need for affordable housing across the country. Ms. Rothman raised the point that there is a cost attached to that, that people who are mistreated and living in poverty give rise to social costs that are always seen as exorbitant, but that doing nothing leads to other costs.

I have a question for Mr. Morsky, of the Canadian Construction Association. What do you think of the financial repercussions, at a minimum level, of a massive plan to build social housing units? Would it be a good expense, in terms of creating construction jobs across the country?

●(1010)

[English]

Mr. Wayne Morsky: Any kind of stimulus that is directed towards infrastructure is a good stimulus, in our opinion.

I know the two things a lot of people who live in poverty want, and in particular in first nations communities, are a job and a place to live. If you train them and you create the avenue for these homes to be built and the places to work, you're killing two birds with one stone.

I believe that kind of package would be very, very beneficial to the economy, because it would create jobs for people and it would also create places for them to live.

[Translation]

Mr. Robert Carrier: Yesterday, at another committee meeting, I was comparing the financial repercussions for the country of building housing with investing in the aerospace sector, when it involves buying airplanes that are built outside the country. I was told that regardless of the investment, there is always a return on investment, in other words, a positive impact.

Do you think it would have a more direct impact on the construction industry in terms of creating jobs across the country?

[English]

Mr. Wayne Morsky: Yes, of course we would, because that would stimulate the economy through many different avenues. There are surveys out there that show that when infrastructure is a priority, the money that goes back into the economy through the purchase of materials and labour costs is a very good return on the investment.

The Vice-Chair (Mr. Massimo Pacetti): *Merci, M. Carrier.*

Mrs. Block, you have five minutes.

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

Welcome to each of you.

I apologize. I arrived late, so I missed a couple of the presentations, but perhaps I will be able to ask questions anyway, as I've had a chance to look at your submissions.

My first question is for Mr. Johnson. I just want to say how much I appreciate that the title of your executive summary is "An Opportunity to Unlock Greater Private Wealth for Public Good". I think that's rather inspiring.

In your summary you say that the total tax revenue cost for the federal government would be approximately \$40 million. Then you say that the net foregone federal tax revenue on \$100 million of charitable funding would be \$11 million. I just want to provide you with an opportunity to explain that for the record.

●(1015)

Mr. Donald Johnson: The way the Department of Finance looks at the tax revenue cost of this proposal is to combine the cost of the charitable donation tax credit and the foregone capital gains tax. It adds the two together. So for \$100 million in donations, whether they be cash, stock, or, under our proposal, other assets, the cost to the federal government of the charitable donation tax credit would be about \$29 million.

Then the question they ask is how much capital gains tax they are foregoing if they implement these measures. We make the assumption that the cost base of a typical gift would be about 25% of the market value of the gift. On that basis, what the federal government would forego in capital gains taxes would be about \$11 million.

The combination of the two, the \$29 million and the \$11 million, is \$40 million. That is the cost to the federal treasury of the incremental giving of \$100 million.

Now, with respect to the foregone capital gains tax, one thing that needs to be taken into consideration is that if the capital gains tax is not removed, the donor might just decide not to make the donation, so the federal government would not be receiving that \$11 million in capital gains taxes. That's something else to take into consideration.

Mrs. Kelly Block: Thank you very much.

My second question is for Mr. Morsky. Although I didn't hear your presentation, I noted that you state in your introduction that Canada's global productivity and competitiveness are among the highest in the world. You also say that one need only look at the levels of foreign investment. Then you talk about a significant number of challenges.

Yesterday we heard from an economist that governments need to be rethought, and they referenced productivity and efficiency. I want to give you an opportunity to perhaps highlight the challenges you're seeing in terms of productivity.

Mr. Bill Ferreira (Director, Government Relations and Public Affairs, Canadian Construction Association): If I may answer, the reference in our brief is actually to our global ranking. When you look at where Canada actually sits vis-à-vis other countries, whether you look at the measurement used by the World Economic Forum or another measure, we're actually quite high. When you look at our infrastructure and the link between infrastructure and productivity, most economists now find that Canada's productivity level, to some degree, has not been able to keep up with that of other countries, in part because our infrastructure is declining.

If you look at the investments, or the lack of investment, made in infrastructure throughout the 1990s and at the reductions in capital spending across the board, not only at the federal level but at the provincial level as well, we saw significant declines in the adequacy of that infrastructure. We as an industry probably see that more than others do, because we actually are responsible for the maintenance and construction of that infrastructure.

When you look at what our international competitors are doing, such as China and Brazil, there's a long way for them to go to actually reach the level of infrastructure we currently have in Canada, but they're moving quickly. When we look at where we're going to be 10 to 15 years out, we may not be in that leadership position. We believe that infrastructure is an important investment and that Canada has to stop seeing infrastructure as just an expenditure, but as an investment in productivity, which is really what it is.

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

Thank you, Ms. Block.

I'm going to take the Liberal round. I have just a couple of quick questions.

Ms. McBride, just to be a little bit more direct, just putting additional moneys towards investment in studying abroad, is that going to solve the problem? Or do we not already have the resources, where there don't need to be additional moneys but there is perhaps something else that's wrong in terms of attracting these foreign students?

• (1020)

Ms. Karen McBride: In terms of attracting foreign students to Canada, the biggest single gap is a lack of federal investment at this point in time. In my estimation, all of the other foundations for a successful effort are in place. All the key stakeholders are aligned and working in partnership. There is very good federal-provincial cooperation, which has resulted in a first round of funding with an Imagine Education au/in Canada brand. There is an investment on

the part of institutions across the country in this effort. But at the federal level, the investment has been \$1 million per year.

The Vice-Chair (Mr. Massimo Pacetti): And where is that money going to go, specifically?

Ms. Karen McBride: The investment we're calling for we need to go primarily to actually deploy the education brand, the Imagine Canada brand. It needs to be spent principally on enhancing the visibility of Canada in key markets overseas through promotional activities. Some of that money would also need to be dedicated to creating a much—

The Vice-Chair (Mr. Massimo Pacetti): So would it be through embassies or just general...? Doesn't Immigration Canada already do that?

Ms. Karen McBride: What Immigration Canada does is it processes the study permits for the students when they apply to come to Canada. And indeed some backfilling of resources there would be required, but—

The Vice-Chair (Mr. Massimo Pacetti): And our embassies don't do that? There is no promotion done by our embassies?

Ms. Karen McBride: Many of our embassies are somewhat active in that area—

The Vice-Chair (Mr. Massimo Pacetti): And our western universities, for example, would not try to target, perhaps, more the Asian countries, and eastern universities target the European countries? Wouldn't that be a natural...?

Ms. Karen McBride: I would say that many of the universities and colleges are looking at similar target countries, in particular China, India, Brazil, those with whom we want to—

The Vice-Chair (Mr. Massimo Pacetti): So there are more resources needed for that type of marketing?

Ms. Karen McBride: There is absolutely more. When you compare with what our competitors are putting in, we lack visibility.

The Vice-Chair (Mr. Massimo Pacetti): Okay.

I just want to get a quick question in to Mr. Conway. I think everybody is in agreement that we make the Income Tax Act a little bit easier. I'm an accountant by profession, and even though that's how we make our living sometimes, it would actually make our lives a lot easier.

But you're sort of contradicting yourself and I'm going to challenge you on this one. First of all, you say you want to make the Income Tax Act easier, and then you turn around and give us three or four additional recommendations that would only make the Income Tax Act much more complicated, along with some of your other colleagues around the table or some other groups we've had here testifying before committee. So where do we start?

Even something as simple as saying a 125% deduction for an RRSP would probably take another two or three pages in that little book of yours.

Mr. Michael Conway: That's a good question. We're recognizing that probably this big thing is not going to skinny down to this little thing any time real soon. As with everything in life, there is a bit of a balance. We were trying to put forward some recommendations.

Maybe to respond more fully to both your question and Mr. Wallace's earlier question, we—

The Vice-Chair (Mr. Massimo Pacetti): So if we can get some concrete recommendations, I think Mike and I would appreciate that.

Mr. Michael Conway: Well, actually, within our submission we did detail out various recommendations, like the reduction of CCA classes, consideration of joint personal tax returns, and permitting private corporations eligible for small business deductions to use accounting income for taxable income.

Possibly because this is such a complicated thing—as you know from your educational background—maybe a task force could be established, and we'd stand ready to assist.

The Vice-Chair (Mr. Massimo Pacetti): That's probably a good idea.

Okay. I just have one more minute, and I want to challenge the Make Poverty History group. Just quickly, there are two trains of thought. Some people will say poverty will never be eradicated no matter how much money we spend, and then some people say just a little bit more money and we're going to solve all the problems in the world. So is there a balance there somewhere in between? I guess the question is, do we get a return for the money we invest?

I know Ms. Rothman alluded to part of that, but how do we calculate? And I'm talking as an accountant now.

Mr. Dennis Howlett: Well, no country has eliminated poverty altogether. But Canada actually does poorly compared with many other countries in terms of its own domestic poverty. Many countries in Europe have achieved rates of less than 5% poverty. We're at 10% or so. So we could do that.

What I'm saying here is that we really need to shift our thinking away from the welfare state kind of model to investment in human resource development, and that investment will pay off. So it's not money down the drain. It's investment in our future, and that will pay off in terms of reduced health care costs as well as people who are better able to contribute to their full capacity to society at large.

•(1025)

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

Mr. Menzies, for five minutes.

Mr. Ted Menzies (Macleod, CPC): Thank you, and thank you to our witnesses for coming here today. We have so many questions and not enough time to ask all of the questions we'd like answered.

Some of them, Mr. Johnson, I'm sure you've answered before. Is it the fifth year that you've come here to plead your good case with a well-portrayed, good, solid argument? I think this committee needs to take a serious look at it, because you're never going to go away.

Mr. Donald Johnson: I agree.

Voices: Oh, oh!

Mr. Ted Menzies: We appreciate that. So I actually don't have a question for you, Mr. Johnson.

To Mr. Morsky, one comment that I will make is about the concerns we had getting the stimulus money going. We're looking at

deadlines now at the end of March. We had to set deadlines because the stimulus money was temporary, timely, and targeted—and for the temporary part, we had to put an end date on it. We're saying we're going to be flexible with that now, but a lot of it was that recessions don't wait for governments to get ready. We had to react quickly, and because of regulatory hurdles we had to jump through, some of your projects were started late. Provinces, municipalities, and the federal government worked well together, but some of the projects were late in starting because of all of those regulatory hurdles. I would assume those were what you were dealing with before you ever actually got the approval to get started.

Mr. Wayne Morsky: Yes, there were a lot of those things. I know that our association worked very closely with the environmental people here in Ottawa to try to get the permitting process to move more fluidly so that some of these projects could go through, instead of having both a provincial environmental assessment done and a federal one. They were amalgamated so that the two were done together. Things like that were done to get things through.

A lot of it has to do with capacity and planning, and that's what we think about when we talk about infrastructure. In order to have a cyclical up and down in the development of the infrastructure, it's really hard for an industry to ramp up and to ramp down for it. If you take, for example, my industry of road building, the capital cost of purchasing equipment is one of the biggest things we have to deal with. So anything we can do to speed up and help the process is very much appreciated—and it is cost effective for the end user.

Mr. Ted Menzies: Do you have a number at your association of the jobs that were either saved or started?

Mr. Wayne Morsky: We may not have a number, but Bill might have some statistics.

One thing I can comment on is that in Canada, we figure that employment in our industry dropped 140,000 within the first eight months of the recession, but since then the industry has grown month over month and is now close to about 30,000 people off our pre-season high of 1.3 million Canadians working in the construction industry.

Mr. Ted Menzies: And hopefully you don't expect that to drop off on April 1 at the end of the stimulus spending.

Mr. Wayne Morsky: Well, we certainly don't hope that happens. We are concerned that we're not seeing the return of the private sector demand that we expected or hoped for. Particularly in Alberta right now, when I talk to some of the members there, I know there's a big gap coming in some of the commercial building in downtown Calgary because the credit market is not coming back at the pace they expected it to.

Mr. Ted Menzies: Thank you for that.

Mr. Howlett, we hear so much about poverty, and we would all like to alleviate it, but everyone in this room will have a different definition of what poverty is. I guess that's what I struggle with. We've taken over 950,000 low-income Canadians right off the tax roll. They no longer pay taxes because of the tax reductions we've put in. We've doubled our aid to Africa.

You criticize us for not doing more, but we've consistently, as a government, flowed money to poorer nations. How much does it take to be effective, in your estimation, if the \$5 billion that we've said we're going to continue to flow through ODA isn't enough for Canada's contribution?

• (1030)

Mr. Dennis Howlett: Canada, again compared with other countries, is about 16th or 17th out of 23 countries. So we do not compare that well with other countries in terms of our total aid effort.

In terms of measuring poverty, the globally accepted measure for extreme poverty is \$1.25 a day. Many people in many countries have escaped poverty. A lot of countries no longer need our assistance, and a lot of them are financing their poverty reduction primarily through mobilization of domestic resources. That's all good.

Canada could do more through helping developing countries deal with tax havens and stemming the flow of illegal money flowing out of the country. But there are still some countries, especially in Africa, that are not at a level yet where they can benefit from the trade and the investment opportunities that are out there and they still need help.

The point here is that, yes, Canada has made a significant contribution, but now is not the time to draw back in that effort. We've got five more years to achieve the MDGs, and Canada should continue to increase its effort. Other countries are doing that. The U. K., France, and others are not pulling back; they're stepping up, as is the U.S. So Canada needs to step up its efforts. It's done a good job in the past, but it needs to do more.

The Chair: Thank you.

Thank you, Mr. Menzies.

I want to thank all of the witnesses for being here this morning, for your presentations, and for responding to our questions. If there's anything further you'd like the committee to consider, please submit it to the clerk.

On the tax haven issue, for your information, we did adopt a motion by Monsieur Paillé yesterday, so we will be looking at that issue some time later this fall. That is just for your information.

I want to thank you all.

We're going to suspend for a couple of minutes and bring the next group of witnesses forward.

• (1030)

_____ (Pause) _____

• (1035)

The Chair: Colleagues, I will introduce the organizations and then have them present in order. Each organization will have up to

five minutes for an opening statement. We want to thank you all for being with us here this morning.

We have the Canadian Wind Energy Association, the Canadian Hospice Palliative Care Association, the Canadian Association of Retired Persons, the Canadian Association of Speech-Language Pathologists and Audiologists, and the Canadian Meat Council. We'll proceed in that order, so we will start with the Canadian Wind Energy Association.

They're not here.

Ms. Baxter are you presenting, or is it Mr. Sangster?

Ms. Sharon Baxter (Executive Director, Canadian Hospice Palliative Care Association): It's the both of us.

Mr. Michael Sangster (Vice-President, Federal Government Relations, TELUS, Canadian Hospice Palliative Care Association): Good morning, and thank you for the invitation to speak before you.

My name is Michael Sangster, and I'm appearing as an individual to co-present with Sharon Baxter, the executive director of the Canadian Hospice Palliative Care Association. I'm not an expert on hospice and palliative care, but I do sit on the association's champions council because I feel the issue will have profound impacts on Canadian society as more and more Canadians look for hospice and palliative care and solutions and programs in Canada.

This committee is familiar with numbers and reports, so I'm not going to re-read the submission we have made to the committee. We all know that our society is getting older. We know that we are all living longer, and there is and will be a growing need for end-of-life care for our parents, aunts, uncles, spouses, and friends. I believe you see it in your ridings, in your families, and within your own social groups. You know that the need is rising and will continue to rise. I am here to add my voice of support for a group of Canadians who do these heroic services across Canada at the most trying of times for the families and friends of dying patients.

I am here because the Canadian Hospice Palliative Care Association has created a champions council to look for alternatives and solutions outside their everyday routine and to create partnerships that can make a difference. They are working with industry and other health care organizations, politicians, and everyday Canadians to make the change that is necessary. They need your support, and I am here to highlight their four requests for support and to make one of my own.

Visit a hospice or palliative care unit in your riding and see the amazing work these Canadians do every day across Canada. I believe you'll be amazed, and you'll learn more in a few hours about the work they do to ensure dignity and respect for families and patients at the most terrible times in their lives. After that visit and the understanding of the population issues that are facing Canada, I think you will better understand how this issue needs your support, along with Canadians and industry, to ensure that we better understand the issue. We will get better at talking about the issue, and we can work even closer together to plan for the growing demand for these serious issues.

Ms. Sharon Baxter: *The Economist* Intelligence Unit ranked Canada ninth in the international quality-of-death index released on July 14, 2010.

Canadian families frequently shoulder up to 25% of the total cost of palliative care associated with home care services, nursing, and personal care services. This is an increase, and it's growing because Canadians are more often cared for at home. If they're in acute care settings, it costs less. Now that they're wanting to die at home, it's costing more out of their pocket.

Although Canada scored within the top 10 countries examined, we are still unable to provide valuable hospice palliative care for over 70% of our population. We're here to make four recommendations for an investment in a predictable population health change. Our recommendations can be found in the *Blueprint for Action*, and we brought copies for you.

The first recommendation is to ensure that all Canadians have access to high-quality hospice, palliative, and end-of-life care. This must be an integral part of our health care system and available in all settings, including hospitals, long-term care facilities, complex care settings, residential hospices, individual homes, or in shelters. When someone is diagnosed with a life-limiting illness, involving palliative care early can provide a better quality of care and reduce suffering.

The second area is to encourage Canadians to plan and discuss their end-of-life hospice palliative care. End of life will not be a priority in the health care system until it's a priority for all Canadians. We feel strongly that it isn't until a Canadian bumps up against the health care system in a point of crisis that they actually realize this.

With the aging population, more attention must be focused on this issue. The type and quality of care that people receive at the end of their lives depends in large part on their ability and willingness to talk about end of life. So we would like to educate Canadians and raise awareness about the importance of advanced care planning; encourage patients to talk about their end-of-life care and go through the process of advance care planning; and encourage much more public discussion about death and dying and the importance of high-quality end-of-life care.

The third one is to provide more support for family caregivers. We have a number of pieces in there, and I'm not going to lay them all out because they're in the report. Generally speaking, we'd like to look at the compassionate care benefit being extended, and also to look at a caregiver tax credit similar to the child tax credit.

The last one is to improve the quality and consistency of hospice palliative care in Canada. We'd like to continue to look for funding to continue to support research and palliative and end-of-life care.

In closing, quality palliative care is the right of every Canadian, yet not every Canadian can access these services at the time when they and their families need it the most. Combining this with an aging population, the system is being stretched and tested as never before. Issues about health care in Canada may appear complex, but the conclusion with public investment is simple. Canada can invest now to support an aging population or will predictably pay much higher financial and human suffering costs within the foreseeable future.

The CHPC looks forward to hearing from the government in response and hopes that action will be taken on many of these recommendations.

• (1040)

The Chair: Thank you very much for your presentation.

We'll now hear from the Canadian Association of Retired Persons.

Ms. Susan Eng (Vice-President, Canadian Association of Retired Persons): Thank you very much, Mr. Chair.

My name is Susan Eng. I'm vice-president of CARP. With me is Michael Nicin, who is our policy development officer.

CARP, as you know, is a national, non-profit, non-partisan organization with 300,000-plus members across the country in 40 chapters. We focus on the quality of life for all Canadians as we age.

I've been before this committee before asking that the finance ministers across the country take some action on pension reform. Indeed, after June's meeting this year, led by the finance minister and Mr. Menzies as well, there have been some good announcements about looking at pension reform for the future. However, that leaves behind today's retirees and those facing financial insecurity as they retire.

CARP is calling for better support for older Canadians in the next federal budget, including increased OAS, GIS, specific support for older women, and, of course, caregiver support. The financial insecurity brought on by the economic downturn is particularly challenging for today's retirees, who have limited opportunity to recover.

Poverty among Canadians aged 65-plus is estimated by the OECD, prior to the recent downturn, to be about 4.4% or 200,000 people. However, 7% of Canadians over 65, or about 300,000 people in 2008, were living under a low-income cutoff, a commonly used Canadian measure of poverty. Even though those numbers are significant and represent an improvement over the past, we have to look at the fact that 1.5 million Canadians over 65 receive some form of GIS, which indicates clearly that they face some financial insecurity, and many of these people are one medical crisis away from poverty.

Increasing bankruptcy rates among Canadians 55-plus, those thinking about retirement, are another measure of financial insecurity facing older Canadians. A federal report from 2006 noted that for the five years from 2001 to 2006, the number of Canadians over age 55 who had declared bankruptcy had grown steadily. In 2006, over 7,000 people in this category filed for bankruptcy. By 2009, that had doubled to 15,700 people.

Women are particularly hard hit with historically lower incomes and child caring responsibilities, and now are increasingly bearing the main responsibility for elder care. According to the 2006 census, 18% of women over 65 who lived alone lived in poverty. Over 60% of women who retire without occupational pension plans, because those are the types of jobs they tend to work in, depend entirely on their small savings and the supplementary income programs you provide. The working patterns of women may have changed over the last decades, but the caregiving expectations have not. From child rearing to caring for aging relatives, women still bear the primary responsibility.

Caregiving is a major part of our focus. We've talked about financial security as part of the fourth pillar; that is, the informal sector, including caregiving support. According to a 2008 Statistics Canada report, about 2.7 million Canadians, aged 45 or over, or approximately one-fifth of the population in that demographic, provide some form of unpaid care for people 65 years of age or older who had long-term care issues. Estimates of that unpaid labour contributed by family caregivers varied, but one estimate that was presented to the Senate report on aging was \$25 billion per year. Obviously, any amount that is announced or provided has to be matched against that.

We've made our recommendations in the presentation we have given you. They include increasing substantially the income supports, namely OAS and GIS, and placing a moratorium on mandated RRIF withdrawals. We were grateful for the 25% reduction in 2008, but we think there should be a permanent reduction.

There are a number of specific issues that apply to women. With respect to the caregiver strategy, we are pleased to note that the Liberal Party is announcing today support for caregivers in the form of a tax credit and EI support. We think that's a huge first step. As the Liberals are not yet in government, I invite the government to adopt that as a very good idea to implement immediately in the next federal budget.

Thank you very much.

• (1045)

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

Ms. Barnes, will you be presenting on behalf of the association? You have five minutes.

Ms. Gillian Barnes (President, Canadian Association of Speech-Language Pathologists and Audiologists): Thank you very much.

My name is Gillian Barnes. I am president of the Canadian Association of Speech-Language Pathologists and Audiologists, or CASLPA. With me today is Ondina Love, CASLPA's executive director.

First let me explain a little bit about what CASLPA does. We represent more than 5,500 speech-language pathologists, audiologists, and supportive personnel in Canada who work to maximize the communication and hearing potential of Canadians. Speech-language pathologists have expertise in typical development, assessment, and intervention, and in communication and swallowing disorders. Audiologists have expertise in identifying and managing individuals with peripheral or central hearing loss, tinnitus, and balance disorders. CASLPA understands that government must monitor expenditures closely to get the best value for taxpayer dollars. By spending smarter, government can achieve larger social goals without increasing financial obligations. Indeed, in some cases, smart spending saves money in the long run.

There are two areas in which the government can act. The first is the early identification of speech disorders. Eight to twelve percent of preschool-aged children have some form of language impairment. Most are not identified until well after they fail to begin speaking, generally when they are two or three years old. This is simply too late and unduly hinders communication development, leaving children at an academic and social disadvantage. Untreated speech and language disorders can cause serious and significant social problems for affected children that, in addition to contributing to difficulties in learning, have a real negative effect on their lives and the lives of their families, not to mention society in general. The federal government should provide targeted funding for identification of and intervention in these disorders.

Our second recommendation is for the Canada-wide adoption of universal newborn hearing screening programs. As you most likely read in *The Globe and Mail* this morning, CASLPA launched a campaign to this end yesterday on Parliament Hill. Three to five children per thousand in Canada will have some hearing loss. The average child with significant hearing loss won't be diagnosed until they are nearly two and a half years old. For moderate hearing issues, problems are unlikely to be identified until school age. This need not be the case. A simple, non-invasive, highly accurate test exists that can quickly screen for hearing loss in newborns and can be performed before they leave the hospital. More importantly, in an era where medical diagnostics can present a burden on health budgets, this test is inexpensive, costing only about \$35 per infant screened. That's less than \$15 million to test every baby born in Canada last year. Measured on a per case identified basis, it costs much less than a number of other existing newborn tests. The advantages to identifying hearing loss early and implementing early intervention are clear: infants with hearing loss who are so identified by the age of six months perform 20 to 40 percentile points better on school-related measures than do those who are identified at a later age. Those who are identified by six months of age also end up with much better language scores than do those who are identified later, an advantage that holds true even when controlling for a bevy of other unusual predictive factors. When action is taken early, children with hearing disorders need not suffer unduly.

The United States already screens more than 95% of infants. Canada should follow this lead and implement a universal newborn hearing screening program. Such a program should aim to have all newborns, not just those deemed high risk, screened in the first month of life, with any necessary diagnostic testing being completed by three months and necessary intervention beginning no later than six months of age. Current Canadian practice for newborn hearing screening is inconsistent. There is no coordinated national approach to this issue, and in most cases there is no dedicated funding for newborn hearing screening.

No province has legislated requirements that infants be tested. Some, such as Ontario and New Brunswick, have offered newborn hearing screening; however, Manitoba, Saskatchewan, Newfoundland, and Alberta have no universal program. A coordinated national approach will ensure that all babies born in Canada have equal access to hearing screening that can identify hearing difficulties at an age when they are most easily managed.

Thank you.

• (1050)

The Chair: Mr. Laws, please.

Mr. James M. Laws (Executive Director, Canadian Meat Council): Good morning. Thank you for inviting us to speak today, as you seek input into the next federal budget.

My name is Jim Laws. I'm the executive director of the Canadian Meat Council. With me today is Margo Ladouceur, our regulatory affairs manager.

Canada's federally registered meat processing industry is by far the most regulated of all the food processing sectors. The Meat Inspection Act and regulations are extensive, and unlike other food sectors, meat inspection is regular and mandatory.

The Canadian Food Inspection Agency charged \$21 million to processors in 2008-09 for meat inspection fees. Fees for inspection services, export certificates, label approvals, etc., constitute a competitive disadvantage to Canadian federally registered meat processors. These fees are in addition to the growing staffing cost to deliver programs like the HACCP-based inspection program, the compliance verification system, and a significant increase in mandatory pathogen testing requirements, such as the new listeria control policy. This is in sharp contrast to American processors and Canadian provincially inspected meat processors, who are not subject to the same additional costs.

Our first recommendation is that Canada should not charge meat product inspection fees to federally registered meat establishments. The estimated cost for that is \$21 million per year.

Ms. Margo Ladouceur (Regulatory Affairs Manager, Canadian Meat Council): In July 2007, Canada's enhanced ruminant feed ban regulations came into effect. These new regulations require the removal and disposal of certain ruminant materials that were previously allowed in the non-ruminant animal feed supply. These requirements impose tremendous ongoing costs and lost revenues to our beef packing sector that are not faced by our American competitors.

In July 2010, the Government of Canada announced a one-year abattoir competitiveness program, offering \$31.90 for cattle over 30 months old slaughtered to help maintain a critical slaughter capacity in Canada.

Our second recommendation is that Canada should extend the abattoir competitiveness program until the end of 2011 to offset the cost of the enhanced ruminant feed ban regulations that came into effect in July 2007. The expected federal cost is \$25 million per year.

•(1055)

Mr. James M. Laws: Over the years, meat processors have been continually improving their food safety systems. Millions of dollars have been invested by companies in upgrading their equipment and reformulating their products to include newly approved antimicrobials and new technology, such as the new high-pressure pasteurization technology and addition of sodium diacetate to ready-to-eat meats and poultry products. Hundreds of thousands of dollars in additional listeria, salmonella, and E. coli testing, and countless more hours by sanitation management and quality control personnel have been invested. However, the lessons learned from the listeria outbreak of the summer of 2008 indicate that more needs to be invested in food safety technologies.

Our third recommendation is that Canada should create a new food safety tax credit based on eligible expenses for Canada's food processing industry for a safer food supply for Canadians. Many new processing technologies, packaging, and testing equipment are available to improve food safety. Like the very popular home renovation tax credit, a time-limited federal food safety tax credit would provide a simple, uniform, national financial incentive for food processors of all sizes in commodity sectors in all regions of the country. It would reduce the cost of food safety investments without constraining the choice of technologies or services, without regard to jurisdiction having regulatory responsibility for the plant, and without the limiting and bureaucratic features of grant programs.

The expected federal cost for that would be \$170 million per year.

Thank you for your time. We would be pleased to answer any questions.

The Chair: Thank you very much for your presentation.

We will finish now with the Canadian Wind Energy Association.

You have five minutes, Mr. Whittaker.

Mr. Sean Whittaker (Vice-President, Policy, Canadian Wind Energy Association): Thank you very much, Mr. Chairman.

[Translation]

Members of the committee, I am very pleased to be here with you today.

[English]

My name is Sean Whittaker. I'm the vice-president of policy for the Canadian Wind Energy Association.

Our asks around the 2011 federal budget focus around three areas, each of which has a particular focus on an area of interest to us. One is on the development of Canada as a clean energy superpower. The second is an interest in building wind-related R and D capacity in Canadian universities and colleges. The third is an interest in strengthening our northern communities and reducing their reliance on diesel generation.

From that there are three particular asks we are looking for. One is development of a pan-Canadian wind integration study, the second is a wind energy capacity development initiative, and the third is a northern and remote wind incentive program. I'll spend a few minutes going over each of these.

The first ask is support for a pan-Canadian wind integration study, which would amount to about \$3 million over the course of one year. As many of you know, Canada is very well positioned to be a clean energy superpower. We have a remarkable resource, not only in wind but also in hydro and other sources, and CanWEA believes that wind energy could satisfy 20% of Canada's electricity demand by 2025, which is a great opportunity, particularly given the great demand for green energy in our neighbour to the south. But what we really lack, at the present, is an understanding of what the great impacts would be. So if you bring on high levels of wind or high levels of hydro, what are the operational changes that are required, and what would Canada's electricity look like? What transmission builds would be required in order to accommodate this?

In order to get an understanding of this, there is an urgent need to develop a wind integration study. Over the past year and a half, CanWEA brought together representatives of every system operator in Canada as part of a steering committee to develop the terms of reference for the study. The estimated overall cost is \$6 million, half of which would come as in-kind contributions from the utilities themselves. We certainly have strong support from this government and would be looking for \$3 million to help with this study.

The second ask has to do with a wind energy capacity development initiative, which is \$25 million over five years. At present Canada's expenditures on wind-related R and D on a per capita basis are about one-third of what they are in the United States, so this is a gap we feel needs to be addressed. In the past two years there was an initiative that was led by industry, funded by government, to develop a wind technology road map, which brought together experts across the country to look at R and D opportunities for wind across the country. That document was released about six months ago. It had some great recommendations in it, but there was no federal funding attached to it. We are seeking \$25 million over five years for this initiative, which would essentially act on the recommendations that this group of experts brought forward, and really the goal of that is to make sure that for every turbine that's installed in Canada, you are maximizing the number of jobs in the economic investment that happens in Canada as a result.

The third ask is for a northern and remote wind incentive program, which would amount to \$63 million over a five-year period. As many of you know, in Canada's northern and remote communities—there are over 300 of them—they rely on diesel generation. It's expensive, it's polluting, and it brings very few local economic benefits. Wind in these cases is a proven made-in-Canada solution.

If you travel to Alaska, there are many communities that already use wind-diesel technology. In fact, they use Canadian wind-diesel technology to displace diesel generation. We already have a lead in manufacturing of turbines in this range, so a program to promote this technology would do a great deal to boost Canadian industry. According to our projections, it would meet approximately 8% of northern electricity demand and reduce fossil fuel use in northern communities by about half a billion litres over the course of the project. It is an opportunity for Canada to gain a position in a growing market globally for isolated power.

In conclusion, we have a total ask of \$91 million over five years. It is an opportunity for us to really get traction as a clean energy superpower. It's an opportunity for us to build on our R and D capacity, which is currently lacking, and we have very strong provincial support for these initiatives.

Thank you very much, Mr. Chairman.

• (1100)

The Chair: Thank you very much for your presentation.

We will now start with members' questions. Ms. Hall Finlay, for a seven-minute round.

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

Thank you, everyone, for being here.

Please don't take it personally, but my question actually is addressed to Ms. Eng and to Mr. Sangster and Ms. Baxter, because I am actually very proud of the fact that the Liberal Party has made a very significant announcement this morning about some very important things that the Liberal Party would do when it actually forms government.

One of them, in particular, is a proposal for a family care EI benefit that would extend the six-week provisions now in place to a full six months, but with significant flexibility within the six months. It would be built similarly to the current parental leave benefit. This would allow an extremely large number of caregivers who are caring for ill and aging family members to provide the care that is so desperately needed without having to quit their jobs. We know this from submissions by entities like CARP, like the palliative association, and very many organizations who have been saying this is desperately needed. So I'm very proud of that.

The other part of the announcement was that we would provide a family care tax benefit. This would be a tax-free benefit modelled on the child tax benefit, which would provide up to \$1,350 a year for those same people, the people who are giving care to family members in situations where now they do so and sacrifice income they would otherwise be able to gain, but for the time and effort put into caring for family members.

Needless to say, we're extremely proud of this. We understand this is something that is very desperately needed in society, and I would love to hear your comments, Ms. Eng, Ms. Baxter, and Mr. Sangster. If anyone else has any thoughts, please jump in. But I would love to hear your thoughts on how this is going to improve the lives of many people.

Ms. Susan Eng: Thank you very much, Ms. Hall Findlay.

In fact, CARP has been on the record asking for caregiver support repeatedly. As we have made very clear, it has to be treated as one pillar of retirement security for Canadians, as not only the income they get from their pensions but also the defraying of their expenses as they meet their medical and other challenges. We have actually polled our members and they are, all of them, involved in some form of caregiving. All of them need to have some kind of financial support, and most of them have challenges in terms of the time they have to take off work, the insecurity of their job, the costs involved, and of course the health and other pressures they face. So all of these things are mounting up, and women in particular take on the lion's share of that responsibility.

Obviously, a recommendation that there be some substantive financial support is met by the proposal. Of course, we would like to see it be law, so I hope that all parties of the House will in fact endorse that proposal and get it done, because people are actually confronting these challenges today.

I'm pleased to be here with the palliative and hospice association because we also polled our people about end-of-life care. One of the points that came through—you may have seen it in the media—was that our people were actually supportive of the idea of assisted suicide. But it cannot be interpreted that they were asking for that so much as they were afraid of a bad death. To that extent, the idea of caregiving flowing into proper palliative care is all of a piece, and it's an important issue that we all face. There are many who are facing it in silence and with a lot of pressure.

This announcement comes at a good time. We are very supportive of all the aspects of it. It is a sizable amount of money. We can't hesitate to point that out. However, the unpaid labour being leveraged by that kind of expenditure is in the \$25-billion-per-annum range. So when we look at the cost-benefit analysis, we're not even talking about the potential for diverting a massive amount of demand from the health care system to the contributions by family caregivers.

• (1105)

Ms. Martha Hall Findlay: Thank you very much.

I'll turn now to Mr. Sangster and Ms. Baxter.

I will point out that for the announcement, the costing of it works out to about \$1 billion a year. It is a significant amount of money. But when we also look at the proposed purchase of 65 fighter aircraft, with estimates of up to \$0.25 billion per aircraft...I think it is time this country really examined where we know the needs of Canadians really are. If the value of the cost of this program is the equivalent of four planes out of a total of 65, it's an important question for us to be asking. Again, I'm very proud of this announcement.

Ms. Baxter or Mr. Sangster, I'd like to hear any comments you might have.

Ms. Sharon Baxter: Sure.

In the *Blueprint for Action*, which is the 10-year plan for hospice palliative care in this country, we make six proposals around caregiver issues, and those are two of them. That's always nice to see.

We're thrilled about it, but we also realize that families are very diverse. Certainly any EI-based benefit is only beneficial for those who qualify for it. There are other points we need to consider on top of that, but it's a great first start. I think it will affect many Canadians and the bulk of the Canadians who are caring for dying loved ones. At this time, about five million out of 34 million Canadians are caring for loved ones. So it's very important.

I want to throw another little piece around. Obviously there's an economic benefit to doing this, but if you look at the health care system, people are going into acute care hospital beds unnecessarily because they're not being supported at home. A patient who is dying may say they want to stay at home as long as possible. We need to divert those \$1,200-a-day acute care hospital placements in emergency, if we can help it, and give good home care and good support to caregivers. Those practical pieces help divert the acute-care hospital placements.

Even though it's the right thing to do and it supports patients and families, it also ultimately saves the health care system dollars in other areas. Even though it seems like a huge investment initially, it saves the health care system in premature placements. For all those reasons, it's a great thing to do.

The Chair: Thank you, Ms. Baxter.

Thank you, Ms. Hall Findlay.

[*Translation*]

Mr. Paillé, your turn.

Mr. Daniel Paillé: At first, I thought it was a publicity move by the Liberal Party, but it turned out well.

I am very attuned to all the concerns of the Canadian Hospice Palliative Care Association and the Canadian Association of Retired Persons. In each of your third recommendations, you both address the issue of informal caregivers.

In another life, I participated in training for a network of caregivers. It involved the most famous case in Quebec, that of the late Gilles Carle and Chloé Sainte-Marie. There is also the case of Claude Léveillé right now. These people are known. They were already somewhat prominent figures. In their case, it is possible to raise a lot of money.

According to your recommendations, it is necessary to put more focus on hiring attendants. The Canadian Hospice Palliative Care Association, for example, suggested employment insurance benefits. However, the person cannot have a job. I think you talked about that. That leads me to wonder whether most people who become informal caregivers had a job previously or whether the person being cared for had a job but lost it.

Furthermore, there is the whole issue of hiring attendants. We know full well that the people being looked after require a lot of care. They sometimes need to be moved, from one place to another. There is also the consideration of the necessary accommodations. It was suggested that refundable tax credits be created to cover all the modifications made to cars, beds, homes, bathrooms and so forth.

I am not sure whether you have recommendations for the government in that regard. It has to do with taxes. I would very much

like to consider anything that is possible at the tax level, while ensuring jurisdictions are respected. As we know, the federal government imposes a lot. Health and social services are the responsibility of Quebec and the other provinces. We just need to keep that in mind.

Ms. Eng, what are your thoughts on that?

• (1110)

[*English*]

Ms. Susan Eng: Thank you very much for the question. I very much appreciate it.

In fact, our caregiver strategy has three parts to it.

The first part, of course, is financial support, for which we are grateful for the announcement.

The second part is workplace protection, making sure that people's jobs are waiting for them when they go back, because oftentimes people have to take time off suddenly, without much notice, for extended periods of time, and repeatedly. So we look for workplace protection. The federal government has a role in providing some leadership, but it is a provincial jurisdiction for workplace protection.

The final piece is almost as important, and it is asking that the health care system actually facilitate their work, that is recognize their work, provide some training, offer some information, provide respite care. Frankly, that would cost very little, in fact very little compared to the financial support that is also necessary. The whole issue of home care, of course, relies heavily on family caregivers, and friends and neighbours as well, but also on the people who work in the business in providing the care, who are often low-income workers, we fear, without adequate training, and there have been some instances with that.

I think this whole area requires a lot of conversation to make sure that we are aware of how bad it can get. People tend not to talk about these issues. As the palliative care association mentioned, one of our problems is that in this country we don't like to talk about the end of life. We congratulate the Province of Quebec for engaging and initiating the conversation. It's much needed.

If we start to look at it from the perspective of the family that needs this kind of support, we realize where the gaps are. Some of the gaps are essentially there because people don't know where to turn when the situation arises. Even that much information is something that every level of government has some responsibility in providing, and it would not cost a lot of money. So all of these things are extremely important.

In terms of extending support for medical equipment, renovations, the renovation tax credit was helpful and was used for people who had to rehabilitate their homes for use for mobility challenges as well. But in addition to that there are whole categories of equipment that are not covered by the tax credit. We need to look at that entire category to make sure that all you need in order to make the end of life peaceful for people has to be addressed.

•(1115)

[Translation]

Mr. Daniel Paillé: Thank you.

[English]

Ms. Sharon Baxter: Many of the people who are taking time off to care for their dying loved ones are indeed working. The average caregiver is a 35- to 65-year-old; it's predominantly women, and more often now men, but in that age group. Obviously, there are senior citizens who are caring for their spouses, and that type of thing, who aren't in the income piece. But there are a number of shortfalls within the EI-based program, too, for people who don't qualify for EI. So we need to really look at a full spectrum of programs and balance it between them.

One of the reasons why we invited Mike here today is to talk a little bit about the industry's role in it. GlaxoSmithKline is a corporation that actually provided their own compassionate care benefit—which predated the federal government's program—in 2003, where they allow 13 weeks' leave for their employees, because their employees were showing up either disengaged or were phoning in sick. There were lots of reasons why, as employers, they needed to do that. So they created their own benefit.

I think in order to have this debate over the next 10 years, industry is going to have a clear voice in this, because they are the employers of many Canadians. So I think we're hitting the tip of the iceberg, but we're really going to have to engage in a very innovative type of debate over the next 10 years on how we're going to support family caregivers.

The last thing you mentioned was about personal support workers. They're referred to in the health care sector as the unregulated workers. As more and more physician tasks are being handed off to nurses and being handed off to personal care workers, we really need to invest in retention, recruitment, compensation, and training for them. They're often poorly trained and terribly compensated.

I think we really need to look at all these areas of our health care system, because they are important. You can't expect the backs of Canadian families to do it all. We really have to balance it.

The Chair: Very quickly, Mr. Sangster.

Mr. Michael Sangster: Very briefly, I just want to applaud the association for the work they've done. They have actively sought out and engaged industry to be a part of this discussion and be part of the solution.

I liked your question. I like the comments about workplace protection, but they've actually gone out and actively engaged, and they are constantly meeting with large industries, with small industries to have those discussions about how this is going to play out over the future, because it is going to be a challenge for all of us. So I applaud your question.

The Chair: Thank you.

[Translation]

Thank you, Mr. Paillé. That is all.

[English]

Mr. Menzies, please, for seven minutes.

Mr. Ted Menzies: Thank you, Mr. Chair, and thank you to our witnesses for appearing. I have just one word of caution to those who appear here. Ms. Eng, you represent somewhere around 300,000 retired individuals, and yet your reflection that... I'm not sure whether it's your political stripe, but I don't think you're reflecting your entire membership when you refer to the Liberals as a "government in waiting". I personally take offence at that, and I'm sure some of your membership would as well. We've seen other uncoded promises from the Liberal government—the \$2 million long-gun registry that ended up as \$2 billion—

Some hon. members: Oh, oh!

Mr. Ted Menzies —so their math is a little tough.

I'm sorry to interrupt the ad campaign on behalf of the Liberals.

Mr. Sangster and Mr. Baxter, you have touched my heart today. I was with my premier, Ed Stelmach, about ten days ago at the Foothills Country Hospice in Okotoks. It is an incredible facility, but there is not enough of them. I had toured the facility before it was ever opened, thinking I would never be able to go back there because I would be imposing on families. But we were invited back and we were invited into one of the rooms. I met with someone who turned out to be one of my constituents. They come from all over Alberta to this centre, which was built mostly with volunteer dollars.

I certainly hear the need and the concerns about who funds it when it's up and running. Correct me if I'm wrong, but I think Alberta is funding about 70%, and 30% is....

After that, of course, we went to a fundraising gala, where we opened our wallets, of course. Certainly, it's a necessary part.

I struggled with this myself; we've all gone through this as families. The people who staff these are incredible people, and they need help. I don't know how they do it. I asked them, and they say they accept this as a gift that God has given them, to be able to help these people die with dignity.

How do we balance this federal-provincial...? Whose role is it, and how do we fund it? How do we balance that?

• (1120)

Ms. Sharon Baxter: In the *Blueprint for Action*, we've actually recommended.... There is this "betwixt and between" about whether it is a provincial or a federal responsibility, what the role is, whether the federal government can even have a role in this. We feel strongly that there is a role around leadership and best practices and opening the debate. One of the areas we have put into the blueprint is not a federal-provincial-territorial committee on palliative care, but a task group that is federal, provincial, territorial, and community, to start the dialogue around how we're going to get to innovative solutions. That is one of our recommendations, and I think it makes sense to have that debate.

It is complex in terms of funding. One of the things around hospice care is that only in Ontario, Quebec, and Alberta are they funded through any provincial government funding.

Mr. Ted Menzies: I'm sorry, which governments are they?

Ms. Sharon Baxter: Ontario, Quebec, and Alberta. Most of the other hospice programs are relying solely on charitable donations. All of them rely a lot on charitable donations—between 30% and 70%; it depends on the community's response. They're marvellous programs, and the people who work in them are marvellous, so we really need to start to look at these.

Truthfully, they are saving the health care system money, because people are dying in another way. We have to look at the system as a whole and look at the savings, and not just at quality of life but economics too.

Mike, do you want to continue?

Mr. Michael Sangster: Yes.

I know, Ted, that you were paying very close attention to my opening remarks today, and I encourage all of you to do what Mr. Menzies did: take a moment and visit one of these hospices. That's why I'm involved as an individual today and not as part of my day job. They truly are miracle workers every day in your ridings, and they're worthy of an hour of your time to understand what they're doing.

Mr. Ted Menzies: We thought you were there installing phones.

This is to Ms. Barnes, if I have some time left, Mr. Chair.

Is it two minutes? Thank you.

Another thing that has touched me personally is your presentation. Some of my colleagues know that I have a niece who is deaf—not born deaf, but who went deaf before she gained speech. We learned a lot through that process. She has a cochlear implant that doesn't help. She went through a lot that wasn't able to help her. She doesn't speak and she doesn't hear, partly because of struggles with the deaf culture. It took so long to diagnose her. A lot of people don't like to talk about the deaf culture in our society, but it's there. Some people see it as a gift, and some people don't want someone who is without hearing to ever be able to communicate. How do we get past that struggle?

Ms. Gillian Barnes: Again, I think calling for a universal program to identify these children at birth may help in that identification, in early intervention, and in involvement of the

parents and community, to help these children—and eventually adults—assimilate into society.

Mr. Ted Menzies: Here again we struggle with health care being delivered provincially, funded through the health transfers. What sort of a strategy do we as federal legislators put forward to make sure it's effective, to help these young people who are falling through the cracks?

Mr. Gillian Barnes: I believe that equal access, no matter where you reside—

Mr. Ted Menzies: And we don't have that now?

Mr. Gillian Barnes: We don't have that, no. The provinces of Alberta, Manitoba, Saskatchewan, and Newfoundland do not have this program in place, so children living in those provinces do not have access to this sort of screening and this sort of early identification of hearing impairment.

Mr. Ted Menzies: What percentage of hearing loss is disease-caused and what percentage is a handicap from birth? Do you know those numbers?

• (1125)

Mr. Gillian Barnes: We have three to five infants per thousand who are identified with some degree of hearing loss.

The Chair: Okay. There will be time for another round. Thank you.

We'll hear from Mr. Szabo, for a five-minute round.

Mr. Paul Szabo: Thank you very much.

I want to deal with wind energy, with the first green witness we've had. I want to know more about it. There are three elements about the money you're asking for, but what I really want to know is what the state of the technology is now and where it fits in the scheme of the range of possibilities of other alternative sources of energy, and what your prognosis is about what role it's going to play over the long term in terms of Canada's energy requirements.

Mr. Sean Whittaker: Certainly wind has come a long way. Last year, 2009, marked the first year that wind represented the fastest-growing source of new electricity generation. In all of Europe, and in the United States as well, it passed natural gas. So it's certainly a technology that has come into its own; it's very mature. What we find in many jurisdictions is that it is cost-competitive or even cost-preferential relative to what's called conventional generation. In terms of the future of where wind can go, countries such as Denmark right now receive about 22% of all of their electricity from wind. Portugal is at about 13%, Spain about 12%, Germany about 8%.

Canada right now is at about 2%, so there's a great deal more that can be done. It's known that you can integrate at least 20% of wind or other variable sources into your grid, and such sources bring tremendous financial and economic benefits as well. So the sky is the limit.

Mr. Paul Szabo: You're pretty confident that we can be a player—we have a lot of room to work.

Mr. Sean Whittaker: There's no doubt.

Mr. Paul Szabo: What about the turbine technology right now? In terms of dimensions, what has happened over the last 10 years?

Mr. Sean Whittaker: Well, they certainly have gotten bigger. A standard turbine now stands about 70 to 80 metres tall. Each of its blades is around 40 to 50 metres long. It's expected that there's going to be an evolution in turbine technology, but not a revolution. Turbines 20 years from now are likely going to look similar to the ones you see now. They will use lighter materials, and there are likely going to be more of them offshore. Certainly the trend in Europe is towards moving them offshore. They don't have to be quite as high—there are better winds.

Mr. Paul Szabo: I gather that the technology of turbines and their efficiency shows a very healthy curve of improvement in terms of productivity.

With regard to all of this about dealing with the health of people, whether young people and their hearing problems and the impacts they have—the ripple effect—right down to the end-of-life care, there's no question.

I have a mom who's pre-Alzheimer's. She's on the waiting list. We're going through it, and everybody is stressed out; it affects the whole family.

Does anybody know how many seniors there are who have very little income but own a home?

Ms. Susan Eng: I don't actually have that number and it hasn't been asked before. But if you hear about people who complain about their property taxes—and not in the usual way that you complain about taxes—about those who are actually being forced out of their homes, especially here in Ontario, that has been a real trial for a lot of people who live in homes all their lives and find that the property values have grown up around them. And they really have no choice in terms of where they will move, so it is a huge issue. All of those financial issues in their later years is a big problem.

Mr. Paul Szabo: The reason I raise it is that people are talking about being house poor. But you have this asset, and I think a lot of people are in that situation where you'd be able to convert that asset or at least the value of the property. And I have to tell you I hate this mortgage scheme. We should do more than tell people that the asset can be better managed than—

Ms. Susan Eng: You're absolutely right, Mr. Szabo. One of the problems with the reverse mortgage, which I think you're alluding to, is that it works for a few people. But the concerns we have for it are that people don't know what they're getting into. They might outlive the money they get.

• (1130)

Mr. Paul Szabo: But we need to regulate it. What do you think?

Ms. Susan Eng: It absolutely should be regulated if we're going to use it at all. But it is an issue that concerns people, because when you're looking for sources of money, that's one of the ones that's been advertised, and it does work for some people. But the cautions we have are to make sure you know how long you're going to live and what you're going to need. And people don't really have a good feel for that.

The Chair: Okay, thank you.

Ms. Baxter.

Ms. Sharon Baxter: In regard to long-term care, we cared for my grandmother, who had dementia. We sold her home and we paid for her care. But what's happening now is there are two spouses living, and if one spouse needs to go into long-term care and they don't have the resources, the other spouse is having to sell the family home and go into interim housing because of this. So we really need to get our heads around this. It's often the woman who is left behind who goes into long-term care, and it works all right then, but if there are two spouses, then we need to really think about that.

The Chair: Thank you.

[Translation]

Mr. Carrier, your turn.

Mr. Robert Carrier: Thank you, Mr. Chair.

Good morning, ladies and gentlemen.

I will start with Mr. Whittaker and the issue of wind energy. I am in favour of making wind energy—a green energy—a priority. In your first request, you talk about establishing a power grid in Canada. You say that a wind energy integration study is urgently needed, but natural resources are a provincial responsibility. The country is made up of provinces, so the country is not unitarian.

Despite its abundant hydro resources, Quebec, in particular, has developed wind energy and integrated it into the Hydro-Québec grid. The company has market agreements with its neighbours, namely, Ontario and the northern United States.

I would like to know what you mean by a so-called integration grid. What is missing that each province could develop on its end?

Mr. Sean Whittaker: Thank you very much. Quebec does indeed have a significant amount of wind energy and hydroelectricity resources. There is considerable interest in Quebec in exporting this electricity, be it hydro or wind energy. Furthermore, there is tremendous demand in the United States for all types of green energy. The problem is that in order to assess and facilitate the possibility of transporting electricity from point A to point B in the United States, you need a map of the transmission network. You need a nationwide and continent-wide map, that is, North America wide, in order to determine what the possibilities are. But a map of that scale does not exist. Quebec is not in a position to take that on by itself. We are talking about a grid that is connected to other provinces and states. So it has to be considered from a continental perspective. That is what the study will accomplish.

Mr. Robert Carrier: Thank you, and I wish you luck with that.

Ms. Eng, I read your presentation with interest. Earlier, the Make Poverty History organization talked about the needs of seniors and people living in poverty. On page 1 of your presentation, it says that 159,000 people, in other words, 12% of Canadians, are eligible for the Guaranteed Income Supplement but do not receive it. That is an unacceptable discrepancy that we, the Bloc Québécois, have been trying to correct for a number of years. We have been asking the government to take the necessary measures to give the Guaranteed Income Supplement to those who are not receiving it, possibly through the Canada Revenue Agency, which has access to every individual's income.

You did not suggest any solutions to the problem; you simply mentioned it. Do you have a solution to recommend in order to convince the government to take action?

• (1135)

[English]

Ms. Susan Eng: Absolutely. This has been a long-standing problem. It started with the CPP and the QPP.

In fact, the experience was that in the province of Quebec, there was nearly 99% uptake of people's QPP because the department actually went out, sought out people, and let them know they were entitled. That still doesn't adequately happen with the CPP, so a lot of people find out after the fact that they were eligible. By that time, they're limited to 11 months' retroactive payment, which may not be the full amount that was owing to them.

The same thing occurs with the GIS. It's even worse, because we're talking about people who are in the lower income strata, who are often there because they are disconnected from the workplace, social services, and so on. So they're probably the last people to figure out that they should do this.

So it's incumbent upon the government agency that's going to offer this support, which is of course very welcome, to actually help them get it. One of the easiest ways, of course, is to work within the income tax system.

As you know, with the OAS now, but not before, the department actually lets people know that they may be eligible and invites them to apply. The same thing should occur with respect to the GIS.

[Translation]

Mr. Robert Carrier: Do you think the government could in fact adopt that solution, in other words, use income tax returns to determine who the low-income individuals really are, in order to offer them the Guaranteed Income Supplement they are entitled to?

[English]

The Chair: Could you give us just a brief response, Ms. Eng?

Ms. Susan Eng: Well, of course, the issue there is that if your income is so low that you don't pay any income tax at all and therefore are not even on the tax rolls, then of course extraordinary measures have to be taken. There are measures with anti-poverty groups around all the cities, which try to help people actually start using the income tax system more to get the refundable credits that they would otherwise be entitled to, provincially as well as federally. So certainly the income tax system is the most effective and efficient way. Certainly they collect our taxes pretty efficiently.

The Chair: Thank you. *Merci.*

I'll now go to Ms. Block, please.

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

I too welcome you here today. It's been very interesting hearing from such a wide range of presenters and trying to figure out to focus on when you get to ask questions.

I have an observation regarding the presentations I'm going to focus on, Ms. Eng's and certainly that given by our palliative care people. I appreciate the fact that the two groups had some complementary recommendations.

You made a statement about the sizable amount of funding—\$25 billion—it will take to implement some of the recommendations. I think rather than looking to my colleagues across the way to give us an accurate number regarding what their announcement is going to cost Canadians, I would appreciate hearing from you a little bit more detailed accounting with regard to where you came up with your number and your observation.

Then I'd like to move to our folks from the palliative and compassionate care group.

I'm a founding member of the parliamentary committee on palliative and compassionate care, so I'm very pleased to see you presenting to us again today. I know we focused more on recommendation number 3 in your brief, but I'd like to ask you to focus on recommendation number 4, because I think you came forward with a pretty significant recommendation last year, which is referenced in your brief. I'd like you to speak to that as well.

Could we hear from Ms. Eng first?

Ms. Susan Eng: Thank you for the questions, Ms. Block.

First of all, for clarification, the \$25 billion per annum is an estimate of the value of the unpaid labour provided by the 2.7 million caregivers across Canada. That number comes from a study done by, I believe, an academic, Mr. Hollander, but I could be corrected on the exact name. It was presented to the Special Senate Committee on Aging. It also reflects a larger study done in the United States where they estimated that same number to be in the neighbourhood of over \$300 billion. If you use your usual one-tenth factor, that would be the value of the unpaid labour. When you compare the dollars you would have to spend to provide the financial support to the other strategies, you have to look at that cost-benefit.

In addition to that, and it has not been costed, although there have been smaller experiments done on how much money you would save the public health care system if you continued to roll this out, they've estimated the daily cost of care for someone in a long-term care facility, which is the alternative if you don't do this at home. They have found that you save, on the dollars you give to the caregivers, from six times the amount. The dollars vary, but it represents a massive opportunity to divert demand from the public health care system.

Earlier there was a question about who has responsibility for this. The health care accords are coming up for renewal. Some \$70 billion of federal dollars were flowing, and if you do that again, you certainly want some conditions, including general standards across the country, to make sure that you prioritize home care as the next essential service. It is true that when we look at that whole issue, it's going to touch everybody. I don't think there's a person in this room who's not touched by it.

• (1140)

Mrs. Kelly Block: Thank you.

Ms. Sharon Baxter: We actually presented a number of times to the parliamentary committee on palliative and compassionate care, and we're actually quite pleased that I think there's a consistency of messaging across the country, possibly because we gave the four recommendations to everybody who would listen to us and said to be consistent and whatnot.

I realize that the recommendations in the brief are slightly different from the blueprint. You're referring to the \$16 million in research dollars and the capacity-building fund. We made the same recommendations last year, so I'll speak to them very briefly.

There was a \$16.5 million research fund in palliative and end-of-life care that lapsed about two years ago. There are no concerted research dollars for palliative and end-of-life care at this point in time. There is research being done, but there is certainly not a research fund. We hit the tip of the iceberg in some of those research areas. It's less about the biomedical and more about patient-centred care. We need to know more about that, so we recommended that again this year.

The other piece was on establishing an end-of-life care capacity-building fund of \$20 million annually for a period of five years. This is the dialogue we're talking about that engages health care providers in the planning community and industry, legal groups, and governments at various levels in how we're going to figure this one out. Part of it is about health care, but more and more it's about socio-economic issues, right? It's about poverty. It's about housing. It's about nutrition. Twenty percent of people living in long-term care facilities in Canada are actually there because they can't afford an apartment. They actually don't need long-term care. We need to really start to look at that, because we're going to need those beds, and we need to do the right thing by Canadians. I think we need to look at how well we're going to do this and have a dialogue.

The Chair: Thank you.

Thank you, Ms. Block.

We'll go to Mr. Pacetti, please.

Mr. Massimo Pacetti: Thank you, Mr. Chairman, and thank you to the witnesses for appearing.

I guess I'll start with the Canadian Meat Council. I don't think you've had any questions, so I can pretty well ask you anything.

Voices: Oh, oh!

Mr. Massimo Pacetti: We were in Vancouver, and I spoke to the B.C. Cattlemen's Association, and they're saying that there's additional cost for the cattlemen because of the specified risk

material from the cattle. There's an extra cost. You're asking for a similar type of money. I think it's your first recommendation regarding meat product inspection. Isn't that already done at the lower level, at the cattle producers' end, when the specified risk material is taken out? Am I talking about the same thing?

Mr. James M. Laws: No, they are two separate things. There actually is a federal program right now called the abattoir competitiveness program that offsets the cost of the specified risk materials. We're grateful for that, and we've asked for an extension of that program until we can put in place more permanent solutions.

On a separate issue—

Mr. Massimo Pacetti: For how long would you like an extension?

Mr. James M. Laws: At least another year.

Mr. Massimo Pacetti: Okay. Sorry, go ahead.

Mr. James M. Laws: The federal inspection fees are charged to all federally registered meat establishments regardless of what they're processing. In addition to that, we don't believe we should be paying inspection fees.

Mr. Massimo Pacetti: So the inspection fees would be whether it would be cattle or whether it would be beef, pork—

• (1145)

Mr. James M. Laws: Exactly, yes. That's on top of the costs—

Mr. Massimo Pacetti: It's on top of the costs. So even though the cattle producers are being vigilant and are giving you good product, you're still subject to an inspection that you have to pay for?

Mr. James M. Laws: Exactly.

Mr. Massimo Pacetti: Okay.

On the third item, you're asking for a tax credit based on eligible expenses for safer food, and I'm going to stop there because now you have me worried. Does that mean that if you don't get this money, the food is not safe?

Mr. James M. Laws: No, it's not that. It's that there are lots of improvements that need to be made everywhere, as new technologies are implemented, as new lab testing equipment becomes available for faster tests, for instance. There was a study done by Agriculture Canada last year that looked at the profits of the food sector, in general, in Canada, not just the meat sector. They concluded that from the years 1999 to 2008, the profits from the industry were consistently lower than other manufacturing industries and the industry's debt-to-equity ratio was consistently higher than total manufacturing.

Mr. Massimo Pacetti: So it wouldn't be in your interest to invest in these new machineries so that you do become more profitable and forget about the government?

Mr. James M. Laws: Exactly, but it does cost money to invest and to become more profitable; however, it's not always that you can pass the cost of some of these things down that result in safer food to Canadians. That's the challenge.

Mr. Massimo Pacetti: Okay, thank you.

Ms. Barnes, I was a former school commissioner, and we had problems all the time with getting enough speech pathologists and people who were qualified to do this type of work for the school board. What was happening was the parents who had the money were able to pay privately for the speech pathologist, but even if the school board wanted to pay a little bit more, they could not compete with the private sector.

I was with a French board and we ended up hiring people from Belgium. They would come here and work for a couple of months and then not be available, because it was much more lucrative for them to do this on a part-time basis.

Is that still going on? Is this not a provincial jurisdiction?

Mr. Gillian Barnes: Thank you for the question. It's a very interesting one, and I think it's one that perhaps we still see going on across the country. Actually, we're just done a national project in regard to current wait times across the country, in terms of varying diagnostic categories, and you're absolutely right about the resources in terms of the qualified speech-language pathologists and audiologists across Canada.

Let's talk about children. There are more children requiring services than there are specialized pathologists available to provide those. We do have—

Mr. Massimo Pacetti: It's a two-pronged problem. Some of the school boards don't even put any money aside or don't put enough money aside. They don't take this seriously, and when they do, they can't find the proper personnel to hire.

Mr. Gillian Barnes: Absolutely. We can tie this into our early intervention and early identification as well. What we're finding there is the cascading effect. If we can provide these children with early identification and early intervention, perhaps it would place less of a burden upon the school programs. So it would really tie back into our request for early—

Mr. Massimo Pacetti: So how would you get them prior to their entering school? Through a day care? We have that in Quebec, but the rest of Canada doesn't.

Mr. Gillian Barnes: Absolutely, through a pediatrician, through parental referral, through public education in terms of developmental milestones....

The Chair: Okay. Thank you.

Thank you, Mr. Pacetti.

Mr. Cannan, please.

Mr. Ron Cannan (Kelowna—Lake Country, CPC): Thank you, Mr. Chair, and thank you to our guests here this morning.

I also wanted to echo my appreciation to the hospice and palliative care association. I come from the central Okanagan, where we have the largest demographic per capita in a census metropolitan area. So we have lots of seniors and people retiring and those looking after

their aging parents as well—and definitely active seniors. We had a national seniors day recently and I was visiting one of our senior centres. There were all kinds of activities going on. I hope they stay healthy for many years and enjoy that chapter of life.

I appreciate the work you do. As my colleague Mr. Menzies said, it wouldn't be possible without the volunteers. They have a waiting list in our hospice centre. It's phenomenal the couple of hundred volunteers and people who get called out in the middle of the night to be with people in their last hours. It's a gift and a blessing to have them. So thank you for your work and the association, which I support.

Also, to the Canadian Association of Speech-Language Pathologists and Audiologists, my wife works for a laryngologist and I've been very familiar with the profession for many years. As a youth I had a hole in my ear drum, so I've had three operations and been fortunate to repair a lot of my hearing, but I still have a hearing loss. I appreciate your efforts as an association in support of International Literacy Day as well, given the importance of hearing and speech going together and literacy for productivity in our country and around the world.

In your recommendations 1 and 2, you mention that current practice is inconsistent. Picking up on the comments of my colleague, Mr. Pacetti, you mentioned that you'd like to have earlier identification and intervention in young children. Could you define what you meant by that age, and how do you envision those programs looking?

• (1150)

Mr. Gillian Barnes: Well, in terms of the universal newborn hearing screen, we're talking about babies at birth being screened for their hearing. That's what we would like to see.

In terms of early identification for speech and language issues, we have identified that at least at six months of age children can be screened, and before they are two or two and a half years of age.

Mr. Ron Cannan: Do you have any budgeting? Do you have any idea what that would cost?

Mr. Gillian Barnes: In terms of the universal newborn hearing screen, we're estimating that the program would cost about \$14 million per year. In terms of speech and language, at this point, from the numbers we have, we know that Ontario spends \$45 million on its preschool program. So we're guesstimating a cost of about \$100 million for a federal program on that.

Mr. Ron Cannan: Thank you, and continue the great work.

We'll move over to Ms. Eng. Obviously, with the active seniors, we have a very active CARP association. It's been expanding and growing, and I've been working with them. In your recommendation, you talk about increasing OAS and GIS, and you commented about people being house rich and cash poor, or asset rich and cash poor. We see many such seniors come to my constituency office, and my staff deal with their situation, especially when one of the spouses passes away. You had two steady incomes and now one income but still the same fixed costs. So it's a real challenge that we have identified.

You say that we should increase OAS and GIS substantially. Maybe you could elaborate on what you mean by "substantial".

Ms. Susan Eng: Absolutely. Thank you for the question.

In fact, I had one CARP member speak to me specifically about that one point. She was not poorly off but was recently widowed and did not have any CPP to rely on and her husband did not have a pension. So she was relying entirely on her OAS and she wasn't at the point where she was going to have to depend on GIS. However, she was having difficulty making ends meet, and I said, "Well, what would you like to happen?" She said, "If you increase the OAS, it gets clawed back anyway as you reach the higher income levels." But it would immediately help her and the exact situation you have described.

When I talk about substantial, I think it's important to see how OAS rates have compared with the general standard of living. The numbers, if I can get them quickly, indicate that compared to the general standard of living, the OAS has actually fallen in relation to that. So the base benefit itself is falling in relation to what it should be against the general standard of living. So we would be talking about a significant increase of that, in the range of 10% or more, just to get back on track with providing adequate incomes for those who need it, because, remember, it's clawed back at the other end.

In order to specifically target those people who absolutely need it, it would be the GIS.

The Chair: Thank you, Mr. Cannan.

We'll go to Mr. Pacetti for a brief round, please.

Mr. Massimo Pacetti: Thank you.

Quickly, Ms. Barnes. So recommendation number one and number two were what you were replying to Mr. Cannan... The first one costs \$100 million and the second one \$25 million?

Ms. Gillian Barnes: No, pardon me, the first one is \$15 million for the universal newborn hearing screen. The second recommendation would be \$100 million.

• (1155)

Mr. Massimo Pacetti: Okay.

How would you deliver the first one, the universal newborn hearing screen?

Ms. Gillian Barnes: We would ask for that program to be implemented nationally, and in terms of implementation I'm going to call—

Mr. Massimo Pacetti: You had mentioned in your prior response that perhaps pediatricians or some kind of medical—

Ms. Gillian Barnes: That was for identification of early speech and language issues, yes, absolutely.

Mr. Massimo Pacetti: I'm just trying to understand, because part of this is through the health system, so part of it would be, obviously, provincial jurisdiction.

Ms. Gillian Barnes: Yes, but we believe there's a role for the federal government—to take a leadership role in this.

Mr. Massimo Pacetti: I have no problem with that, but some people around the table will have a problem with that. I just want to make it perhaps more clear as to what we can recommend so that everybody would be able to agree. That's why I'm asking.

A national program that ensures universal access to newborn hearing screening—nobody would be against something like that. But I'm just wondering what the delivery mechanism would be. Again, if you chose Quebec as an example, there are a few ways.... It would be either through the health services or it could be through the CLSCs or hospitals, or through the day cares. All that is provincial jurisdiction. So one of the areas would be just a transfer of the money dedicated for this purpose. I don't know if that would work.

The other problem is in recommendation number two. Again, most of the institutions that would deal with the early identification and intervention in speech and language...it would be once they got into schools. Again, it would be delivered through the schools, and I would see a problem with that as well.

Mr. Gillian Barnes: Actually, there are preschool programs through a variety of either health authorities or specialized programs that actually just work with preschool children for identification and early intervention.

Mr. Massimo Pacetti: Has there ever been a meeting or a round table or a task force or anything that has come up with some solutions? Or would that be the first step?

Ms. Ondina Love (Executive Director, Canadian Association of Speech-Language Pathologists and Audiologists): There hasn't at this point, and that may be a good first step. We recognize that we have to work in conjunction with the provincial and territorial associations for the implementation of this, because some provinces have actually done a good job. Quebec announced a program a few years ago. However, it's still to be rolled out. But they anticipate that the cost is about \$35 per test, and initially Quebec is recommending about \$5 million to get everything up and running for the equipment. In their report, they said there'd be a net benefit of \$1.6 million per year to society, and that's just for the newborn hearing screening program portion of it.

Right now, the U.S. has 95% of all infants being screened for hearing, and it's done state by state. It would be the same thing, the federal government taking a national lead on it, and then providing some funding mechanism for the provinces to access, to ensure appropriate implementation.

Mr. Massimo Pacetti: Ninety-five per cent? How do they do that? How do they have 95% testing?

Ms. Ondina Love: They have a universal newborn hearing screening program.

Mr. Massimo Pacetti: At the hospitals?

Ms. Ondina Love: It's done at the hospitals when the babies are born, by screeners or by nurses.

Mr. Massimo Pacetti: Thank you.

The Chair: Mr. Pacetti, I have a number of questions. I have probably too many questions for the time allowed. But I did want to pose some questions to Mr. Whittaker.

Mr. Whittaker, I come from a province obviously that's very heavy in oil and gas. But it's also a province that generates a lot of electricity through wind power. If you go down to Mr. Menzies' riding, there's a lot of wind turbines down there generating a lot of electricity. I think the City of Calgary gets about 13% of its electrical generation from wind.

I want to put some challenges on the table that I get when I say I'd like to see more wind power in Canada, both as an absolute amount and as a per cent amount. People say that's a good goal, but wind is an intermittent source; it needs to be complemented with another source. Obviously, in Quebec or B.C. or Manitoba, hydro is a perfect complement. In Alberta, they're stuck for another complement. So in Alberta, Nova Scotia, and Saskatchewan it is complemented with coal. Obviously, people who are concerned about emissions are concerned about that.

The other concern raised is about the storage of wind power; it doesn't store as well as other generating sources. So I want you to address that.

Transportation of energy is an issue with any form of energy, especially for electrical generation.

The other concern raised is expense, about cost, that it will be such a high cost in kilowatts per hour as an ongoing subsidy and this will never come down. I think the proponents would say that it would have to go up initially, and then once there's adoption of enough turbines actually out there, the costs would come down.

But those are the concerns raised, and I wanted to put them on the table and then have you address them as much as you can here. If there's further information, I'd certainly appreciate that.

● (1200)

Mr. Sean Whittaker: Thank you very much for the question. Alberta is a leader in wind energy. Pincher Creek is home of some of the first large-scale wind farms, and they've been very successful.

On the question with respect to integrating wind, one of the things we benefited from in the last five years is seeing what happens when you bring a bunch of wind into various systems, be they hydro or thermal. One of the things the utilities have realized is that while a single turbine's output may vary over the course of a day, if you're on a system that's big enough, and it doesn't have to be that...if it's a few hundred kilometres away and you have a second turbine, its output will often be different from the output of the first turbine. Then if you get a hundred turbines or a thousand turbines, what you find is that they tend to balance each other out extremely well. In fact, a lot of utilities with a lot of wind on their grids find that the variability of the fleet of turbines across their jurisdiction actually varies less than the demand they get.

The Chair: Because of different locations.

Mr. Sean Whittaker: Exactly. It's a case where size matters. Having a geographic diversity is important, and certainly Alberta has a remarkable wind resource. There are currently plans to build 3,200 megawatts of transmission in the south. Part of that is based on the understanding that this will give them that diversity they need to balance with thermal.

Alberta is an interesting case as Canada's only deregulated electricity market. And just to answer your question about cost, Alberta is the only province right now that has essentially carbon pricing. The cost differential right now between wind and conventional technologies is fairly small. The general feeling is that once a carbon-pricing mechanism comes into place, it will basically reduce that gap to zero. Minister Prentice indicated earlier that there was an interest in having Canada follow the U.S. on a carbon pricing

mechanism. Once we get to that point, that gap will close. From now until then, we do still have that gap, essentially to deal with the external cost of carbon emissions.

The Chair: Does the price that Alberta is putting on—it's \$15 per tonne—need to move in order to have the costs narrow even further?

Mr. Sean Whittaker: The sense is that the best carbon market you can have is one that's operating freely, and Alberta has really led the way in terms of establishing that market, but it has capped the price, which hasn't really allowed it to move as it should have. Many of our members, many companies—TransAlta, Suncor, Shell—that are developing wind farms would prefer to see that cap lifted to better reflect the actual carbon price. In Alberta, because it's a deregulated market, wind is competing head to head against every other technology, so it needs that price gap to close as much as possible.

The Chair: Okay. I appreciate that very much.

Colleagues, I have a couple of things. We do have a meeting with a visiting finance committee from Germany tomorrow. We have 22 members coming, so I just want to remind members and hope that you will show up. It's an optional meeting, but I'm hoping you will show up at 1 p.m.

The meeting is officially over, but I have a special request from Monsieur Paillé, who would like to ask a couple more questions. It's actually out of order of the rounds, but I'm asking the indulgence of the committee to give him a couple of questions.

As long as you're nice to the government, Monsieur Paillé.

[*Translation*]

Mr. Daniel Paillé: I just want to ask something about the meat industry. I would like to know where the Levinoff-Colbex slaughterhouse situation stands.

There were problems with the slaughter of heads of cattle. There was a gap between the cost of slaughter in Canada and the cost in the United States. A number of farm producers found it worthwhile to send the animals to the United States.

Has this issue gone anywhere? How could the government satisfy the demands of producers?

Mr. James M. Laws: That slaughterhouse is actually taking advantage of a federal program that helps pay the costs associated with those specified risk materials.

● (1205)

Mr. Daniel Paillé: But there is still a gap of \$25 or so per head, in terms of slaughter.

Mr. James M. Laws: In fact, it is around \$30 right now. It helps them a lot. Quebec has a lot of dairy businesses, a lot of cull cows. These people are now able to pay out more for the animals, so as to keep them in Quebec.

We also have a project. Margo helped the Riopel company in Quebec, which used a federal program to acquire new equipment and develop innovations, in particular, trying to remove the brain from the animal's head to further reduce the quantity of products to be included in the specified risk materials. Riopel in Quebec produces a lot of equipment for the agrifood processing sector.

Mr. Daniel Paillé: Thank you, Mr. Chair.

I was nice. Mr. Wallace is not here.

The Chair: Thank you, Mr. Paillé.

[*English*]

I want to thank all of our witnesses for your presentations. It was a very interesting discussion. If there's anything further to submit to the committee, please do so through the clerk.

We look forward to the report in November or December.

Thanks colleagues.

The meeting is adjourned.

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