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## Standing Committee on Finance

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EVIDENCE

**Wednesday, October 27, 2010**

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**Chair**

**Mr. James Rajotte**



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• (1530)

[English]

**The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)):** I call this meeting to order. This is the 41st meeting of the Standing Committee on Finance, and we are continuing our pre-budget consultations for 2010.

I want to welcome all of our guests this afternoon.

We have five organizations on the first panel. We have the Canadian Medical Association, Athabasca University, and Special Olympics Canada.

[Translation]

Then we'll hear from the representatives of the Confédération des syndicats nationaux.

[English]

We also have the Canadian Institute of Actuaries.

[Translation]

Witnesses will have five minutes to make their presentations.

[English]

Afterwards we will have questions from members.

I will indicate to you when you have one minute left in your opening presentation.

We'll start with the Canadian Medical Association.

[Translation]

**Mr. Jeffrey Turnbull (President, Canadian Medical Association):** Thank you, Mr. Chairman, for this opportunity to appear before you today.

The CMA brief contains seven recommendations to address pressing needs in the health care system.

[English]

Before I get to those, I'd like to highlight why, from my perspective, our health care system is in need of the federal government's attention.

Yesterday, at the Ottawa Hospital, where I am chief of staff, our occupancy was 100%. Thirty patients who came to the emergency department were admitted to the hospital, but we had beds for only four. There are ten people still waiting on gurneys in the emergency room. Six patients were admitted to wards, and they are receiving care in hallways. Three surgeries were cancelled, bringing our total

cancellations this year to a staggering 480. While this was happening we had 158 patients waiting for a bed in a long-term care facility, where they would get better care at a fraction of the price.

That was yesterday. Today is even worse.

Equally, a few blocks from here, and in communities across this country, the health status of our poorest and most vulnerable populations is comparable to countries that have a fraction of our GDP, despite very significant investments in health.

This is just my perspective. Health care providers of all types experience the failings of our system on a daily basis. We as a country can do better, and Canadians deserve better value for their money. Canada's physicians are calling for transformative change to build a health care system based on the principles of accessibility, high quality, cost effectiveness, accountability, and sustainability.

Through new efficiencies, better integration, and sound stewardship, governments can reposition health care as an economic driver, an agent for productivity, and a competitive advantage for Canada in today's global marketplace. The health accord expires in March 2014, and we strongly urge the federal government to begin discussions now with the provinces and territories on how to transform our health care system so that it meets our patients' needs and is sustainable into the future. Canadians themselves also need to be part of this conversation.

To help position the system for this transformative change, the CMA brief identifies a number of issues that the federal government should address in the short term.

First, our system needs investments in health human resources to retain and recruit more doctors and nurses. Although we welcomed measures in the last budget to increase the number of residency positions, we urge the government to fulfill the balance of its election promise by further investing in residencies, and to invest in programs to repatriate Canadian-trained physicians living abroad.

Second, we need to bolster our public health infrastructure for electronic health records so we can provide better and more efficient quality care that responds more effectively to pandemics. We recommend increased investment to improve data collection and analysis between local public health authorities and primary care specialists, for local health emergency preparedness, and for the creation of a pan-Canadian strategy for responding to potential health crises.

Third, issues related to our aging population also call for action. As continuing care moves from hospitals into the home, the community, or long-term care facilities, the financial burden shifts from governments to individuals.

We recommend that the federal government study options for pre-funding long-term care, including private insurance, tax-deferred and tax-prepaid savings approaches, and contributions-based savings insurance, to help Canadians prepare for their future home care and long-term care needs.

As much of the burden of continuing care for seniors also falls on informal, unpaid caregivers—

• (1535)

**The Chair:** You have one minute.

**Mr. Jeffrey Turnbull:**—the CMA recommends that pilot studies be undertaken to explore tax credits and/or direct compensation for informal caregivers for their work, and to expand programs for informal caregivers who provide guaranteed access to respite services in emergency situations.

Finally, the government should increase RRSP limits and explore opportunities to provide pension vehicles for self-employed Canadians.

Mr. Chair, a fuller set of recommendations is contained in our report, *Health Care Transformation in Canada: Change that Works. Care that Lasts*. These include universal access to prescription drugs, greater use of health information technology, and the immediate construction of long-term care facilities.

[Translation]

We urge the committee to consider both our short-term recommendations and our longer-term vision for transforming Canada's health care system.

Thank you.

**The Chair:** Very well, thank you very much.

[English]

Next we'll have Athabasca University, please.

**Mrs. Pamela Walsh (Vice-President, Advancement, Athabasca University):** Thank you for the opportunity to speak here today.

Athabasca University, AU, is Canada's open and online public university, with over 38,000 students from all provinces and territories, and in over 100 countries around the world. Key to the strategy outlined in Athabasca University's written submission to the committee is a recognition of the increasing economic importance of intangible capital investment in the knowledge-based global economy.

Creation, transfer, and dissemination of knowledge is the cornerstone of this digital economy. Technology-enhanced learning can help all individuals engage as full participants.

While the digital divide has been commonly described as an access to bandwidth issue, the new digital divide is more about the gaps in the technical and other skills necessary to participate fully in this economy. At an intermediate level, digital literacy includes the knowledge, skills, and awareness needed to use ICTs to improve

private and public sector efficiency and productivity. At an advanced digital literacy level, what's included is the knowledge, skills, and awareness needed to develop ICT infrastructure, products, and services, and the creation of content for digital media.

It should not be surprising to us that an online learning environment is ideally suited to facilitate digital literacy. Online, including blended learning courses and programs, provides learners with the same skill set required for employment today and for early adoption of emergent technologies and applications in the future. Why? Because an online learning environment uses the same tools that are needed to increase workplace efficiency, collaboration, innovation, and productivity.

It has been stated that half of the productivity gap between Canada and the U.S. can be attributed to Canada's lower digital literacy. A national lifelong learning strategy should be considered and must include a strong digital literacy component to lay the groundwork and to provide the knowledge and skills necessary for innovation in the knowledge economy.

Government, K to 12, post-secondary, employers, professional associations, and community groups need to work together to increase the number of Canadians with the skills necessary for participation. These skills include the ability to think, work, and learn online both traditional literacy competencies and the processing, collaboration, and media literacy tools that collectively prepare people for technology adoption and integration in their lives.

E-learning can also play an important role in supporting new Canadians, many of whom need language training, professional upgrading, or workplace training. By way of a very specific example, Athabasca University, in partnership with the Royal Architectural Institute of Canada, will be very soon launching Canada's first online architectural program. This program will meet the needs of foreign-trained architects as well as new entrants to the profession. The program will be supported by online courses, and virtual tools such as a virtual studio will be part of the ICT infrastructure capital needs for this program.

I would like to mention another important component of our written submission, and that is the need for an increased focus on aboriginal learning opportunities. There is great potential for e-learning and blended learning in addressing community education, health and well-being, and employment goals, as well as digital literacy goals. Initiatives, though, must be collaboratively planned and implemented and should include a culturally appropriate e-learning readiness program.

E-learning allows individuals to access learning opportunities from their communities. Properly implemented, it has great potential for activities such as incubation of aboriginal business, support of governance initiatives, and increasing public awareness of health issues across the country.

With the support of the Alberta government, AU is currently working with its partners in aboriginal communities and other rural and remote communities on the implementation of a learning community initiative that utilizes e-learning.

• (1540)

**The Chair:** You have one minute.

**Mrs. Pamela Walsh:** Finally, I would like to discuss an issue of importance to Canada's current and future access to the digital economy. The copyright bill, Bill C-32, is positive in many respects, as it moves many current fair use practices, supported by the courts, into legislation. However, if this bill is passed as proposed, these rights can be taken away through the lock provisions within the bill. We encourage all members to look at this bill carefully as it relates to the future of digital access.

To finish, our submission asks members to consider: one, the need for increased investment in support of the digital economy; two, the potential of e-learning to support the digital economy; and three, the need for further consideration of changes to Bill C-32.

The university would welcome the opportunity to engage in further dialogue on any of these topics.

Thank you very much.

**The Chair:** Thank you for your presentation.

Next is Special Olympics Canada, please.

**Mr. Tom Wright (Chairman, Government Relations Committee, Board of Directors, Special Olympics Canada):** Thank you very much.

On behalf of Special Olympics Canada and more than 34,000 athletes across our country, it's a pleasure for me to be here in front of this committee.

[*Translation*]

On behalf of Ms. Judd Campbell, Mr. Miceli and all the members of the great Special Olympics family, thank you for agreeing to meet with us today.

[*English*]

It was only a month ago this week that Special Olympics athletes from across our country came to Ottawa for a Hill day to speak with members of Parliament, to speak with Senators, and to have the opportunity to introduce our athletes, our sport, and what we have been able to provide for Canadians with an intellectual disability across our country.

On behalf of Special Olympics Canada, our ask is really quite simple. We are looking for incremental funding of \$800,000 every two years to take care of the travel and uniform requirements for our athletes to attend national games. We are looking for a level playing field with other national sport organizations and other national games that compete across our great country on an annual basis. The next two national games are in 2012 in St. Albert, Alberta, and in 2014 in Vancouver, British Columbia.

These games provide a pathway of excellence for our athletes across the country.

It's important for everybody in this room to understand what our mission is. Our mission at Special Olympics Canada is to enrich the lives of Canadians with an intellectual disability, through sport. We do that by providing year-round sports programming for athletes like Christina beside me, and other intellectually disabled Canadians of all stripes across the country.

A Special Olympics athlete is no different from any other athlete: they're motivated to participate because of their love for sport, the rewards of being part of a team, and the athletic competition that Special Olympics provides.

Sport is a vehicle for inclusion of our Special Olympics athletes. It provides them with fundamental motor skills, health and fitness levels, and confidence in critical social skills necessary to become active and meaningful members in our society.

I'm a volunteer with Special Olympics Canada, and people will often ask me, "What are Special Olympics? When are the next games?" I tell them that Special Olympics are every day. They happen in communities big and small, in sport clubs, in rural areas, in urban areas, all across our country, in all languages, and that's at the heart of what our sport is all about.

We recently had our 2010 national summer games in London. We had over 1,400 athletes, coaches, and trainers who came to the city to allow them to participate and represent not only the provinces but, ultimately, earn the right to represent their country. It's important to note that every one of our chapters, and we have chapters in all 10 provinces and two territories—we're about to open up our third territory, Nunavut, hopefully by the middle of next year—has the burden of having to fund participation in those games, travelling to those games. We'd like to take that on ourselves to free up funding and free up moneys to allow individual programs to be increased in the provinces, to allow for athlete recruitment, volunteer recruitment, and ultimately to allow for more programs to be developed.

In London we had an example of an athlete who earned the right to represent Canada at the next world games in Athens, Greece. That athlete is a remarkable example of what Special Olympics is able to provide.

I'd like to ask Christina Judd Campbell, a Special Olympics athlete, to tell her story.

• (1545)

**Ms. Christina Judd Campbell (As an Individual):** Hello. My name is Christina Judd Campbell. I am 23 years old. I read at the grade 4 level, and I do math at the grade 3 level. This is why I participate in Special Olympics.

With rhythmic gymnastics, I have found something that I enjoy. My successes at Special Olympics competitions have really changed my life. Once shy and withdrawn, I have found that Special Olympics has improved my confidence and self-esteem in all parts of my daily life.

The opportunity to compete at the national games and go to the world games motivates athletes like me to work hard and do our very best. We need the opportunity to show the world what we can do.

After recently being named to Team Canada, I am ready to do just that at the world games in Athens next year.

Thank you.

[*Applause*]

**Mr. Tom Wright:** Christina is an excellent example of what happens when we provide opportunities for Canadians with an intellectual disability.

I think it's important that this committee understand the enormity of our task. We have, in our sports programming, 34,000 athletes. We have 16,000 volunteer coaches and supporters. Those coaches are all volunteers and they're all trained.

Now, to put it into perspective, there's a population of over 700,000 Canadians with an intellectual disability, so as well as we're doing, we're addressing less than 5% of the population in terms of providing opportunities for athletes like Christina. That's the enormity of our task.

We're hoping that we can continue to work with the Canadian government. The government has been tremendously supportive of Special Olympics. On behalf of all of our athletes, I say thank you. But the enormity of our task is quite large, and that's why we're looking for incremental funding to take care of the team travel, so that we can take that back and give moneys back to the provinces so that they can do things—

**The Chair:** Thank you, Mr. Wright.

**Mr. Tom Wright:** —in terms of expanding and enhancing community sport programs, offering more sport to more Canadians, and providing those opportunities for the 700,000 who are there.

Thank you very much.

**The Chair:** Thank you very much, Mr. Wright.

Christina, thank you very much for that. We've had, I think, three Olympians to the finance committee, but you're our first Special Olympics athlete. So welcome, and thank you for being here. We're truly honoured.

[*Translation*]

The next presentation will be that of the representatives of the Confédération des syndicats nationaux.

You have five minutes.

**Mr. Pierre Patry (Treasurer, Confédération des syndicats nationaux):** Thank you, Mr. Chairman.

It is my pleasure to present to the committee the point of view of the Confédération des syndicats nationaux, a union organization representing slightly more than 300,000 members.

The government is pleased to say that the recession is over and that the priority now is budget deficit reduction. However, the situation is not as simple as that. According to the most recent estimates of the Bank of Canada, economic growth slowed sharply in the third quarter of 2010 and will be slow in the medium term. The unemployment rate remains high and job creation anticipated between now and 2012 will not quickly return the unemployment rate to its pre-recession level.

The housing sector and household consumption spending will not be as dynamic as in recent years, particularly as a result of growing

personal indebtedness. Net export growth is also jeopardized by current turbulence in the exchange markets. However, a number of development countries, the United States in particular, need to export in order to put the recession behind them and resume economic growth.

In these circumstances, it is the CSN's view that the government should continue to use all the levers at its disposal to support economic growth. Launching into a policy of fiscal austerity and deficit fighting when the recovery is so tenuous would be ill-advised, particularly since Canada still has appreciable fiscal leeway relative to the other developed countries. While most developed countries have understood that higher taxes will be necessary in order to put their public finances in order, Canada is artificially increasing its budget deficits by continuing to grant lower taxes to businesses. In CSN's view, in the present circumstances, the budget cuts granted to businesses are unlikely to result in renewed investment. On the other hand, public spending is still necessary in order to support economic activity.

The infrastructure programs under the government's recovery plan include deadlines. Work must be completed by those dates, failing which federal funding will not be accessible. Those deadlines are unrealistic and must be pushed back. First, the fact that negotiations between the federal and Quebec governments have dragged on puts Quebec's municipalities at a disadvantage. According to the president of the Quebec government's treasury board, a strict application of federal rules could deprive Quebec municipalities of approximately \$200 million. Second, confirming those deadlines is having harmful effects. The construction sector, which is an asset from a municipal infrastructure standpoint, is currently so overheated that we are seeing labour and materials shortages, which are inflating project costs. The Canadian government must agree to the motion unanimously passed by Quebec's National Assembly on September 29 seeking postponement of the deadlines applicable to infrastructure programs.

Even though the agreement on federal health transfers to the provinces does not have to be negotiated until 2014, the parties are already beginning to stake out their positions. This summer, Canada's Minister of Finance informed us that, in view of the series of budget deficits Canada is facing, the provinces can no longer necessarily count on the generosity Canada has shown to date. The minister is wrong to suggest that the provinces should align growth in health spending with that of provincial GDP. Those two growth rates are absolutely unrelated, and there is no reason, except for purely accounting grounds, for them to be equal. CSN expects that, by 2014, the government will meet its commitments and not eliminate the anticipated budget deficits by cutting transfers to the provinces in respect of social programs, particularly health, but also postsecondary education.

The Canada Employment Insurance Financing Board intended to increase employee contributions to the employment insurance program by 15¢ in January 2011, but, once again, the Minister of Finance has suspended the powers of that so-called independent agency. On September 30, it announced that the increase in premiums would be limited instead to 5¢ per \$100 of insurable earnings for 2011 and 10¢ for subsequent years until the employment insurance account is balanced. CSN would have preferred the premium rate to be increased by 15¢ and the board to be allowed to do its job. That would have permitted an improvement in the employment insurance program in the context of an economic recovery that looks as though it will be slower than anticipated. The federal government's decision cuts \$1.2 billion to unemployed workers in 2011 and \$600 million in subsequent years.

In addition, Canada's inadequate employment insurance program puts considerable additional pressure on the provinces' income security programs. The federal contribution to those programs was moreover cut in the 1990s in the wake of federal transfers reform. CSN believes it is urgently necessary to make changes to the employment insurance system to improve accessibility, increase benefit rates and abolish the qualifying period.

CSN deplors the fact that the federal government has decided to go ahead with the plan to establish a federal securities commission. This field has always been under provincial jurisdiction. The Canadian securities regulation system, although decentralized, is one of the best in the world, according to studies by the OECD and the IMF, outstripping the national regulatory agencies of the United States, United Kingdom and Australia.

● (1550)

The federal securities commission plan clearly jeopardizes Quebec's financial industry. In addition to destroying financial sector jobs, the establishment of a federal securities commission would strip Quebec of a major economic development lever.

In the wake of the shocks to the goods production industry as a result of the Canadian dollar's appreciation against the U.S. dollar, the sharp rise of the emerging countries, the economic problems of the United States and the predictable increase in energy prices, specific measures should be taken to preserve entire segments of the manufacturing and forest sectors.

The Government of Canada must assert its leadership and put in place an industrial policy worthy of that name. Paradoxically, the provincial governments, particularly that of Quebec, are more active than the federal government in assisting distressed sectors, which makes no sense in view of the provinces' reduced fiscal leeway.

The oil boom is largely responsible for the appreciation of the Canadian dollar relative to its U.S. counterpart, but the emerging countries' exit from the crisis, which has been more convincing than that of the developed countries, has resulted in upward pressure on the prices of commodities, including, quite obviously, oil. As a result, the Canadian dollar is approaching parity with the U.S. currency, which once again threatens manufacturing and forest exports.

[English]

**The Chair:** Okay, thank you, Mr. Patry.

[Translation]

**Mr. Pierre Patry:** Yes, I'll be finished in one minute.

According to a recent projection by the National Bank of Canada, if the Canadian dollar rises to US\$1.02, the profit margins of five of the 19 Canadian manufacturing sectors will be reduced to zero, which will of course be disastrous for Quebec and Ontario.

In conclusion, CSN believes that economic recovery is far from guaranteed. There are still disturbing signs, and the war is not yet won in the most developed economies, particularly that of our neighbour to the south. Consequently, CSN believes that the federal government must pursue an interventionist strategy. Focusing entirely on fighting budget deficits, to the detriment of the economic recovery, would be a serious mistake that could have harmful effects in the short and medium terms.

Thank you, Mr. Chairman.

**The Chair:** Thank you very much.

[English]

Next we'll have the Canadian Institute of Actuaries.

● (1555)

[Translation]

**Ms. Micheline Dionne (President, Canadian Institute of Actuaries):** Good afternoon. I am Micheline Dionne, President of the Canadian Institute of Actuaries. With me is Marc-André Vinson, institute member and pension expert.

We appreciate being invited, and I look forward to an exchange that benefits all Canadians. Allow me to say a few words about who we are and the nature of our activities.

The institute establishes the rules and processes for Canada's actuaries, who apply their deep mathematical knowledge of finance, statistics and risk theory to help solve problems faced by pension plans, regulators, financial institutions, social programs and individuals.

Several of our ideas to improve the Canadian retirement saving system have been adopted, but they are not sufficient to create an environment conducive to saving, strengthening and expanding private pension plans.

This year, we surveyed retirees' and pre-retirees' understanding of the financial risks of retirement, personal choices and responsibility. Startling findings support the need for change. For example, among pre-retirees, 72% are concerned about maintaining a reasonable standard of living for the rest of their life; 62% are concerned about funding health care and nursing homes; 62% are concerned about depleting all their savings; and 20% believe they will never fully retire. In addition, while concerned and aware of the risks, few are taking concrete action to protect themselves financially for the future.

[English]

So what are the key issues?

The first issue is that Canadians should save more for retirement. The potential for significant retirement income gaps has increased. Corrective measures must be developed.

Second, Canadians need wider coverage. Less than a quarter of private sector workers belong to any type of pension plan.

Third, Canadians need more flexibility. Recorded life expectancy has been on the rise for at least 100 years, so the normal retirement age of 65 must be reviewed. For example, employer pension plans should be allowed to use a normal retirement age of over 65; legislation should not force employer pension plans to offer retirement at age 55; governments and employers should examine the appropriateness of generous early retirement benefits; the removal of disincentives to working past a fixed age should be strongly considered; and Canadians should be able to work part time or seasonally while collecting partial retirement benefits.

Fourth, Canadians need more education on retirement issues. Many working Canadians have no workplace pension, RRSP, or tax-free savings account, and do not own a home. Better financial education at an early age will help future generations avoid such circumstances. According to our survey, only half of retirees and pre-retirees seek financial advice. The institute supports the federal task force on financial literacy and has volunteered to assist it. Furthermore, plan sponsors should be encouraged to present useful information to members. More accessible independent advice would be beneficial. We support creating easily used tools for Canadians to understand the sources of retirement income.

Fifth, Canadians need defined benefit plans. They are excellent vehicles and their demise is not in Canadians' best interests. To encourage higher contributions, better funding, and security, government should introduce legislation allowing employers to set up 100% employer-funded pension security trusts separate from, but complementary to, regular defined benefit pension funds. The institute has proposed that these trusts be designed to work together with a risk-based target solvency margin and an increased maximum allowable surplus in a pension plan before employer contributions must stop. Reforms have helped, but in order to address the imbalance issue and to encourage stronger funding, the pension security trust concept must be implemented.

Sixth, pension plans need better risk management mechanisms. The financial crisis has highlighted the need for pension plans to establish funding policies incorporating risk management perspectives. We are committed to encouraging further research to develop methods that enhance risk management practices in pension plans.

Seventh, and last, the development of a principles-based approach to the supervision and monitoring of pension plans should be encouraged. This would remove significant obstacles to the maintenance and improvement of defined benefit plans and other plan designs. We would be pleased to assist in the development of regulations that would allow pension risks to be more evenly shared between sponsors and members.

Thank you.

• (1600)

**The Chair:** Thank you very much for your presentation.

We'll start members' questions with an opening round by Mr. Szabo.

**Mr. Paul Szabo (Mississauga South, Lib.):** Thank you.

I'd like to start with the Special Olympics. I'd like to thank Mr. Wright and Christina Judd Campbell for coming.

Christina, you bailed him out: you were terrific, you really were. I know that everybody around this table and anybody who's watching knows that not only are you trying to do your best, but you're out there as an ambassador on behalf of Canada as well.

Your activities and those of some 34,000 other athletes touch so many people's lives. I think about that and the fact that there are some 700,000 individuals in our country who have similar problems, and who are just so inspired by what you do.

My only question for you—maybe you can ask Mr. Wright to answer this—is why did you ask for only \$800,000? I think it should \$1 million.

**Mr. Tom Wright:** The quick answer is that we see this as phase one of other programs that we have.

We have a request in front of Sport Canada on an athlete assistance program, where we would be able to provide direct athlete assistance, as is similar to athletes who compete for Canada in the Paralympics and the Olympics. That's one program, which we've estimated will cost around \$450,000.

There's a second one, which is about volunteer recruitment. Again, all of our coaches are volunteers, and there's a 3:1 ratio there. For every three athletes like Christina, we need to find a coach. We need to recruit them and we need to train them. That's another \$250,000.

So if you add it all together, it's a little more than that, but we've come here with our original submission for \$800,000, Mr. Szabo.

**Mr. Paul Szabo:** Well, thank you. And you're also showing that you're being fiscally responsible at a time when we all should be thinking about these things.

Thank you, and I'm sure that you're getting this committee's support.

**Mr. Tom Wright:** Thank you very much, sir.

**Mr. Paul Szabo:** I'd like to turn to the Canadian Medical Association. When I first became a member of Parliament back in 1994, Health Canada came before the committee and gave us a presentation I will never forget. They said that 75% of what we spend in health care is to fix problems, and 25% is to prevent them—preventative medicine. The conclusion back then was that it was an unsustainable model.

I have no doubt that five million Canadians don't have regular physicians. We have to invest there, and I hope the commitment is made.

On pandemic preparedness, we're not an island, obviously. Your presentation is based on the fact that we have to do our share. I hope you'll affirm that we are in the ballpark, in terms of the \$500 million over five years. I want to know that.

There's one other area you may want to comment on. Why didn't you ask for specific funding for public education on health care? I think that is one of the best medicines we can provide.

• (1605)

**Mr. Jeffrey Turnbull:** Thank you very much for that question.

The issues of health promotion strategies and looking at the social determinants of health are key. The Canadian Medical Association supports these and is very enthusiastic about enhancing the good health of our population. We can do that through direct health care and we can do that as well by looking at the social determinants of health and informing our public about the need for good health. These are all essential strategies.

On the issue of sustainability and the fact that concerns about sustainability have been raised for some time, I think we all recognize that at this time our health care system is at a watershed. People who are waiting in emergency departments, who can't access family doctors, or who have their surgeries cancelled or delayed expect health care to be available to them. I think many in your different jurisdictions recognize that we need to have a meaningful intervention soon that will bring us to a more sustainable health care system.

**Mr. Paul Szabo:** You have expressed concern about the situation of an aging society, and the fact that the burden is falling on families and informal caregivers, which interferes with their ability to earn their nest eggs for their years of retirement.

I know a lot about that lately, because last week my mom, at 86, was put into respite care. Today I found out she's not coming out. She has Alzheimer's. I know what the family has had to do and to give up.

But what can we do...? I mean, how serious is this? How serious is it to the CMA? How much are you prepared to stand behind an initiative that will clearly provide some relief to caregivers?

**Mr. Jeffrey Turnbull:** It's very important. Is the CMA serious about it? Definitely. It's one of our most important priorities as we see our aging population going forward, and the direct and indirect costs that will have to be borne because of Alzheimer's disease—as in your family—stroke, and other chronic illnesses. The burden on our health care system and the burden on families is becoming more

and more unacceptable. We need to look for better ways to strategically invest to make sure we have good value for our money.

You probably will now recognize that the burden on indirect caregivers is huge. We have to look for ways to support them, through many different ways—through the tax system, or respite care that can be provided, or other benefits such as direct pay—because 80% of the care of our elderly in long-term care circumstances is provided by informal caregivers, not the health care system, such as physicians.

**Mr. Paul Szabo:** Thank you.

**The Chair:** Thank you, Mr. Szabo.

[Translation]

Mr. Paillé, please, you have seven minutes.

**Mr. Daniel Paillé (Hochelaga, BQ):** Thank you, Mr. Chairman.

Thank you for your evidence, madam.

I'm going to speak to the CSN people. I'm going to tell you about a situation we're familiar with, but I would like you to give us more details so that the government people can understand. There are sectors where there's a labour shortage, which prevents work from being completed before the March 31, 2011 deadline. We try to cite examples, but they don't seem to understand. In your opinion, what sectors have labour shortages, are overheated or are not doing well at all?

**Mr. Pierre Patry:** That's mainly a problem in the specialized building trades. As the infrastructure programs rely to a large degree on these people and many of those projects are being carried out at the same time in the municipalities, there are currently shortages of plumbers, electricians and workers in all the specialized building trades. There are a lot of infrastructure projects and labour is not entirely available. The consequence of that is that some projects may not be completed by March 2011.

We believe the federal government hasn't been clear enough about the fact that the infrastructure programs could be extended beyond the deadline. We estimate that that represents a \$200 million shortfall for Quebec.

**Mr. Daniel Paillé:** So that doesn't just concern paving work, but especially work done by highly skilled workers, as you just mentioned.

**Mr. Pierre Patry:** Yes. For example, sewer works are being carried out in the municipalities, and there are all kinds of other infrastructure works.

**Mr. Daniel Paillé:** All right.

You say in your brief that a 15¢ increase is planned in employment insurance premiums. The Employment Insurance Financing Board was supposed to management that revenue. You seem to believe in the board's independence. Suddenly, it increases premiums by 15¢ and the government puts pressure on the system by lowering the contribution. Ultimately, you would have preferred the board to have that money and to be able to improve the system. At the same time, wouldn't we then be protected against a potential theft from the fund, which the Liberals have previously committed and the Conservatives are preparing to commit?

• (1610)

**Mr. Pierre Patry:** On that point, CSN would like the employment insurance fund to be independent and essentially administered by workers and employers because they're the ones who contribute to it. When the board was established, CSN said that was a step in the right direction, although it believed that the board's powers would not be strong enough for it to be able to play the role of a genuinely independent fund.

Now we see that the government is going against the board's decision because all it wants is to balance the budget in the short term. We believe that a lot of jobs have been lost during the economic crisis, which has been quite significant. A number have since been created, but they aren't always full-time jobs. So we would have liked a bigger increase in premium rates, as the board wanted, and an improvement to the employment insurance system, which is socially important for people who wind up unemployed during an economic crisis. It's also an economically important system because people are in a better position to consume if they have good employment insurance benefits than if they don't. In addition, people who don't have employment insurance quite often wind up as claimants under the provinces' income security programs. Ultimately, that transfers the fiscal burden from the federal government to the provincial governments.

**Mr. Daniel Paillé:** In other words, you're saying that the tax cut granted to businesses will be financed out of the employment insurance fund.

**Mr. Pierre Patry:** That's roughly it.

**Mr. Daniel Paillé:** You had a word to say about the Canadian government's infamous plan to establish a single securities commission. You weren't here last week when we heard from the president of the Investment Industry Association of Canada. He essentially told us that the system was working very well. The current passport system is working very well internally. Internationally, since this vehicle is used to represent Canada at the International Organization of Securities Commissions, it was working very well.

Yesterday the president of the Conseil du patronat du Québec went further. He said, as you did today, that the federal plan would harm, and even kill, the financial industry of Quebec and Montreal. Even the president of Quebecor—it should be noted that I'm speaking to CSN—holds the same view. In Quebec, when the president of the Conseil du patronat, CSN and the president of Quebecor share the same opinion, I get the impression you have things to add with regard to this infamous plan for a single securities commission in Canada.

**Mr. Pierre Patry:** When the Conseil du patronat du Québec, Quebecor and CSN agree, we call that “a consensus” in Quebec.

**Mr. Daniel Paillé:** It's unanimous, yes.

**Mr. Pierre Patry:** We're very close to unanimity.

With regard to Canada's securities commission, what's the problem with the system we have right now? It's proven that the system, even decentralized, is more effective than many systems elsewhere in the world.

If the federal government really wants to take an interest in these issues, it should instead prepare regulations that are more useful at the international level. One of the causes of the financial crises that we have gone through was a lack of regulation, particularly with regard to hedge funds. The provincial securities commissions are able to play a large part of this role. There is a regulatory problem at the international level. If the federal government wanted to do something useful, I would prefer it worked at the international level in order to better regulate the financial markets and that it leave the provincial securities commissions to carry on their role, as they are currently doing.

**Mr. Daniel Paillé:** There's—

**The Chair:** You have 30 seconds left.

**Mr. Daniel Paillé:** There's another aspect in the context of what you're saying. And that's the judicial review of people who defraud Quebec savers, many of whom are your members. This is criminal in nature. It has nothing to do with Canada's securities commission.

**Mr. Pierre Patry:** That's correct.

I add my voice to those of Quebec's other stakeholders who say there is a genuine risk. There is a strong financial sector in Montreal, but that sector is increasingly shifting to Toronto. In the long term, we're going to lose a lot of expertise, and that will be harmful to Quebec's economy. We believe there isn't much of a future for Quebec in this plan.

• (1615)

**Mr. Daniel Paillé:** Thank you.

**The Chair:** Thank you, Mr. Paillé.

Mr. Menzies, go ahead, please.

[*English*]

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

I'll try to share my time with Monsieur Généreux.

First of all, to the Special Olympics representatives, I just sent an e-mail to Minister Lunn, who we all know is a big fan of the Special Olympics. He says to say hello. He would have loved to come and heard this.

Christina, you need to know that we crusty old politicians around the table don't usually applaud anyone, so you should be pretty flattered. Finance guys tend to be a little crusty, so congratulations. Not many times do we applaud our witnesses, so you should feel pretty special.

Could you share a little bit with us, Christina, whatever you're comfortable with, about your training and planning for Athens?

**Ms. Christina Judd Campbell:** I train five times a week. I train two times with a personal trainer and three times with my rhythmic gymnastics coach. Right now I'm doing lots of cardio and practising my routines. When I go to the training camps and when it gets closer to going to Athens, I'll be training a lot more.

**Mr. Ted Menzies:** Thank you. That's probably the most important message we need to hear—the dedication you have. I applaud your efforts. You do us proud.

I'm trying to keep this very short, but I have a question for our actuarial friends about suggestion five. Coming out of Charlotte-town, we suggested modest incremental changes to CPP—multi-employer plans. Just quickly, what are your thoughts on that?

On financial literacy, I see you support that.

I'm a little intrigued about introducing legislation allowing employers to set up 100% employer-funded pension security trusts. What would entice an employer to want to fund 100%, other than a real shortage of labour? Please answer quickly, if you could.

**Mr. Marc-André Vinson (Member, Canadian Institute of Actuaries):** Yes, absolutely.

Mr. Menzies, the 100% referred to there is not actually for the totality of fund, but for the pension security trust aspect of it. The purpose of that side fund, if you will, is to ensure that with respect to solvency funding and...like special payments, that if and when things turn around and deficits turn to surplus, they have the ability to go and retrieve those sums of money, which is not possible in the present framework.

**Mr. Ted Menzies:** So it's an insurance fund, funded by the employer, such that there is no question about who owns the assets in that.

**Mr. Marc-André Vinson:** Correct.

**Mr. Ted Menzies:** Okay. And that's a problem we face now, who owns...?

**Mr. Marc-André Vinson:** It's to dissipate the question of ownership of that surplus, while at the same time ensuring—because it's already in there and is part of this proposal—that the target solvency margins are maintained so the plans are funded to an appropriate level of solvency.

**Mr. Ted Menzies:** Okay.

I always have one question when I hear comments such as yours, that 72% of the people you polled are concerned, and 62% are concerned about funding health care.

What did you ask them? Was it, like, “How frightened are you?”, or did you say, “Is there concern in the back of your mind?”

I guess I'm a little fuzzy on the question here.

**Ms. Micheline Dionne:** It's a ranking from one to five on how preoccupied they are—very preoccupied, somewhat preoccupied, not preoccupied at all. It's the most preoccupied categories that we include in this.

**Mr. Ted Menzies:** Thank you.

Mr. G n reux, please.

**The Chair:** Go ahead: three minutes.

[Translation]

**Mr. Bernard G n reux (Montmagny—L'Islet—Kamouraska—Rivi re-du-Loup, CPC):** I would like to welcome all the witnesses, particularly Christina, whose story I very much like.

My question is for Mr. Patry.

I don't want to make an inappropriate comment, but I wondered whether the initials of the author of your brief, B.Q., stood for “Bloc Qu b cois”. I must ask you quite an important question.

Last week, three employment insurance pilot projects were extended by eight months. If I follow your logic, that shouldn't have been done since the officials advised us against it. And yet they are the ones who requested a premium rate increase of 15¢ per \$100. You say they should have proceeded that way and, in so doing, followed the Board's advice. They did not listen, and that was precisely in order to set funds aside to protect unemployed Canadian workers.

I'm trying to understand your logic. I don't know whether you have estimated what it would cost Canadians if everything you said earlier were implemented, that is to say increasing federal government spending and not cutting taxes, among other things. Whatever the case may be, Ms. Dionne, we definitely won't have any money to invest in our pension plans. Ultimately, you're asking for the moon.

● (1620)

**Mr. Pierre Patry:** No, we're not asking for the moon.

First, I want to note that the Conf d ration des syndicats nationaux is a union organization independent of any political party. If it happens that we are in agreement with one of the political parties, whether it be the Conservatives, the Liberals, the New Democrats or the Bloc, we say so.

**Mr. Bernard G n reux:** I'm happy to know that.

**Mr. Pierre Patry:** Furthermore, with regard to the Canada Employment Insurance Financing Board, our logic is this: we would have liked there to be a genuinely independent employment insurance fund. You created a board; we emphasized that that was a step in the right direction, but it really had to play its role. When it proposes an increase in premiums to allow improvements to pension plans, it has to be allowed to play its role. I don't understand your logic either. You established a board; you gave it a mandate that we find too limited, and you don't even abide by it.

Lastly, with regard to what the Conf d ration des syndicats nationaux is asking, our brief contains more comprehensive figures. Whatever the case may be, Canada is one of the least indebted countries in the world. It is one of the countries where, in percentage terms, deficits are the lowest in the world. All economists currently agree that there is going to be a double dip recession, a recovery that could be very slow. When we see what's going on in the United States and Europe, we're extremely concerned. We think the Canadian government has to intervene to support the economy.

**Mr. Bernard G n reux:** Thank you for telling us that we've managed the country well. That's a compliment.

[English]

**The Chair:** Thank you.

Mr. Mulcair, please.

[Translation]

**Mr. Thomas Mulcair (Outremont, NDP):** I have a question for our friends the actuaries.

At the end of your document, you explore certain avenues. You talk about lowering the administrative costs of personal pension plans. Can you tell us more about that?

**Mr. Marc-André Vinson:** Thank you.

From an administrative standpoint, especially if we're talking about defined contribution plans, people who contribute to small plans can't get fees as competitive as those associated with larger plans.

Furthermore, participants in defined contribution plans generally do not have to decide on their own investments. That aspect is managed by experts who are devoted to that. Expected returns are thus greater than those that individuals who make their own investments can achieve. In that respect, it has been proven that there is a significant gap of approximately 2% per year between the returns of professional investments and those of personal investments.

**Mr. Thomas Mulcair:** That's quite high. That's an important point. You're absolutely right to point that out.

You also provided an excellent overview of the question. This is one of the most comprehensive ones we've had the pleasure of seeing. Everyone in this issue agrees that it's relatively complex, that various avenues are being explored. I think you can bet that the next budget will include elements relating to that.

Do you get the impression that one of the simplest solutions might be to increase the premiums and benefits of the public plan?

**Mr. Marc-André Vinson:** The submissions designed to improve the Canada Pension Plan are numerous, very different and very divergent. The consequences of these kinds of changes are quite profound, not only with regard to the system itself, but also with regard to all other related plans. Before venturing into this type of change, you have to consider—

• (1625)

**Mr. Thomas Mulcair:** That's why we need actuaries so much. There are already enough lawyers, but actuaries are a scarcer commodity.

**Mr. Marc-André Vinson:** Yesterday, a professor from the University of Calgary presented quite an in-depth study of each of the—

**Mr. Thomas Mulcair:** The people around this table are quite familiar with that study.

Thank you for your presentation.

Mr. Patry, I would like to go back to a point that you raised. I think you've done a comprehensive analysis of the situation that led to what is going on in the manufacturing and forest sectors in particular.

What happened in October 2008 tends to be considered as the reference point of the current crisis. This is an international crisis, of course. However, according to Statistics Canada, the manufacturing sector in Canada lost 322,000 jobs between 2004 and 2008. That's called the "Dutch disease", which is a reference to what happened in the Netherlands when hydrocarbons were discovered. Before the advent of the euro, every country had its own currency. That of the Netherlands was the florin. Its value rose and suddenly the Netherlands could no longer export, even though it was a very

manufacturing-oriented country. We are going through the same thing here. One part of the solution, in our minds, is to internalize the actual costs of the oil sands. Right now, we're pumping, but we're not including the long-term costs. So an artificially large number of American dollars is entering Canada.

I would like to know your opinion on one aspect that was part of the discussion we just had with the actuaries. When we talk about sustainable development. We very often think of the environment, but there's also a social aspect. Several hundreds of thousands of manufacturing jobs, paying wages that were high enough to support a family and provide for retirement pensions, are being replaced by low-level, often part-time jobs.

Let's take the example of the sales and service sector in stores. This in no way diminishes the dignity of the person who carries on this occupation in order to live, but it will be recognized that that person does not earn enough money to support a family and there is no pension associated with that job. Aren't we creating another bubble over the long term or for another generation? Many people won't have enough money to live off their retirement income because we've gotten rid of the manufacturing and forest sectors with retirement pensions and quite high incomes.

**Mr. Pierre Patry:** First of all, you're raising an important point, the manufacturing sector issue.

I remember that the Standing Committee on Finance heard our evidence on the impact of the rise in the Canadian dollar. That was before 2008, and the manufacturing sector had already lost a large number of jobs. We were talking about highly paid jobs with generally defined contribution pension plans. The Confédération des syndicats nationaux sees that, even in large businesses, but even more in the case of SMEs, there are increasing numbers of defined benefit plans that are being converted to defined contribution plans. We believe this important issue must be addressed.

For example, we propose the introduction of sectoral pension plans through which a certain amount of savings could be channelled. I thought the Canadian Institute of Actuaries made promising proposals. If no action is taken at this level, it may not be defined benefit plans, but a lot of people will have little income when they retire. In Quebec, 40% of Quebecers have a defined benefit and defined contribution pension plan. If you rely solely on the public plans—

**The Chair:** You have one minute left.

**Mr. Pierre Patry:** —people will be in a serious state of poverty when they retire.

**Mr. Thomas Mulcair:** I recently had the opportunity to meet with CSN representatives. You obviously do your homework.

**Mr. Pierre Patry:** I hope they said the same thing as me.

**Mr. Thomas Mulcair:** We're studying what happened with the employment insurance fund. That's what created the fiscal room to provide large corporations with \$60 billion in tax cuts. If a manufacturing company lost money and didn't benefit from a tax cut, that didn't help it. This way of going about it, on the whole, benefited the richest businesses to the detriment of the companies that were in the greatest need. That's the tragedy of the Conservatives' approach.

Thank you very much, Mr. Patry.

**The Chair:** Please answer very briefly.

**Mr. Pierre Patry:** That's the current major misfortune. With regard to tax cuts for business, these are comprehensively implemented measures. We would prefer targeted measures that, for example, promote job creation and increased productivity. However, that's not what is being put forward.

[English]

**The Chair:** *Merci beaucoup.*

Colleagues, I've been requested to have a very quick round of two minutes each: one for Mr. Brison, *un tour à M. Carrier*, and one for Mr. Wallace. I will hold you firm to that two minutes.

Mr. Brison, please.

● (1630)

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

My question is for Mr. Turnbull and Mr. Adams, with CMA.

It strikes me that as we move forward, we have to really move away from the hospital being the centre for health care, particularly with the aging demographic, and do more to create a home-centred approach to health care, both economically and socially.

Mr. Szabo was mentioning his mom. My mom's 81 and has Alzheimer's. My 87-year-old father is taking care of her, and we're dealing with that now.

On the issue of helping caregivers and moving from a six-week EI benefit for caregivers, for workers trying to take care of loved ones at home, to six months—as opposed to the current six weeks—to what extent would that help Canadian families?

Also, in regard to a caregiver tax credit modelled on the child tax benefit, focused on helping families take care of loved ones at home, particularly low- and middle-income families, to what extent would that make a difference in not only helping to strengthen the health care system but in helping Canadian families to survive?

**The Chair:** You have about 30 seconds.

**Mr. Jeffrey Turnbull:** I'll be very quick in responding.

Thanks for your question. I think the movement from six weeks' support to longer would be helpful. I have to say that this, in its own right, would not be sufficient, recognizing that many of those people who require services at home are not just the people who are dying—compassionate care. We see so much chronic illness. Many of those caregivers are not employed, so an employment-based system in its own right would be helpful, but not sufficient.

As it relates to families, suffice to say that I think we have to look at all options of supporting all members who are providing long-term care, look at every option we have through our tax systems to support them.

[Translation]

**The Chair:** Mr. Carrier, go ahead, please.

**Mr. Robert Carrier (Alfred-Pellan, BQ):** Good afternoon, ladies and gentlemen. Since I only have two minutes, I have selected a single question. It will be for Mr. Turnbull, from the Canadian Medical Association.

I would like to have a clear understanding of the role you can play in Canadian health transfers, which you would like to see increased for various reasons. Among other things, you cite a lack of resources, the shortage of physicians in Canada. I know that it is a recognized fact that there is a shortage of physicians in Quebec. I suppose the situation is somewhat the same in the other provinces.

Since health is a field governed by each of the provinces, for example, as regards education and allocated budgets, I wonder how, through federal transfers, you can exercise an influence at a level that goes beyond that of the provinces.

[English]

**Mr. Jeffrey Turnbull:** Thank you very much.

I think what we first and foremost need to have is a conversation amongst all Canadians as to how they want their health care to look, and then we have to ask how it should be structured, recognizing the unique jurisdictions that are involved. There are many opportunities for our federal government to become engaged in working with, not against, our provinces. The federal government can facilitate, as we've heard, through tax incentives, setting standards. It can facilitate through a health innovation fund that encourages jurisdictions to move their health care system to a system that's much more sustainable. In addition to its usual requirements for delivery of services as required through the BNA Act, there are many opportunities where the federal government can participate.

Thank you.

**The Chair:** Thank you.

Mr. Wallace, very briefly.

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

I want to thank everyone for coming today.

I think my colleague Mr. Szabo asked about health education, and he thought it was a good thing.

Could you send me all the information you have about the risks of smoking? I'll send it to Mr. Szabo.

● (1635)

**Mr. Jeffrey Turnbull:** We'd be happy to do that. I'll back up the truck.

**Voices:** Oh, oh!

**Mr. Mike Wallace:** I'm just having a little fun with you there, Mr. Szabo.

Mr. Patry, I have a question for you, sir. In your discussion, you talked about the dollar being at or close to parity and that we've lost some of our competitive edge because we couldn't compete just based on the difference between a U.S. dollar and a Canadian dollar. I think it's a fact of life. I think we need to improve on productivity on this side of the border to be able to compete.

What are your union members wanting to do to improve productivity of the Canadian worker so that we can compete and continue to have jobs in this country?

[Translation]

**Mr. Pierre Patry:** In a society, the main two factors contributing to increased productivity are the quality and renewal of equipment. I don't think it would be difficult to assist businesses in this regard, if the idea was to increase work productivity. I mentioned that earlier. We would like measures such as those that promote employment and increased productivity much more than random tax cuts for businesses. That's the first thing.

The second thing that promotes increased productivity is education. The federal government's role in this regard is to ensure that there are proper transfers to the provinces for postsecondary education. There have been major cuts to these transfers since the mid-1990s. So transfer payments for postsecondary education should therefore be increased. That would promote increased productivity among workers.

[English]

**Mr. Mike Wallace:** Okay.

[Translation]

**The Chair:** Thank you, Mr. Wallace.

Mr. Mulcair has a question.

**Mr. Thomas Mulcair:** Thank you, Mr. Chairman.

I have a question for Mr. Turnbull. I'd like to know whether, in the view as well of the medical association he represents, he indeed believes that, in 2010, the medication that can be taken at home and home care are part of the basket of medical services that must be seen as such.

In the early 1960s, for example, comprehensive health insurance made it possible to put people in hospital. Today, if we want to keep these people at home, does that have to be part of what has to be negotiated between federal and provincial governments in the next round in 2014?

[English]

**Mr. Jeffrey Turnbull:** Thank you very much.

I'll be very brief and say "yes".

**Voices:** Oh, oh!

[Translation]

**Mr. Thomas Mulcair:** Can you clarify your thinking?

[English]

**Mr. Jeffrey Turnbull:** I'd be very pleased to.

Yes, the Canadian Medical Association is firmly behind looking at comprehensiveness in our health care coverage, all the way from health promotion, acute care, which we currently have with hospitals and doctors, but expanding that to long-term care, chronic palliative care, as well, and including pharmaceutical coverage that is comprehensive for all Canadians independent of their ability to pay.

[Translation]

**Mr. Thomas Mulcair:** Thank you very much.

[English]

**The Chair:** *Merci.*

I want to thank all of the witnesses. I want to thank you for your presentations and responding to our questions.

I want to thank colleagues for allowing me to bend the timetable a little bit this afternoon.

We will suspend for two minutes and have the next panel brought forth.

Thank you. *Merci.*

• \_\_\_\_\_ (Pause) \_\_\_\_\_

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• (1640)

**The Chair:** Colleagues, ladies and gentlemen, I call the meeting back to order.

We have a shortened panel. I want to thank colleagues for allowing that extra round.

We have four organizations in the second panel: *premièrement*, le Front d'action populaire en réaménagement urbain, and secondly, the Episodic Disabilities Network. We have, thirdly, the Investment Counsel Association of Canada, and fourthly, we have Enbridge Incorporated.

I want to thank you all for being here today.

[Translation]

You'll have five minutes for your presentation. Then we'll hear questions from members.

[English]

You have five minutes, and I will indicate to you when you have one minute remaining in your opening presentation.

[Translation]

We'll begin with the representatives of the Front d'action populaire en réaménagement urbain.

**Mr. François Saillant (Coordinator, Front d'action populaire en réaménagement urbain):** Good afternoon.

First, I want to mention that our presentation today follows on the heels of the demonstration held in Ottawa today by 450 persons that ended in front of the Department of National Defence building, the entrance to which was briefly blocked by demonstrators. The purpose was to denounce the fact that, starting on April 1 next year, there will be \$1 billion less for social housing, that is for the construction and renovation of existing social housing units.

This cut comes at the same time as the government is deciding possibly to allocate \$16 billion in its budget to the purchase and repair of F-35 military aircraft and to increase next year's National Defence budget by approximately \$22 billion dollars. We find it very hard to understand the decision to invest in military personnel rather than housing for people who have problems, who are poorly housed or homeless.

We also wanted to recall—we do it every time we come, and we don't think it is pointless to do so—that, in 1976, Canada subscribed to the International Covenant on Economic, Social and Cultural Rights, which, among a number of rights, acknowledged, in particular, "the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions." In ratifying the pact, Canada also undertook to respect, protect, promote and implement all rights and—I think it is important to add this—to act "to the maximum of its available resources."

In the past four years, three different UN bodies have criticized the poor manner in which Canada has honoured the right to adequate housing. The first was the Committee on Economic, Social and Cultural Rights. Second, the Special Rapporteur on the Right to Adequate Housing conducted an observation mission to Canada. And third, the Human Rights Council met for Canada's Universal Periodic Review.

Why is the government saying there will be \$1 billion less for social housing? It's simply that Canada's Economic Action Plan, which had enabled Canada to do a little better in the housing field, is coming to an end and no further action is planned, at least on housing. That means that the provinces will receive \$250 million less per year across Canada to build social housing and that there will be \$500 million less for social housing renovation.

This week we met the Offices municipaux de l'habitation, which manage social housing, the existing low-rent housing in Quebec. The impact of these funding cuts is major. In Montreal, we're talking about \$20 million less, which means that 75 buildings that could have undergone major renovations will not be renovated. That's the way it is virtually across Quebec. There will be \$300 million less for aboriginal and northern communities, which have an urgent need for this type of housing.

We would like the government to continue this program. We don't think the economic crisis is over. In any case, we would have to be shown that it is. However, we know for sure that the effects of the economic crisis on low-income individuals have not disappeared. The proof of that, and we cite it in our brief, is the astounding increase in the number of complaints to the Régie du logement for non-payment of rent in the Quebec regions hardest hit by the crisis. We are thinking, for example, of Mauricie and the Eastern Townships, regions that were sorely tested during the crisis.

So we would like the housing renovation budget to be maintained and the social housing budget to be increased. The target we have set is \$2 billion in investment per year for new housing. Knowing the expenditures incurred by National Defence, we are satisfied that there is a chance that this can be done.

Very briefly, I would like to mention a problem that we are increasingly encountering. And that is the end of the social housing agreements reached in the past. Very specifically, that is what we are currently seeing in relation, for example, to housing cooperatives. These are low-income renters who are losing the subsidies that enabled them to pay rents commensurate with their incomes. We believe those subsidies must absolutely be maintained.

● (1645)

Lastly, we note that funding under the Homelessness Partnering Strategy for agencies that work with homeless persons has not been indexed since the program was introduced. The first announcement made on the subject dates back to 1999. We believe that those amounts at least should be indexed.

[English]

**The Chair:** *Merci beaucoup.*

We'll hear from the Episodic Disabilities Network, please.

**Mrs. Martine Mangion (Manager, Canadian Working Group on HIV and Rehabilitation, Episodic Disabilities Network):** Dear members of the Standing Committee on Finance, thank you for inviting the Episodic Disabilities Network to present today.

My name is Martine Mangion, and I'm from the Canadian Working Group on HIV and Rehabilitation. I'm joined by Lynn Moore from the Arthritis Society.

The Episodic Disabilities Network brings together a wide range of key stakeholders from across Canada who have a shared interest in episodic disabilities. We are pleased to provide input on how Canada's disability income support programs can be improved and better created to create incentives and reduce barriers for the enhanced labour force participation of people living with episodic disabilities.

**Ms. Lynn Moore (Director of Public Affairs, The Arthritis Society, Episodic Disabilities Network):** Each of you almost surely has been touched by an episodic disability. An episodic disabling condition or disease is lifelong, but it differs from persistent or progressive disabling conditions. The period of disability in an episodic condition can vary in severity and duration. There may be advance notice of an episode, or it may come on quite unexpectedly.

Examples of conditions that can be episodically disabling include mental health disease, arthritis, HIV/AIDS, multiple sclerosis, Crohn's disease and colitis, and asthma. I could list more. All too often these conditions have a negative impact on workforce participation and income security.

An increasing number of Canadians have an episodic disability. In part, this is probably because we're better at diagnosing and managing these chronic conditions. It is estimated today that over four million Canadians live with arthritis; about 20% of Canadians will have a mental health disease episode during their lifetime; between 55,000 and 75,000 Canadians have MS; and about 63,000 Canadians live with HIV/AIDS. The combined impact is staggering, and the current income support policies are inadequate.

More flexibility in disability income support programs would facilitate increased labour force participation for Canadians. Creative solutions are required.

I want to give you an example of an episodic disability. I want to tell you about “Jill”. Jill isn't a real woman, but her story is built from the realities of thousands of Canadians whom the Arthritis Society talks to every day.

Jill is a 50-year-old woman. She has worked for over 25 years. Seven years ago she was diagnosed with rheumatoid arthritis. As a result of prompt diagnosis and good management, Jill lived a very full and complete life until last year.

Last year she started to exhibit flares in her arthritis. Sometimes she'd have to be off work for a day, sometime for a week, and more recently a month. Unfortunately, Jill only gets 10 sick days a year, so she's struggling. Her doctor is telling her that he cannot guarantee that her disease will be better managed.

Last month Jill faced the choice that she had to quit her job. However, if Jill had been able to use the employment insurance sickness benefit in a more flexible way over a longer period of time, she would have been able to stay engaged in the workforce.

It's not about more; it's about different.

We have three recommendations for you today. Our first recommendation is to make the employment insurance sickness benefit more flexible, making it easier for people with episodic disabilities to stay in the workplace by allowing people to work part time and receive partial sickness benefits for 75 full or 150 half days, instead of the current 15 weeks.

• (1650)

**Mrs. Martine Mangion:** People living with episodic disabilities face a complex and bewildering array of income support programs. I'd like to emphasize that government, private, and quasi-government bodies spent an estimated \$28 billion in 2008-09 in direct income support benefits to individuals with disabilities, without any comprehensive oversight respecting what the programs do as a whole or purport to achieve for Canadians with disabilities. Currently there is no single coordinating body to oversee and report on any aspect of the programs and services. Although taken individually each program or service may work well, the system as a whole is hard to access and does not work for people with episodic disabilities.

Our second recommendation is that the government develop a body—a commission, a ministry, or a department—to oversee and report on the coordination between the array of disability support programs and service areas and to establish options for people with episodic disabilities within disability benefit programs.

Our third recommendation is that the government develop a program or combination of programs that provides partial disability income support to complement earned income from part-time work for people who are living with life-long episodic disabilities and who have a partial capacity to work.

A critical next step would be to convene a national policy dialogue of key stakeholders to discuss the long-term future of disability and service programs and address approaches to making programs and services more flexible. The Episodic Disabilities Network is well positioned and would be pleased to collaborate with the federal government and all key stakeholders to move this dialogue forward.

Thank you.

**The Chair:** Thank you for your presentation.

We'll now hear from the Investment Counsel Association of Canada.

**Ms. Katie Walmsley (President, Investment Counsel Association of Canada):** Thank you very much, Mr. Chair.

[*Translation*]

We are pleased to have the opportunity to appear before the committee today. My name is Katie Walmsley. I am president of the Investment Counsel Association of Canada.

[*English*]

I am accompanied by Barb Lockhart, who is senior vice-president for finance and administration with McLean Budden Limited and who serves as past chair on the ICAC board of directors.

The Investment Counsel Association of Canada is composed of firms from across Canada who manage more than \$700 billion in assets for Canadians.

In our submission we focused on four specific recommendations that are tax-related, which, if all implemented, would help Canadians' retirement savings. Today my comments are going to focus on the most critical of the four issues, GST and HST.

Whether an individual lives in Alberta, Manitoba, or Nunavut, as of July 1, 2010, most Canadians with any savings in a mutual fund, a company pension plan, or a personal portfolio are likely paying HST. Canadians have been paying GST to manage their savings since 1991. The cost of managing those savings went up on July 1.

We don't think this is right; nor is it consistent with the other stated priorities of this government.

• (1655)

[*Translation*]

We don't think this is right.

[*English*]

We would like to highlight, however, the fact that one arm of the government is addressing the retirement savings issue while the tax policy arm of the government has increased the cost of saving for retirement.

Many of the retirement savings solutions that are being contemplated by this government are very costly to implement. As part of the solutions being considered, we urge you to consider exempting GST and HST for services that help Canadians save for their future and save in a manner that does not make them dependent on governments in the future.

Why do we urge this? At a high level, GST and HST are both a consumption tax. We fundamentally disagree with the fact that Canadians are paying a tax to manage their savings. They are not consuming; they are trying to build their savings such that they have adequate savings for their retirement years.

We don't disagree with GST and HST being paid at the time of consumption. We respect the government's direction to harmonize tax. But GST and HST are both a consumption tax and should come at the time of consumption, not while Canadians are trying to manage their savings.

In the EU, as an example, a variety of forms of investment management exemptions exist for this very reason. We strongly recommend that the government revisit the new tax on retirement savings.

I will now turn it over to Barb Lockhart to provide three specific examples of impacts on Canadians' retirement savings.

**Ms. Barb Lockhart (Past Chair, Board of Directors, Investment Counsel Association of Canada):** For example, a B.C. couple with \$200,000 invested in an RRSP who have invested under normal market conditions can expect to pay an extra \$175 a year in HST. This leads to an extra \$3,500 of tax over the life of the investment, or, if compounded, \$6,000. This is an amount of money that matters to every Canadian.

Canadian portfolio managers manage mutual funds across the country that now face different tax rates provincially. Albertan investors in mutual funds will now likely face higher consumption taxes on their investments by virtue of investing in a Canadian mutual fund. This is unfair and we believe was not the government's intention.

Pension plans face similar realities to those of mutual funds. Many people will be paying a lot more consumption tax and yet be completely unaware of the new reality. They will simply get smaller returns for their existing contributions.

**Ms. Katie Walmsley:** You may ask why there has not been a public outcry. For the majority of Canadians, the taxes are hidden. They are hidden in mutual fund statements, they are hidden in pension plan communications, they are not visible. The time will come, however, when they are aware—15 to 20 years from now, when many Canadians see that their savings are not adequate for retirement.

We believe our tax system should be part of the solution and not part of the problem when it comes to saving for all Canadian families.

[Translation]

Thank you. We will be pleased to answer your questions.

**The Chair:** Thank you very much for your presentation.

[English]

We'll now hear from Enbridge Incorporated, please.

**Mr. David Teichroeb (Manager, Fuel Cell Development, Clean Technology, Enbridge Inc.):** Good afternoon.

I represent Enbridge Inc., a Canadian leader in energy transportation and distribution. Our green energy footprint exceeds 850 megawatts of wind, solar, geothermal, fuel cell, and heat-to-power systems. We believe our pre-budget submission aligns with Canadian energy and environmental policies. It also creates and fosters new ideas and the ability to transform these ideas into new products and services for both our domestic and export economies.

Canada has stimulated significant investment in wind energy. As this technology matures, opportunities exist to diversify our low-carbon energy supplies with a portfolio of technologies having low or no incremental emissions. We call them non-combustion technologies. They include fuel cells and systems that harvest waste energy to generate low-impact electricity.

Fuel cells are like a continuous battery. They operate electrochemically without burning fuel, so they're very clean and efficient on both renewables and fossil fuels.

Waste-energy recovery technologies use expansion turbines. They include pressure recovery from natural gas pipelines and also the recovery of industrial waste heat for power.

To support Canada's energy and environmental objectives, the Government of Canada should consider early purchase incentives for non-combustion technologies by extending support to non-combustion technologies if Canada's ecoEnergy or ecoEnergy RP programs are renewed, or it should provide supportive tax policy environments for these technologies. Such measures could include investment tax credits for qualified non-combustion technology.

These recommendations support our energy priorities, which include clean power, energy efficiency, and cleaner use of fossil fuels. Stationary fuel cells support all three. They don't burn the fuel, so they provide clean electricity without smog, particulate, or sulphurous emissions. They have a very high electrical efficiency, so the greenhouse gases are reduced. They operate on a variety of energy feedstocks, including natural gas, renewable methane, hydrogen, synthetic gas from wood-waste gasification, paint fumes, etc. In short, they represent cleaner and wise use of fossil, renewable, and waste energy supplies.

Recovering waste energy for power also supports these priorities. It increases efficiency by using less energy per gross domestic product. Many waste-energy streams occur every day in Canada. We can harvest this for power with low or no incremental emissions. A few examples follow.

Enbridge developed a hybrid fuel cell for pipeline pressure control. It's more efficient and less polluting. A plant in Toronto was operated in 2008 with the support of NRCan and Environment Canada. It produces low-carbon electricity for about 1,700 homes without burning fuel, by harvesting waste pipeline energy. Canada's extensive natural gas pipelines offer many repeatable opportunities.

Ford Motor Company in Oakville operates a fuel cell on paint fumes. The fumes are extracted from the paint line and the fuel cell creates power without emissions. Many industrial processes across Canada could benefit from a similar approach.

In Saskatchewan, pipeline compressors have been installed with heat-to-power technologies. Before, hot air was dumped into the atmosphere. Now clean power is produced for the grid. The technology can be applied to cement plants, steel plants, and other high-temperature exhausts. The investment creates green jobs, but more importantly it helps preserve our existing industrial employment by making industry more competitive.

As part of the clean energy dialogue with the U.S. we're focusing on more efficient grids with renewable and clean generation. The dialogue encourages clean energy research, development, and deployment. Due to the integrated economies, Environment Canada is considering opportunities for policy and regulatory harmonization with the U.S.

• (1700)

**The Chair:** You have one minute.

**Mr. David Teichroeb:** U.S. energy policy offers an investment tax credit of \$3,000 per kilowatt, or 30% of the cost, whichever is less. Canada could benefit by harmonizing some of the tax policies with the U.S. to maintain competitive investment climates for clean technology. Harmonizing energy, environment, and tax policies can assist in developing economic advantage and a culture of innovation.

Recently, the Conference Board of Canada stated:

Canada's report cards on innovation and environment are still below average. We do not do a good job of identifying and capitalizing on those areas where we can be globally competitive.

In short, Canada is blessed with many energy resources, but we can and should increase our capability to develop and use clean technology. It can only strengthen our competitiveness, and early purchase incentives for non-combustion technologies can support our Canadian priorities on energy, environment, and innovation.

I'd like to thank you for your time and your consideration of these recommendations.

**The Chair:** Thank you for your presentation.

We'll start members' questions with Mr. Brison, please.

**Hon. Scott Brison:** Thank you very much.

I'd like to start with Enbridge, on the need to modernize our energy systems in Canada. It's certainly not a one-off, it's a much broader discussion.

You mentioned harmonizing some of our policies with the U.S. in terms of tax policies and some other areas. The American government, the Obama government, spent six times what we did in Canada on a per capita basis on modernizing and greening energy

systems. So I would agree with you. We need to do more here and work together to modernize both production and grid.

One area where we have a comparative advantage in some ways is in the area of clean conventional energy. It's estimated that in 20 years, 80% of the world's energy will still come from hydrocarbons, so it's clear we've got to increase efforts to develop clean conventional energy, whether it's CCS or coal gasification and other approaches to that.

I'd appreciate your thoughts on what we ought to be doing, not just on alternative but also cleaner conventional energy systems.

• (1705)

**Mr. David Teichroeb:** We would offer that energy in general should be used more efficiently and through less polluting technologies, and that's where some of what we've outlined today comes into play. So the opportunity in the near term for reducing greenhouse gases and pollutants is likely greatest just by energy efficiency alone.

The Pew Center on Global Climate Change in Washington is on record stating that, and clearly we have an opportunity to start diversifying—even things like our pipeline grids—with more renewable content. It's not all that dissimilar from renewable content in gasoline.

**Hon. Scott Brison:** And even in terms of modernizing energy or electricity grid, it makes a huge difference in terms of old grid losing 20% of your electricity before you even flip a switch, and smart grids, and the rest; eco-efficiency. So thank you for your presentation.

On the episodic disability issue, it's a very important issue you bring to the committee. It's an issue that is one of compassion but also one of economic productivity when you consider the number of people who prematurely are taken out of the workforce because of episodic disability. If they could participate, if we had a more flexible approach to labour and support systems....

In fact I'd like to meet with you and have a longer discussion around what some of the public policies might be. I'd urge you to consider a focus on the economic cost of inaction. A lot of times when we meet with people at finance committee, we hear proposals for more investment. I think yours has a significant savings to the economy and a real benefit to the economy that could be quantified.

I really thought it was very compelling. You can comment on the economic and competitiveness issue. We're very concerned with the aging demographic and the impact on our productivity as a country, and I think some of your proposals may be very helpful economically to us.

**Mrs. Martine Mangion:** Thank you so much.

Yes, and that's why in 2003 we set up the Episodic Disabilities Network, because we saw that this was an issue that spanned across different types of disability. Employment and income support were the two main issues and challenges facing people living with episodic disabilities.

We've done a lot of research on what's happening in other countries, in Europe and in Scandinavia, and partial income support is something that Sweden and the Netherlands have adopted.

**Ms. Lynn Moore:** I would just like to comment on the fact that the key aspect of an episodic disability is that it often strikes in people's productive years but it is lifelong. So the more we can adapt policy to allow people to remain engaged in the workforce, even in a part-time way, the more we increase Canada's productivity.

**The Chair:** Thank you.

You have about two minutes, Mr. Szabo.

**Mr. Paul Szabo:** Thank you.

I want to go back to the hydro cells. We've had other presentations that have dealt with this to some extent. Where does the fuel cell rank right now, in terms of efficiency and cost, to the substitutes?

**Mr. David Teichroeb:** From a cost perspective, I'd suggest the technology today is where the wind industry was about five-plus years ago. It's still early, but there are rapidly declining costs.

On a cents-per-kilowatt-hour basis, some will range around 14¢ a kilowatt hour. Clearly it's more than brown power rates, but it's by no means what's needed for solar PV and some of the other solutions.

**Mr. Paul Szabo:** Okay. And of course the technology continues to improve. I must admit that even what we've seen with turbine technology has been fairly spectacular.

How do we rank in terms of supporting R and D on fuel cell technology compared to other countries?

**Mr. David Teichroeb:** I would suggest that Canada has been very supportive at the early R and D stage. Quite frankly, there's some leadership in this country. Where we clearly struggle is with moving this to the mainstream commercialized opportunities.

We have manufacturers in Mississauga; part of our fuel cell plant was built in Burlington, Ontario; and we have heat-to-power manufacturers in Alberta and Ontario. All of these are being forced as manufacturers to look to U.S. and European markets to try to innovate beyond their first-generation technologies.

• (1710)

**Mr. Paul Szabo:** What about commercialization opportunities at the high end?

**Mr. David Teichroeb:** To put it into perspective, with just this one concept or innovation that Enbridge has advanced, we believe in our own pipeline network we would have 30 megawatts, or about 15 times what we've built already, in the next five years.

The opportunity in the U.S. is probably tenfold—we believe it to be about 300 megawatts—and clearly the technology just starts to go up on that hockey-stick type curve.

**Mr. Paul Szabo:** Thank you.

**The Chair:** Thank you.

*Monsieur Paillé, s'il vous plaît.*

[Translation]

**Mr. Daniel Paillé:** I'm going to share the time available to me with my colleague.

I will be speaking to Mr. Saillant, since he says he often comes here to refresh our memory, something that should always be redone.

You are a symbol of perseverance, and at some point you will be heard, or else you will stop coming here.

You cited a number of figures, and yesterday other people told us that between 10% and 12% of families in Quebec were inadequately housed because too many people are living in the same dwelling. They also said that this varied with groups, that it was in the range of 20% to 30% in the case of single-parent families, aboriginal persons and seniors. As I said yesterday with regard to the homeless, 100% of them do not have a roof over their heads. That has to be said.

You drew an interesting parallel today by saying that the costs of a single F-35 would make it possible to subsidize 3,500 housing units. That means 8,760 hours of use of a housing unit per year because it is used 24 hours a day. For 3,500 units, that represents 30 million hours of use equivalent to the cost of a single F-35. That's striking.

I would like to hear what you have to say about the harmful effects of the end of the social housing agreements. I'm experiencing this in Hochelaga, where people seem to have forgotten that upon expiry of the mortgage agreement, the cooperative is old. Money that we don't have therefore has to be used to renovate the doors and roofs and to change the plumbing. In the worst cases I've seen, one-third of the coop is being sold to renovate the other two-thirds. So people are being evicted. This is the first effect that I would like to hear you talk about.

There is another. The end of the agreements also means the end of the subsidy granted to those who have low incomes enabling them to occupy the coops. So we're going to wind up with a stock of social housing coops.

**Mr. François Saillant:** We are very concerned about the end of the agreements. It's something that will affect all of Canada and virtually all social housing units. So it's a major problem that has emerged in the past two years. Across Canada, 11,000 units are no longer subsidized by the Canada Mortgage and Housing Corporation because the mortgage agreement has expired.

The idea behind all that was to believe that the agreement would expire, that the people would have properly maintained their units, that there would be no problems and that we would have the money to help lower-income individuals. In real life, that's not how it works.

Except in the past two years, the federal government has always refused to grant subsidies to renovate these units. So there were no subsidies to renovate the units, whereas those units have deteriorated and, at the end of the agreements, people will probably be forced to take out a new mortgage. As a result, the saving that will come from the end of the mortgage will be offset by another mortgage, this time to adequately renovate the buildings.

As you say, for us, the major consequence is still for the low-income renters. I live in a housing coop, and all the money we receive from the federal government, from the Canada Mortgage and Housing Corporation, goes to low-income individuals in our coop. That's why, instead of paying 50% of their income for housing, these people pay 25%. However, that subsidy will now be withdrawn from those people from one day to the next. This means that they will be forced back into the misery in which they formerly found themselves. In addition, these people could very well go away, and where will they go, in view of market rents?

**Mr. Daniel Paillé:** That's correct.

I would like to give Mr. Carrier the five minutes I have left.

• (1715)

**Mr. Robert Carrier:** Good afternoon, everyone.

I am not a member for the same region as my colleague. He is from Montreal, the member for the constituency of Hochelaga, where housing needs are urgent. I'm a member from the city of Laval, where there is also a housing problem. This puts pressure on homelessness. Since Laval is a Montreal suburb and there are a lot of bungalows there, you get the impression that people are comfortable there. However, there is also a lot of pressure this respect.

I can't understand why, in 2010, we're talking about buying 65 F-35 aircraft at a cost of \$9 billion and can still tolerate the fact that entire families are without housing and do not have access to affordable, adequate housing. It's inconceivable.

Mr. Saillant, I wanted to ask you what figures you currently have on Laval. It seems to me that more than 1,000 applications for affordable housing administered by the Laval municipal housing board are pending. To my mind, the situation is a problem, and I'm doing a lot of work on it.

**Mr. François Saillant:** According to our figures, more than half of people in Laval spend more than 30% of their incomes on housing, which is the generally accepted standard. You're right. The waiting list for low-cost public housing in Laval is extremely long. The problem of homelessness is increasingly pressing. However, Laval is one of the cities in Quebec that, all other things being equal, has fewer social housing units. It's one of the cities where a catch-up effort has to be made in the area of social housing.

Unfortunately, the funding we'll be receiving starting next year guarantees us that, for all of Canada, there will be \$125 million over the next three years to build affordable housing. FRAPRU has checked. That means that Quebec will be entitled to \$29 million. That represents subsidies for 413 housing units under Quebec's AccèsLogis program. With 413 units, we can't even meet half the needs of the people of Laval. But we're going to subsidize 413 units for all of Quebec

In the meantime, an F-35 would represent 3,500 social housing units. Something's not right.

**Mr. Robert Carrier:** Do you at least have an answer regarding the Homelessness Partnership Strategy, whose budget has not been indexed since 1999?

**Mr. François Saillant:** We'd like to have the answer, but unfortunately we don't have it today. We aren't the people who are most concerned; that's the people who work directly in this area and the people who receive those services.

We were told that that would continue over the next three years. There will be non-indexed amounts. However, the people who intervene in the field don't even know which interventions will be subsidized. That means that, if we offer a service right now, we may be forced to close our doors next April 1.

[English]

**The Chair:** Thank you.

Mr. Menzies, please.

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

If I can start off, I'll be sharing my time with Mr. Hiebert. I'll be very brief here. There are just a couple of points I do want to make to Mr. Saillant.

I guess, to hear you speak, you think that the government actually didn't commit \$2 billion to social housing over the years 2009 to the end of 2011. I'm not going to take away from the fact that there are people who need housing, but let's at least recognize the fact that \$2 billion has gone toward that. That's not to mention some of the social housing projects for our first nations, which are in some pretty dire situations, and many of us as rural MPs have seen that.

I do take exception, and maybe I'm...when you said that homelessness is increasing. Are you meaning just in Quebec? Because we actually had a witness yesterday, from the Canadian Housing and Renewal Association, who recognized the investments that we have put in and suggested that homelessness in Canada is actually 1% lower than it was in 2006.

Just quickly, what role can the private sector play in developing social housing? I've heard many people suggest that we need to include the private sector in this.

• (1720)

[Translation]

**Mr. François Saillant:** First, I'll answer with regard to government assistance over the past two years. It is entirely true that more money has been granted, which partly enables us to catch up, but not completely. We deplore the fact that the effort was made for two years and that now nothing further is being done. There will only be crumbs left, approximately \$125 million for the construction of new social housing across Canada. That's peanuts. That's the smallest amount of money the federal government has allocated for new social housing since 2001.

So efforts have indeed been made over the past two years but those efforts are coming to an end. We aren't at all convinced that the economic crisis is over, but we definitely know that the effects of that crisis continue. So we are asking that these budgets be maintained over the next few years rather than cancelled. That goes for the funding granted to the provinces, the aboriginal and northern communities and to the people who live in social housing, who have managed to renovate a small part of their dwellings in the past few years, but for whom this is over.

So we're not telling you you've done a bad job over the past two years, but that not everything has been repaired and that we have to continue, that we have to go further. With regard to the construction of new social housing, we have to invest bigger amounts than those granted over the past two years.

[English]

**Mr. Ted Menzies:** Okay. Thank you. It's always nice to recognize what actually has been done rather than just saying that nothing's been done.

To our episodic disabilities witnesses, to be very frank—

**The Chair:** Quickly, please.

**Mr. Ted Menzies:** Okay. Thank you.

In budget 2010 we've allowed a deceased individual's RRSP or RRIF proceeds to be transferred into an RDSP. Is that going to be helpful for the people that you represent?

**Ms. Lynn Moore:** It's one of the issues we're looking at, but part of the problem with an episodic disability is definitional. Part of the work that the Episodic Disabilities Network is about to undertake is to look at the definitions that are used for the various disability programs—as Martine alluded to, they're quite diverse—and figure how they can encapsulate the issue of episodic disability. I can speak most personally about arthritis, because it's the disease I know most about; many people with arthritis don't meet the definition even though they do have significant episodes of disability.

**Mr. Ted Menzies:** Thank you.

**The Chair:** You have two and a half minutes, Russ.

**Mr. Russ Hiebert (South Surrey—White Rock—Cloverdale, CPC):** My question is for Ms. Walmsley.

This isn't the first time we've heard a presentation on this issue of taxation of funds. For the benefit of my colleagues, I was wondering if you could just elaborate: is it not the case that if an investor were to purchase, say, five securities and their choice would be to go to either a bank, a brokerage, or a mutual fund for the same five securities, they would be taxed differently if they purchased them from a fund as opposed to a bank or a brokerage?

**Ms. Katie Walmsley:** The taxation of financial services is complicated. In the Excise Tax Act there are certain financial services that are exempt. The interpretation of that has actually changed in the last year and a half. There was a court case in April of 2009 that reversed the treatment of taxation of investment management services.

To go back to your example, yes, if you go to a bank to a purchase a GIC, just as an example, there is no tax in the purchase of a GIC. If you go to a broker, direct them to purchase the sale of five securities,

by the details of the definition of “financial service” in that transaction, that is not subject to GST or HST. If you hire a portfolio manager to set up a personal portfolio for you that has those securities, that is subject to tax, the fee charged for that is subject to GST or HST in the harmonized provinces.

There is not a level playing field today, and it is causing some confusion to investors.

**Mr. Russ Hiebert:** Some would say that the management that's provided in a fund—the purchase of the five securities and then perhaps the adjustment of the weight in those securities or other securities—is what constitutes the service attracting the tax.

How would you respond to that argument?

**Ms. Katie Walmsley:** Barb, do you want to talk to that?

**Ms. Barb Lockhart:** Certainly.

You're talking about buying a mutual fund specifically.

**Mr. Russ Hiebert:** That's correct.

**Ms. Barb Lockhart:** So the management fee on a mutual fund is subject to HST.

• (1725)

**Mr. Russ Hiebert:** Yes, I understand that, but some would say that the reason it is subject to that additional tax is there's a service provided by the fund manager that's not provided by the brokerage firm or the bank.

**Ms. Barb Lockhart:** There is a service that is provided by the manager in the investment of the fund, that is true. But that same service could be provided by a broker if you were to go to a brokerage firm and ask for their advice on how to invest or manage your account with them.

**Mr. Russ Hiebert:** So you're simply asking for equality.

**Ms. Barb Lockhart:** Yes.

**The Chair:** Thank you.

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

[Translation]

**Mr. Thomas Mulcair:** I in turn want to thank Mr. Saillant and Ms. Laflamme who has accompanied him here today. Both are doing an outstanding job and have shown an enormous amount of dedication over the years and therefore deserve our congratulations and thanks for the very objective analysis they have submitted to this committee.

Mr. Chairman, I believe they very accurately sum up the situation when they talk about priorities. In Parliament, this committee is preparing the next budget, and we have to wonder what our priority is as a society. I very much appreciated the fact that Mr. Saillant took us back to 1976, when we declared that our priority as a society was the ongoing improvement of citizens' living conditions.

You mentioned a bill in your document. I wanted to know whether you had the time to look at the private member's bill of my colleague Libby Davies. If so, what is your analysis?

**Mr. François Saillant:** We came here to Ottawa last week to speak on that subject. We gave our views on that bill, of which we are in favour, and hoped that Quebec's jurisdiction with respect to housing would be recognized.

However, in our view, recognition of the right to housing is, I would say, a long-term challenge. There are steps that have to be followed and bills that can help us. We have an urgent matter in the immediate future, the next budget and the upcoming cuts to funding that had been increased in the past two years as a result of the economic recovery. That is having extremely dramatic consequences for people, for social housing tenants, for people who live in low-cost housing. In some cases, they have been asked to leave the buildings because renovation work urgently had to be done there. Currently, with the cuts to federal funding, they are being told that they will have to wait another year before returning to their units. That has very practical consequences for people. When we say that there are subsidies for the equivalent of only 413 social housing units when the needs are so great, when we talk about 203,000 renting households in Quebec that spend more than half of their incomes on housing, that's also a dramatic situation.

**Mr. Thomas Mulcair:** A clear thought can be clearly stated, and you have a very clear way of saying things. You said that would force people back into misery. We made investments over the years, and we started to build something that could remove people from misery, and we're going to plunge them right back in because this isn't a priority.

Thank you very much for being here today, Mr. Saillant and Ms. Laflamme.

[*English*]

Even though I have nothing but confidence in the extraordinary qualities of our simultaneous translators, I don't want anything to be lost in translation on this one. I want to make sure I understand, and in fact that's the goal of my question: are there two "Enbridge Inc."s?

We have before us Mr. Teichroeb, whose title is "Clean Technology". In his document, he says that Enbridge developed a hybrid fuel cell for pipeline pressure control that is "more efficient and less polluting".

Is this the same Enbridge that told the Environmental Protection Agency in the United States that everything was fine with its pipeline, and then five days later blew three million litres of crude into the Kalamazoo River? Or has something been lost in the translation?

Tell me that you're a different Enbridge and not the same one.

**Mr. David Teichroeb:** The company is one and the same. We've made a mess in people's backyards in Michigan, and we are in the process of correcting that while we continue to advance energy infrastructure development throughout North America.

**Mr. Thomas Mulcair:** So you're the same Enbridge. You're not here as part of an association. You're here as an individual corporation to make your pitch on the next budget. Your most recent track record is spewing millions of dollars of crude into a river after having given assurance to the Government of the United States that everything was fine. And you really expect to be taken seriously about clean technologies?

That's your track record. That's who you are.

**Mr. David Teichroeb:** Our CEO has presented to the U.S. government. That's on record. I'm here today to represent our interests on clean technology and the investment opportunities for Canadian companies, including Enbridge, by investing in these systems.

• (1730)

**Mr. Thomas Mulcair:** Now, the mess that you made in Michigan—that wasn't the only accident that Enbridge had last year, was it.

**Mr. David Teichroeb:** There was an incident in Illinois, yes.

**Mr. Thomas Mulcair:** You've soiled more than one backyard in the past.

**Mr. David Teichroeb:** That is still under investigation, yes.

**Mr. Thomas Mulcair:** Okay....

What's under investigation?

**Mr. David Teichroeb:** The cause of the leak.

**Mr. Thomas Mulcair:** But it was Enbridge?

**Mr. David Teichroeb:** It was our pipeline.

**Mr. Thomas Mulcair:** Your pipelines are also being proposed to start bringing Canadian crude—untreated, unrefined bitumen—to the United States as quickly as possible. One of the main ones is under construction right now from Alberta, right? That's an Enbridge line that's being built?

**Mr. David Teichroeb:** That's our liquids pipeline group. I don't work for that group, but there are a number of pipelines under development.

**Mr. Thomas Mulcair:** When we talk about sustainable development, we look at the environmental, the social, and the economic aspects. What are the economic and social interests of Canada in a pipeline like Trailbreaker that will pump raw bitumen to the States and leave in the States all the transformation work, 18,000 jobs? How is that sustainable development, if we're talking about that here today with you? How does that help sustainable development? What is Enbridge's policy on that?

**Mr. David Teichroeb:** I would have to defer that question to our liquids pipeline group, but I will say that the opportunities for investment in new energy infrastructure to make both fossil and renewable energy supplies cleaner and more efficient will be beneficial to Canada.

**Mr. Thomas Mulcair:** Yes, I see, but don't you think it would be a little more credible if it were coming from a company that had a better track record than Enbridge?

**Mr. David Teichroeb:** As an employee of the company, I'm quite pleased with our response to the incidents and our track record in Canada and the U.S.

**Mr. Thomas Mulcair:** Well, I can honestly tell you that Enbridge's plan to try to fire a pipeline through the Rockies is going to be met with the strongest environmental resistance in this country's history, and deservedly so, because your company has a lousy track record, and after soiling our neighbour's backyard twice in the past year, we're not going to let you do the same thing in western Canada to get your bitumen as fast as possible to the west coast and over to China.

Thank you.

**The Chair:** Thank you, Mr. Mulcair.

I want to thank all of our witnesses for presenting, for responding to our questions, and for giving your input into our pre-budget consultations.

The meeting is adjourned.

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