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Chair

Mr. Massimo Pacetti

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• (1535)

[Translation]

The Chair (Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.)): Order, please. Because there are a greater number of Bloc québécois members present, I intend to speak French.

I would like thank our witnesses for being here today. We will be hearing from the groups of witnesses whose names appear on the list I have in front of me. There are six groups in all. I would ask you to limit yourselves to five minutes.

[English]

for opening remarks, please.

[Translation]

The first group is

[English]

the Retirement Income Coalition and Ian Markham.

Mr. Ian Markham (Fellow of the Canadian Institute of Actuaries, Watson Wyatt Canada, Retirement Income Coalition): Thank you.

My name is Ian Markham, and I'm with the Retirement Income Coalition. With me is Andrew Jones, of the same organization. As a matter of fact, I actually represent the Association of Canadian Pension Management, and Andrew represents the Canadian Dental Association as part of this Retirement Income Coalition.

It's a diverse group comprised of sixteen member organizations. They include pension plan sponsors, professional associations, and business groups. They range from the Canadian Teachers' Federation to CARP, which is Canada's Association for the Fifty-Plus. When combined, we collectively represent over 1.1 million average Canadians.

All of us share an interest in the health and reform of the retirement income system, and all of us share the view that more needs to be done to help Canadians increase their private retirement savings. In particular, registered retirement savings plans—RRSPs—defined benefit pension plans, and defined contribution pension plans are inadequate for those who rely on them.

A pension equal to 70% of earnings for a full career is a widely accepted measure of pension adequacy. This is the amount most families need to maintain their pre-retirement standard of living. The federal and provincial governments have long applied this principle in designing pensions for their own employees.

The increases in the annual RRSP contribution limits that were announced in the 2003 budget were a step in the right direction, but they fell well short of being sufficient or fair and equitable. That's because, as our submission does show, even for those with modest increases, many Canadians still can't earn a pension equal to that 70% figure of final earnings regardless of their years of service.

Since 1976, the maximum Canada Pension Plan benefit has grown by over 400% and the old age security GIS—that's guaranteed income supplement—benefit for low-income seniors has expanded by over 350%. However, you will note from our submission that over the same period, contribution levels to RRSPs and defined contribution plans have risen by only 180% or 137% respectively.

The decline in the stock market since August 2000 has dealt a significant setback to many who have been investing diligently for their own retirement. Many of them are middle-income earners. It's a misconception that only high-income individuals are affected by these current pension and RRSP limits. Our research shows that they constrain many middle-income earners as well, such as chief librarians, school administrators, or senior registered nurses. These are examples of professional and administrative positions that are listed.

We suggest that it would be sound public policy to encourage all of those who can contribute more for their own retirement to do so. As ever increasing numbers of taxpayers retire, the government should be concerned with ensuring a healthy stream of tax revenue in the future. Most of those who are able to contribute more to RRSPs today are taxed federally at a 30% tax rate—and that's the marginal rate. After they retire, their withdrawals will be taxed at rates between 26% and 40%.

Whatever taxes the federal government might forgo today will be fully recovered with interest when the extra contributions are withdrawn. That will happen when the baby boom generation retires and pension- and health-related demands on the public purse are at their highest. As many baby boomers are now at their peak earnings, this is the time to encourage them to maximize their own retirement savings.

We continue to lose ground to our major trading partners, the U.S. and the U.K. Why does this matter? Because Canadian employers of highly skilled, mobile workers face a constant challenge to retain qualified staff. One way to address this is through increased savings and retirement plans. I'll just give you a few numbers—and these are in our submission.

In the U.S., the maximum annual contribution to a tax sheltered savings plan is \$56,000 Canadian dollars. In the U.K., it's \$38,000, going up to \$88,000, depending on age. If you compare that to the Canadian RRSP limit of \$15,500 this year, it's obviously a lot higher. Similarly, if you are one of those people who belongs to a defined benefit pension plan, you can tax-shelter earnings up to \$280,000 Canadian in the U.S. and \$218,000 in the U.K. The Canadian amounts are less than half of those.

We believe these are compelling reasons to revisit retirement savings policy in the next budget. We recommend raising the 2004 RRSP contribution limit of \$15,500 to \$20,500 in 2005, with annual increases to \$27,000. That's in 2003 dollars. At that point, the level should be indexed to the average wage.

Why? The third tax bracket this year ranges from \$70,000 to \$113,800. However, only those earning from \$70,000 to \$86,000 can contribute the 18% limit that others at lower incomes can contribute to an RRSP. By contrast, taxpayers in the third tax bracket, earning from \$86,000 to \$113,000, cannot contribute their 18% limit because they hit the ceiling of \$15,500.

If we could increase the contribution ceiling to \$20,500, then all taxpayers in that third tax bracket—again, they're not at the maximum tax bracket yet—could contribute 18% of their incomes to RRSPs without hitting the limit.

Similarly, for defined benefit pension plans, we recommend an increase in the limit commensurate from \$1,833 to \$3,000 for each year of service.

Finally, we recommend raising to at least 71 the age by which RRSPs must be annuitized or converted to registered retirement income funds, as well as the age by which pensions must commence from a registered pension plan. The reduction in the limit from age 71 to age 69 that was set in the 1996 budget runs counter to demographic trends. Canadians are living longer, and many are working longer. We suggest age 73 would be a more realistic age limit, given rising life expectancies.

Thank you, Mr. Chairman. I'd be glad to take any questions.

• (1540)

The Chair: Thank you.

I'd like to remind the witnesses to keep the interventions to five minutes, please, because the members are going to want to ask questions.

Next I have the Co-operative Housing Federation.

[*Translation*]

Mr. René Daoust (President, Co-operative Housing Federation of Canada): Good afternoon. My name is René Daoust and I am President of the Co-operative Housing Federation of Canada. With me today is Mark Goldblatt, our Senior Consultant.

The Co-operative Housing Federation of Canada has 900 member co-ops across Canada. There are 91,000 non-profit co-operative units in Canada, housing 250,000 people, including children.

The homeownership market has been very buoyant in recent years, spurred onwards by historically low interest rates. There are a

great range of homes available, from the low-end of the condominium market to expensive detached homes.

Approximately two thirds of Canadian households now own their own home. In the past few years, there has been a dramatic exodus of households moving out of the rental sector to purchase a home. The result of this wave of new home buyers has been a swift increase in vacancy rates in privately owned rental housing in many urban markets.

Adding further fuel to rising vacancy rates are investors purchasing condominiums and renting them out. However, this general trend has left many behind. The most obvious group is the absolutely homeless people living on the street and in shelters. But the problem goes much further.

For many households, it is not just that they cannot afford to purchase a home; many cannot afford market rents. CMHC reports that there are 1.7 million households spending more than 30% of their monthly income on rent, and of these, 60,000 households are spending more than 50% of their monthly income on rent. Many of these households depend on food banks to help them get through the month. This group could be described as at risk of being homeless—just one missed paycheque or one major illness away from financial disaster.

History suggests that there is a permanent solution to these problems—namely, expanding Canada's stock of non-profit housing, including non-profit co-op housing. Studies have concluded that the housing problems of a majority of the absolutely homeless can be dealt with by the provision of long-term affordable rental housing, combined, in some cases, with social supports. For the at-risk-of-being homeless, long-term affordable rental housing will solve their housing needs permanently.

For 30 years, the federal government subsidized private developers to build affordable rental housing. These programs included MURBs, the Canadian Rental Supply Program (CRSP) and the Assisted Rental Program (ARP). All of these projects rent at market today and some have been converted to condominiums.

By contrast, all the social housing built during the same period continues to provide at-cost rental housing. Offering rent-geared-to-income assistance to low income households living in non-profit housing has proven to be a cost effective measure while contributing to stability.

During the 1980s, our country was financing 25,000 units of social housing every year. Since that time, only a small number of projects have failed. There is no reason why we cannot return to the housing policies that created these success stories.

In late 2001, the federal government introduced its "Affordable Housing Initiative". It allocated \$680 million to this initiative over five years. Subsequently, the government added an additional \$320 million. This program was designed to be cost-shared with the provinces on a 50-50 basis. So where is the housing?

Quebec is the only province to have come up with full matching funds and to be delivering the units at a rapid pace. The other provinces either will not or cannot provide matching dollars. In the case of have-not provinces, the federal government should increase its share, as has been done under other federally-initiated programs. In the case of better-off provinces such as Ontario, the federal government should consider dealing directly with interested municipalities or front-end load their assistance with provincial matching to be achieved over the life of the program.

• (1545)

[English]

Mr. Mark Goldblatt (Senior Consultant, Co-operative Housing Federation of Canada): I just have three paragraphs to add in English.

As mentioned here, there are rising vacancy rates in private rental housing in many urban markets. This is an ideal time to purchase existing rental stock at excellent prices, capturing it as at-cost rental housing in perpetuity. This has been done in the past with good results, strengthening existing neighbourhoods and extending the life of existing rental housing.

As described above, the key focus of housing policy today is getting assistance to low-income households as quickly as possible. This has been done successfully in the past with rent supplements that allow people to pay rent according to their income. We need as many rent supplements as possible as soon as possible. There are existing social housing projects that would like to house more low-income people right away, given the availability of additional rent supplements.

Where non-profit units are not available in the short run, rent supplements should be given to low-income households living in privately owned rental housing. The target of housing programs should be primarily non-profit groups, since they will provide at-cost rental housing in perpetuity, in contrast with private landlords, who will agree to controls on their rents for much shorter periods of time.

Affordable rental housing is not an area of public policy where we are looking in all directions for a solution. The solution is here, and past efforts are today's successes. During the recent federal election the Liberals promised an additional one and a half billion dollars of affordable housing spending, and the NDP and the Bloc had strong platforms on this issue. The next federal budget should make commitments that reflect these promises. All the difficulties of recent affordable housing programs can be resolved if there is a will to do so. The modern social housing era was launched in 1973 in a minority government, and upon reflection, these programs have stood the test of time. The non-profit cooperative housing sector, given impetus during 1973, again awaits the chance to make a significant contribution.

Thank you.

The Chair: Thank you.

[Translation]

The next group is the Congress of Union Retirees of Canada.

Mr. Wagg.

[English]

Mr. Larry Wagg (President, CLCPRA, Congress of Union Retirees of Canada): Thank you. We welcome the opportunity to present our views to the House of Commons Standing Committee on Finance. I'm the president of the Congress of Union Retirees of Canada, an organization that brings together the retired union members from the Canadian Labour Congress affiliates, along with our provincial federations of union retirees. We number some 500,000.

The CLC presented their views to this committee on November 4, 2004. Our views, while supportive of their brief, will reflect the policies established at our biennial convention and naturally will emphasize the views of retirees.

First, we will be making recommendations that will involve additional federal expenditures. We're not shy about this, especially in a period when the government is running large budgetary surpluses.

It is rather amusing to watch the process whereby the surplus is continuously underestimated. For example, in October the finance minister announced that the surplus was \$9.1 billion, rather than \$1.9 billion as announced only a few months earlier. Yesterday he revised these figures to \$8.9 billion, I believe. This has happened seven times in a row, and evidently others are not amused and have called for an independent budgetary office to avoid the appearance of political smoke and mirrors in the forecasting of the finance department.

There are three areas we want to present to you as priorities as we see them. First is health.

Short-term priorities should ensure financial stability for medicare, expanding the public system to include home care, palliative care, and prescription drugs to address the unmet health service needs, and stemming the tide towards commercial delivery of publicly funded health services.

In the longer term we need, among other actions, a review of and changes to the patent law to deal with the unsustainable cost of prescription drugs. A national formulary and a method of bulk buying similar to the U.K. system would help alleviate this system. The Congress of Union Retirees has appeared before every parliamentary committee established on the patent laws since 1993, and our records will show in various committees that looked at them.

Child care is an important family issue for seniors, many of whom are child care providers in their family. This is more prevalent than is generally recognized. The kind of model we support exists in Quebec and in several European countries, where high-quality and developmental care is delivered by community-based centres offering a wide and flexible range of services to meet the different needs of parents and children, where costs are affordable to parents, and where government financial support keeps fees low and supports decent wages and working conditions for staff.

CURC supports the practical goal of the Child Care Advocacy Association of Canada to increase spending to \$5 billion per year over the next five years, as the first part of a national funding plan tied to specific service targets and a specific timetable for implementation.

Turning to public pensions, a recent survey by the Canadian Labour Congress shows that many active workforce members are concerned about the availability of their private and public pension incomes when they need them. Seventy-three percent of respondents said that protecting retirees' pensions and retiree income was an absolute priority. Recent stories on the CBC national news highlighted two pensioners who had lost their pensions because of company bankruptcies. This can and should be remedied.

We believe the old age security program is due for an enhancement of benefits. In order to achieve the best targeting of improvements, we recommend the increase in benefits be concentrated on the guaranteed income supplement component. An increase in the benefit rate of \$100 per month would be a modest move towards the goal of making the public pension system more adequate.

• (1550)

Currently the combination of OAS and the GIS payments for a single person would total only about \$1,000 a month. A particular motivation for recommending improvement in this area is the poverty created among female elderly. Recent data is hard to come by, but the last fact book on poverty produced by the Canadian Council on Social Development indicated:

Despite gains, the rate of poverty among unattached elderly individuals remains high, at 45.0% in 1997... As well, the poverty rate among elderly households has a pronounced gender bias. In 1997, 49.1 per cent of unattached elderly females were living in poverty compared to 33.3% of elderly males.

As I said earlier, we support the Canadian Labour Congress' positions as previously presented. If we had more time we would have liked to also explore the housing, because housing for seniors is in a critical shape. I look forward to questions and comments.

[Translation]

The Chair: Our next group is the Council of Canadians With Disabilities.

Ms. White.

[English]

Ms. Marie White (National Chairperson, Council of Canadians with Disabilities): Thank you. My name is Marie White, and I am the chair of the Council of Canadians with Disabilities. We are a national cross-disability advocacy organization with provincial affiliates and national members. I could spend a significant amount

of my five minutes talking about the fact that disability doesn't discriminate based on any factors, but I expect you all recognize that. We are an organization that has provided significant achievement and made considerable progress in a number of areas across the country. We are the group who campaigned to have protection for people with disabilities included in the Canadian Human Rights Act and the Charter of Rights and Freedoms. One would think that a significant accomplishment such as this would mean that we are very far advanced in what it is we are able to do for persons with disabilities. Unfortunately we are not.

Canadians with disabilities need the same thing that they've needed every other year that I have been here presenting: we need disability-related supports; we need a national disability-related supports plan; and we need public policy that actually endorses and achieves equality of result for persons with disabilities. In other words, we would like to be full citizens. We know we are a little blip on the radar screen. The Prime Minister has referenced concerns around people with disabilities in terms of his leadership convention speech and in two of the past throne speeches. However, words without action are meaningless, and that is where we are right now. There are many issues presented in our brief, but the focus for me at the moment, my next couple of minutes, is disability-related supports.

In 1998 the federal-provincial-territorial ministers of social services, with the exception of Quebec, adopted *In Unison*. That's six years ago, and six years ago *In Unison* was to provide a blueprint for promoting the integration of persons with disabilities in Canada based on equality, inclusion, and independence. It focused on disability-related supports, employment, and income. There has been little done in either area. We have had a second and follow-up report highlighting best practices. We have had no action. We have had words, and none of it is assisting us to move forward in this area. In terms of disability-related supports, we need it because we know that people with disabilities are constrained in all areas of their life when they do not have the supports they need to attend school, to become employed, to participate in their community's recreation, to partake of social activities, generally to have a life.

We need a federal-provincial-territorial framework that encompasses the governance structures of the aboriginal people, which enables us to have a transfer, a federal-provincial transfer, that would allow us to move forward in this area. We know right now that there is a surplus. I hear today that the surplus will be used for promises that have been made. What is *In Unison* if it is not a promise? It is a promise of six years. It is a promise that is going nowhere. I think for us, and in terms of disability-related supports, and I will say it again, it is what we need.

There are three main components. We need a long-term commitment to improving disability-related supports. This is more than six months. This is five to ten years. We know that they fall primarily within provincial and territorial jurisdiction. So, again, any plan must be based upon agreed priorities established at those levels through a consultation with the disability community. We know that a commitment to a plan requires a commitment to identifying targets, measurable outcomes, and establishing reporting mechanisms for monitoring progress. The lack of action and movement on *In Unison* speaks to why we need reporting mechanisms for monitoring progress.

I could go on. The point for us is that we are indeed a segment of the population that continues to be ignored. We have had several wonderful documents written, most of them written by the federal government. The action is not there; the words are. The commitment apparently is; the money is not. We have had conversations with the appropriate ministerial departments. If we do not get the money we need, if we do not have some level of investment in supports for persons with disabilities, then our lot in life does not change and I will be back here again next year saying the same thing. Thank you.

• (1555)

[Translation]

The Chair: Our next group is the Alliance to End Homelessness.

Mr. Aubry.

[English]

Professor Tim Aubry (Chair, Evaluation Working Group, Alliance to End Homelessness): Thank you.

My name is Tim Aubry. I'm the chair of the research and evaluation committee of the Alliance to End Homelessness here in Ottawa. The alliance is a coalition of more than 70 organizations that provide services to those who are homeless or at risk of becoming homeless in Ottawa. The number one goal of the alliance is to promote more affordable housing, but we also recognize the need for support to assist some people to find and keep their housing.

In Ottawa, like other cities, homelessness is a very significant problem. It has been termed a national crisis, and certainly we haven't seen a lot of change in that problem over the last number of years.

We have 900 people who will be staying in shelters or on the street here in Ottawa this evening. That's double the number we had 10 years ago. It includes adults, youth, and families with children.

We've invested as an alliance, as a coalition, a significant effort to better understand the makeup and needs of the homeless population here in Ottawa. I want to tell you very briefly some findings of one of our recent studies, which will help frame our recommendations.

This study was done in collaboration with the Centre for Research on Community Services at the University of Ottawa and also included the collaboration of the City of Ottawa. What it involved is following a group of over 400 people who started out homeless. We're hoping to better understand the pathways out of their homelessness.

Some of the findings from the first wave might be surprising to you, and I think they'd certainly be surprising to the Canadian public. In particular, we identified three distinct subgroups within the population by examining health issues, including physical health problems, mental health difficulties, substance abuse, and utilization of services.

What was surprising was that the largest group, which represented over half of the participants, about 50%, really appeared to be homeless largely for economic reasons rather than for health-related reasons or disabilities. For this group, homelessness was, first and foremost, a poverty issue.

There were two other groups. We found that for another quarter of the participants—they had reported in a forthright manner—substance abuse was a prominent problem in their lives. Another fifth were experiencing a whole range of severe and complex health problems.

We feel that the findings of this study reflect the diversity within the population. They challenge some of the common stereotypes around homelessness, and they also provide or suggest the need for a number of different directions to create effective solutions.

In particular, we see the solutions needing to go in two directions that, while complementary, target the different subgroups I've talked about. In the first approach, for the largest subgroup, whose loss of housing appears to be tied first and foremost to economic reasons, the pathways out of homelessness are straightforward. They're poor and simply unable to afford stable housing. We feel that for this economically disadvantaged group we need to target housing. We would suggest that a national housing program, with social housing and rent supplements, as suggested by some of the other presenters today, along with increased income support would make a huge difference and significantly reduce the number of people who are homeless.

The second approach we suggest addresses the needs of the other individuals who make up the homeless population—people who have significant health problems and disabilities that place them at great risk of becoming homeless and make it very difficult for them to actually exit homelessness. These individuals have challenges that affect every aspect of their lives, and effective solutions need to include supports and services in complement with housing.

• (1600)

For these individuals—who I emphasize our research suggests make up a minority of the homeless population—we need a long-term, stably funded, national program to end homelessness that can be sustainable.

In sum, given these two approaches, I'd like to propose the following three recommendations.

One, a national housing program with national standards and national funding should be created by the federal government, involving cities and/or provinces as needed. This national housing program should include a federally funded social housing program and the renewal of the national rent supplement program. The \$1.5 billion for new housing mentioned earlier, and promised by the federal Liberals during the 2004 election campaign, ought to be fully committed and be invested in new social housing in the federal budget of February 2005.

Second, a national program to end homelessness with long-term federal funding should be introduced to address the ongoing need for homelessness prevention services, and emergency, transitional, and supportive housing, as well as to provide funding for research in this area.

Finally, the surplus from CMHC, which is quite significant... I believe from their last annual report that it was more than \$600 million. It should be reinvested in new social housing supply and rent supplements, and the social housing agreement step-outs that are occurring should be reinvested in new social housing supply and rent supplements.

Thank you.

• (1605)

The Chair: Thank you.

[*Translation*]

We move now to the Salvation Army.

Mr. Shepherd.

[*English*]

Colonel Glen Shepherd (Chief Secretary, The Salvation Army, Canada and Bermuda Territory): Thank you, Mr. Chairman.

My name is Glen Shepherd, and I'm the chief secretary of the Salvation Army, based in Toronto. I'll be sharing our presentation today with Danielle Shaw, my colleague, who is our director of government relations.

[*Translation*]

Ladies and gentlemen, the Salvation Army of Canada is part of an international organization that operates in more than 100 countries. Its mission is to spread the love of Jesus Christ, to meet people's fundamental needs, and to exert an transformative influence on our communities.

With an annual operating budget exceeding \$450 million here in Canada, a work force of about 10,000 people and some 60,000 volunteers, the Salvation Army is one of the most important suppliers of social services in the country after the government.

The Salvation Army provides services and support to Canadians of all ages, from the time they are born until they die. As well, it provides medical care and special services for children and the elderly, as well as detox programs, housing, correctional and justice-related services.

[*English*]

The Salvation Army has benefited significantly from funding partnerships with all levels of government: 62% of our annual

budget comes from federal, provincial, and municipal governments; a further 26% comes from public donations; and 8% comes from the contributions of our own members to fund our congregational ministries.

Last year the Salvation Army appeared before this committee to recommend an increased investment in end-of-life care. We applaud the progress made at the recent first ministers' meeting to discuss the future of health care in Canada.

[*Translation*]

This year, the Salvation Army is addressing the following two questions.

First of all, what should the federal government's priority be with respect to program spending and tax measures in its upcoming budget?

Second, if there is a federal budget surplus, what portion of the surplus should be allocated to paying down the debt, to provincial and territorial transfers and tax cuts, and, in light of the current distribution of powers, to increasing services in the following areas: child care, post-secondary education, housing, research and development, and so on?

Ms. Danielle Shaw (Government Relations Director, Salvation Army): The Finance Committee has clearly indicated that tax revenue planning is a priority.

During the 1990s, debt reduction was a key priority for governments, both nationally and internationally. Although we understand that it was necessary for all levels of government to put their financial houses in order, we believe the time has come to reinvest in Canada's future.

Since the 1990s, prosperity has returned to Canada, our economy is on a solid footing, and as the Prime Minister has suggested, we are at a turning point in our history.

[*English*]

Despite valiant efforts on the part of all levels of government, as well as the business and not-for-profit sectors, poverty, homelessness, and addictions remain pervasive problems in our society. Organizations such as the Salvation Army regularly come into contact with economically disadvantaged and socially marginalized people such as low-income individuals and families, newcomers to Canada, people involved with the criminal justice system, and those who are addicted to drugs, alcohol, and gambling.

[*Translation*]

You have asked that a balance be struck between debt repayment, provincial transfers, tax cuts and program spending.

We believe that governments must reinvest in social programs, through either increased federal funding or transfers to the provinces, in order to combat poverty and the devastating effects of drug addiction and mental illness.

•(1610)

[English]

Through the members of this committee, we encourage the federal government to consider increasing social spending before it offers additional tax cuts or further reduces the deficit, and while recognizing the respective jurisdictions of the federal and provincial governments, to continue to work toward the development of sustainable sources of funding for much needed community-based services and programs. Engaging in consultations with community-based organizations about the needs in communities, careful planning based on those consultations, and enhancing either transfer payments to provincial governments or federal program spending to allow for resources to be allocated where they are most needed are ways in which this government can invest in Canada's future.

[Translation]

The Chair: Thank you.

We will now begin the question period. I want to remind Committee members that they will have seven minutes each on the first round.

Mr. Pallister.

[English]

Mr. Brian Pallister (Portage—Lisgar, CPC): Thank you, ladies and gentlemen, for some excellent presentations.

My question is to Mr. Markham, who is with the Retirement Income Coalition.

One of the issues that certainly concerns us is the issue of the foreign content rules in regard to registered savings. One observation that has come to my attention is that by limiting our investments to 30% non-Canadian, given the fact that Canada is itself perhaps less than 5% of the global economy and offers less than that in terms of its investment opportunities, we're actually asking Canadians to put too many of their eggs in one basket, so to speak, and in fact, by this rule, exposing their retirement savings to greater risk. Also, we are potentially reducing the yields that could be available to Canadians on their investments, thereby reducing the effectiveness of the program.

It isn't one of your principal recommendations that I see here, but you do remark on it in the text of your document. Is this the view of your organization? Should we be addressing this particular restriction?

Mr. Ian Markham: It's not a view that has been deliberated at great length by the Retirement Income Coalition, but I can assure you that if you look at some of the representative associations, including the one I'm representing as part of the RIC, which is the Association of Canadian Pension Management, what you've hit on and all the points you've made are excellent.

Actually, you mentioned about 5%. I think it's about 2%. Canada would be, let's say, 2% of the world economy that can be invested in.

You've hit on a critical point, which is that we must do everything we possibly can for members of pension plans and RRSPs to be able to save for their retirement. Everybody in this room knows of all the pressures that have been brought to bear to possibly wind up pension

plans—pension deficits. Here we have one barrier that makes absolutely no sense and is getting in the way of people being able to maximize the amount of pension they can get for the dollars going in. So it is a very important point. If we could remove the limit altogether and just let the “prudent person” rule operate, then we could let people take the risks and get the rewards abroad and get the diversification, instead of being subject to this rather small market that, unfortunately, Canada represents.

Mr. Brian Pallister: It seems self-evident that given that this is one of the pillars and the other pillars are funded by the public purse, the better job we can do of assisting Canadians to save for their own retirement in a voluntary way the less demand would be placed on the public purse for the resources each of you would like to see placed at your disposal for meaningful social investment. In a way, these rules restrict our ability—and promise to do so more greatly in the future, I'm afraid—to access those kinds of resources for things like the homelessness issue that has been raised eloquently here today.

Given the decision by the government, which seems contrary to the life expectancy statistics, to bring back to 69 years the age at which Canadians must begin to withdraw their savings—when life expectancies, of course, are greater now—I want to ask you, will this in a way reduce the amount of potential tax revenue the government could derive? Have you worked on a model, or has your organization—you have the actuarial people at your disposal—to examine what impact there would be on the treasury with a change, as you propose it, to move back the date?

Also, have you worked on any models that would project or extrapolate what the impact would be on federal revenues years hence with an increase in the maximum contributions more in line with those of some of our competitor nations?

•(1615)

Mr. Ian Markham: The Retirement Income Coalition has not done work that I'm aware of attempting to produce those costs. Perhaps it's something we can send later on.

In terms of going from age 69 to 71 or 73, which is what we were proposing, very clearly the reason it went from 71 to 69 was to cut back some tax costs. Rather than continue the deferral, get the money in, and even if people don't need the money, force them to effectively annuitize and draw their pensions.

There would be some kind of tax cost for those people who elect to defer beyond age 69. I'm afraid I cannot give you the answer as to the amount of the tax cost.

On the increase in the limits, I'll just make one point. That is that there are those who believe the cost of the whole pension system and the pension tax system and RRSP tax system is somewhere around \$15 billion per annum, because they just look at the total cost of the amount of taxes foregone, allowing for the tax deductions given on contributions. As the whole population ages, that will be diminishing to a point where there may come a time in the future when it's completely the opposite. When the boomers are all retired, there should be a net flow of income in.

And that's our point. Now would be the time to have as many people put as much money aside as they can possibly do. We have surpluses in budgets that could be put partly towards this. When the people's moneys start to be annuitized, whether it's at 69 or 71 or 73, there's a lot of tax money there that all these boomers would then be producing. And it's going to be needed, because a lot of these same people will be drawing from the health care system.

Mr. Brian Pallister: Clearly what you're proposing is what those in the investment community have proposed for years, which is short-term pain for long-term gain here. The nest egg that is growing in registered funds in this country will result, at the death of the second of two in a couple, or of a sole contributor, in a massive tax intake for the federal government.

Have you worked out any numbers on that, in terms of projecting what in 20 years the effect on the treasury would be, given the life expectancy of contributors, knowing that we are talking about baby boomers and that those of us who are in that category are approaching our departure dates? What kind of effect would the treasury feel as a result of the savings that have been accumulated in RRSPs?

Have you done any work on that? Are there any numbers you could provide us with in that respect?

Mr. Ian Markham: I wish I could give you the answers.

I know that in the papers that are produced by Finance Canada, all of the numbers relating to the cost of having increased the limits from previously \$13,500 to \$15,500, and going up to \$18,500, are available. I just urge you to keep in mind that in fact to the extent the moneys will be brought in later on, there actually is no cost. It's just that the cost seems to be apparent now and will be produced later on.

As to the magnitude of the numbers, I remember numbers like \$300 million that were purported to be the tax cost of raising limits from, say, \$13,500 to \$15,500. But you shouldn't rely on my numbers. Finance Canada will give you all the numbers you need.

The Chair: Thank you, Mr. Markham.

Mr. Côté.

[*Translation*]

Mr. Guy Côté (Portneuf—Jacques-Cartier, BQ): Thank you very much for your presentations.

Mr. Wagg, I want to extend special thanks to you for the wonderful illustration you provided earlier of the Minister of Finance's total lack of credibility when it comes to his forecasts. Yours is one more voice demonstrating the absurdity of budget forecasts which allow him to allocate all unforecasted surpluses to debt repayment.

Ms. White, I dare say that if all of that money had been spent on other things, rather than being used to pay down the debt, not only might you not have felt the need to come next year, but you might not even have appeared this year.

Having said that, Mr. Aubry, you referred earlier to a CMHC surplus of some \$600 million. Unless I am mistaken, we are talking about a cumulative surplus of \$2.3 billion.

Does that money go into the Consolidated Revenue Fund? Where do those surplus monies go?

• (1620)

Prof. Tim Aubry: Could you repeat the question, please?

Mr. Guy Côté: You referred earlier to CMHC surpluses, but I may have misunderstood.

[*English*]

Prof. Tim Aubry: This was the Canada Mortgage and Housing Corporation surplus, which was reported in their annual report. I have it here, but in 2003 it was reported at \$667 million.

[*Translation*]

Mr. Guy Côté: Does that money go into the Consolidated Revenue Fund? Where do those additional funds go? Can they be allocated to something else, or are they dormant funds?

[*English*]

Mr. Mark Goldblatt: I believe they usually have a consolidated revenue fund, but as a general point, we're saying that CMHC's contributions to the social housing of the last 30 years are actually declining this year. I haven't the exact figure for you, but it would certainly be a good thing for the House of Commons to ask Canada Mortgage and Housing Corporation for a report to say what those obligations were this year, and then looking out in the next 10 years, to see how it's stepping down and the logic of putting some of those savings back into affordable housing. I hope the House of Commons could ask CMHC to produce such a report.

Prof. Tim Aubry: It does look like a trend in the projections as well in their annual report. It's on the way up actually. So it is money that's there, and with the push to get social housing in this country, it doesn't seem to make sense to have this kind of surplus in a housing corporation.

[*Translation*]

Mr. Guy Côté: Given that the need for housing is significant, to what do you attribute these CMHC surpluses?

You say the surpluses seem to occur regularly and grow from year to year. Given the significant needs that you have all referred to, what positive action could CMHC take to help you in these different areas?

Prof. Tim Aubry: As far as we are concerned, the big priority is social housing. No money has been allocated to social housing for over 10 years. For example, here in Ottawa, more than 11,000 people are waiting for social housing.

As we pointed out earlier, the number of people devoting a larger portion of their income—more than 30%—to housing has risen. These are people who run the risk of losing their housing. We know of people who spend up to 50 or 60% of their income on housing. These are very high-risk cases. These are the kinds of people we meet when conducting surveys on the homeless.

Mr. Guy Côté: Although there is certainly a social housing crisis in some regions of the country, the price of rental housing is often the problem. Some are more suited to direct individual assistance.

In your opinion, what would be more effective? A massive investment in social housing or direct assistance for individuals, to help them pay their rent?

• (1625)

Prof. Tim Aubry: A mix of the two would probably be best. There are good examples of effective rent supplements. In fact, here in Ontario, there was a provincial government initiative that included supplements for people with severe and persistent psychiatric disorders. That really helped people to access housing on the private market.

At the same time, I think it's important that these additional monies for rents also be directed towards social housing, because many social housing organizations rely on these additional funds.

Mr. Guy Côté: Well, our concern is that direct assistance would benefit owners of housing, which in real terms would likely result in higher rents.

Did the example you cited earlier relate to Ontario?

Prof. Tim Aubry: That program has only been in place for a couple of years. Initially it was put in place to benefit 1,000 people, which isn't much. You might say that is one of the criticisms that has been levelled, but I don't know whether there is any data to suggest that it might have resulted in higher rents.

[English]

The Chair: Merci, Monsieur Aubry.

Monsieur McKay.

Hon. John McKay (Scarborough—Guildwood, Lib.): Thank you, Chair, and thank you, witnesses, for your presentations.

My first question is to the Salvation Army. I noticed that one of your recommendations is increased tax credits for charitable donations. Have you something in mind as to what you think the level should be specifically, and do you have any recommendation as to whether there should be a ceiling or a phase-in or a phase-out on that particular recommendation?

Ms. Danielle Shaw: We don't have any particular recommendations. One of my colleagues has recommended a 100% tax credit on all amounts donated to charities, particularly those serving communities.

In some respects what we have done is borrow from the presentations of the Canadian Centre for Philanthropy, the Association of Fundraising Professionals, and the Voluntary Sector Forum. I have worked with other organizations in preparing this brief. We don't have the technical expertise to come up with those kinds of numbers, but we have—

Hon. John McKay: Have you taken any position with respect to gifts in kind and with respect to the recognition of securities and real estate as donations?

Ms. Danielle Shaw: Not yet. We are working toward it. Again, our position would be consistent with that of the Canadian Association of Gift Planners.

Hon. John McKay: Does your gifting profile parallel that of other charities?

Ms. Danielle Shaw: Yes.

Hon. John McKay: Thank you.

My second question is to the homelessness alliance. You started your presentation by saying there are 900 homeless people in Ottawa. In my riding, on a given night, there are 1,400. My experience seems to be somewhat at variance with yours, because a few years ago it was 1,400 and now we're down to about 300 a night. There are a number of reasons for that: fewer refugee flows, spreading things out, and things of that nature. But one of the things that seems to be the most dramatic has been that affordable housing is becoming more affordable. The interest rates are so low these days, in part because of this hated surplus, which has actually reduced the national debt, which has actually therefore reduced interest rates.

So I put it to you that one of the most effective tools that the Government of Canada has in terms of dealing with affordable housing and homelessness has been in fact the management of the nation's finances. There is now \$61 billion back into the economy that can be applied by Canadians to things like affordable housing. My vacancy rate is officially 5%, but I know it's way higher than that.

On the Ontario issue, we did have a problem with the previous government, there's no question about that. But I participated in an announcement last Monday—a week ago Monday, at least—in which I and the minister for the Ontario government made a fairly significant announcement of 323 units in my riding for affordable home ownership. You probably know the name Mike Labbé. It's actually quite a brilliant idea.

I appreciate some of your comments with respect to those who have substance abuse and mental and physical health problems, that they are still the leading edge of homelessness. But regarding economic reasons for being homeless, I think those reasons are actually being reduced.

Is that a fair observation?

• (1630)

Prof. Tim Aubry: If they are, I haven't seen it. We certainly haven't seen it.

Just let me clarify the statistics. When I say 900, there are 850 shelter beds in Ottawa and the estimates of people living on the street—it's variable, depending on the season—are anywhere from 40 to 80 people. That does not include the hidden homeless, which I think you might in part be referring to, people doubling up on a temporary basis, and so on.

The difficulty with purely an economic strategy is that the trickle-down effect that I think you're alluding to has not happened yet, the reason being that we're talking about people who rely on the lowest end of the rental market. It's possible that rent has plateaued in this city, for instance, but I don't think we've seen it come down in any significant manner, and this is at a time when this is a group of people who have relied on income support, social assistance, which has been stagnant, and in fact was reduced 21% eight years ago and perhaps recently had a little bit of a boost—

Hon. John McKay: Yes, I agree.

Prof. Tim Aubry: — but very, very minimal.

Hon. John McKay: It's interesting that you say that, because in my riding, in front of, how shall we say it, some of the less prestigious buildings, there are huge billboards saying "Renovated apartments, first month free", describing something as luxury that is clearly not luxury. These are people who are at the lowest end of the—

Prof. Tim Aubry: But the issue that was raised by another presenter is, what proportion of a person's income has to be dedicated to housing? When it surpasses that 30% threshold, it puts people in a vulnerable position.

I agree that the vacancy rate is up, and you would expect that it would have some kind of effect, but in terms of the numbers that we track quite closely as a coalition, we have not seen the decrease that you might expect. I've also kept track of the numbers in Toronto, which has a huge, huge homelessness problem, and it has spiked substantially over the last 10 years—again, more than doubling in terms of shelter bed use—and we have not seen it come down. So unless it's a lagged effect that's being expected, we're not seeing it yet.

Hon. John McKay: Thank you.

Do I have any time left?

The Chair: No, that's it. Thank you.

Ms. Wasylycia-Leis.

Ms. Judy Wasylycia-Leis (Winnipeg North, NDP): Thank you very much.

This is going to be tough, to try to address the needs of people with disabilities, the housing issue in Canada, and retirees, all in five minutes, so I'm going to try to ask a general question and perhaps start with Marie or Laurie.

You're heard that Canada is rolling in dough. If you read between the lines in terms of the minister's report yesterday, we're sitting at unprecedented surplus levels, yet the debate seems to be moving away from addressing the outstanding issues, like people with disabilities, to trying to do, once more, this balancing act between some spending in areas where the government has, I guess, staked out some turf in the last couple of months, as well as tax cuts, as well as debt repayment.

I want to know from the Council of Canadians with Disabilities, how long have you been waiting? How long have you been promised a national agenda in terms of your issues? How many federal studies have actually been done? What are we going to do to finally get your agenda moved from this patchwork approach to the framework agenda you're talking about?

• (1635)

Mr. Laurie Beachell (National Coordinator, Council of Canadians with Disabilities): We have been waiting at least 10 years, if not longer. We were told in the mid-1990s that we would have to wait until the Government of Canada got its fiscal house in order for investment in disability supports that would allow people to get jobs. I guess we're asking as a community now, if the fiscal house is in order, where's the investment?

There are recommendations going forward to the Minister of Finance related to tax reform and the disability tax credit, the

medical expense tax credit, and so on; however, those are not the priority of our community. There was a commitment two budgets ago for some investment in tax measures, but again, the majority of our community are living on social assistance. Of the persons on social assistance in this country, 40% to 60% are persons with disabilities and they are living on incomes of less than \$10,000. They are not going to be the beneficiaries of tax measures, because they don't have a taxable income. So the beneficiaries are those people who have tax measures...

The first ministers in 1996 said the priorities were children living in poverty and people with disabilities. We've seen investments on child poverty, on caregivers, on national day care. We have seen no investment on the disability pieces, even though, repeatedly, all provinces, Quebec included, and the federal government have agreed that this is a needed area.

We are seeing among aboriginal Canadians an actual doubling of the incidence of disability from the rest of Canada, and the federal government has clear jurisdiction for those supports. We are seeing families on reserve having to give up their child with a disability to an institution or to another service provider because there are no supports for them on reserve.

The situation of aboriginal people with disabilities in this country is appalling. The minister has said so, the Prime Minister has said so, ministers of social services have said so, and first ministers have said so, yet where's the investment? Where's the strategy? If there is a time for investment, it is now.

There have been parliamentary committee reports, there have been provincial government reports, there have been documents signed by all provincial governments and the federal government for the last eight years, and we still see no investment and commitment of dollars, to the point that we are seeing in this country people with disabilities being reinstitutionalized, people with disabilities becoming more and more the responsibility of their families, and families leaving the job market, unable to earn income, going onto social assistance because they have to stay home now to provide the care and support that people with disabilities need in order to go to school, get a job, and get out in the community.

Ms. Judy Wasylycia-Leis: Thanks.

Just as a follow-up, I would assume that you're realistic, that you don't expect to accomplish the whole agenda overnight, but if we were able to do one thing as a committee, it would be to recommend that the federal government take seriously the issue of establishing and putting in place a national agenda and indicating, on a staged basis, how we will accomplish the different components of that plan.

Mr. Laurie Beachell: Our community is very prepared to work with all governments. We have met recently with the minister in Ontario, the minister in Manitoba, and the minister in B.C., and we have met with Minister Dryden and Minister Ianno in the last week as well.

We believe we can create a plan. It is time now for a marker, for a down payment. We did so on the caregiver agenda; we did so on national day care, child care, without knowing what system would be put in place, but we said it was a priority and the government committed dollars and resources over a staged period of years for the investment that was required. We want to see the same marker and down payment for the disability community.

Ms. Judy Wasylcia-Leis: Thank you.

Let me just ask a similar question to Larry Wagg and the Congress of Union Retirees, and anyone else on this issue.

It seems to me another area that is almost invisible right now on the federal scene is the question of senior citizens and the question of the state of our pension system. Yesterday, if you listened to Mr. Goodale, he basically said, look, we fixed it; it's all done. It seems to me we have a lot of work to do on this front.

I'm sorry, I missed all of your presentation, but I'd like to ask you, what would be the best thing we could put forward as a committee in terms of the issues you've raised? Is it income security for seniors? Is it the pharmacare issue? Is it bankruptcy protection legislation in terms of pension benefits? What would be the most important thing on which we should focus in terms of your agenda? It's a big question.

• (1640)

Mr. Larry Wagg: I'll ask my colleague to respond while I'm thinking about this.

Mr. Kevin Collins (Executive Vice-President, Congress of Union Retirees of Canada): He's probably going to follow up.

It's terrible getting into this pick this or pick that.

Ms. Judy Wasylcia-Leis: I know. I hate to do it.

Mr. Kevin Collins: We almost glibly say that's your job, although that's kind of unfair to you. We all have to confront these issues.

Ms. Judy Wasylcia-Leis: But if we as a committee are presenting overall direction to the government, what would that direction be in terms of your council? Maybe it isn't picking; maybe it's giving us the message and countering some of the things you heard yesterday.

Mr. Kevin Collins: Let me deal with the income side, and then I think Larry is going to come in with some issues in other areas.

We proposed as our third recommendation an increase in the GIS side to address particularly, but not exclusively, the horrible statistics for female poverty among unattached female persons. Maybe I'm wrong, but I think that's an issue that has gone under the radar a little bit.

The Chair: Quickly, please.

Mr. Kevin Collins: If you put items in policy packages—let's talk about the pension policy package—and you have a choice between increasing the targeted GIS program compared to, for example, increasing RRSP limits, you should ask yourself, who is going to benefit? On increasing RRSP limits, who is going to benefit—the middle-income groups, upper-income groups, the financial industry who will get to play with the money—versus the GIS improvement, which will target immediately and help—not a huge amount at \$100,

but will help to a degree—people who are suffering and in misery right now?

As a supplementary, over to Larry on that question for a minute—

The Chair: Thank you.

Ms. Ambrose.

Ms. Judy Wasylcia-Leis: Maybe I'll come back to that later on.

Ms. Rona Ambrose (Edmonton—Spruce Grove, CPC): Thank you.

My question is to those of you who are here with organizations that work with those who I guess I'd call the least fortunate people in our society. I want to thank you for all the hard work you do in the community. I'm actually touching on something Judy was talking about, but I think I'll take a different tack. It is in regard to the surplus.

As the official opposition, we really, truly believe it's important that the government is committed to core social programs, and I see them as a core responsibility of government. We also believe the way we treat our least fortunate is a reflection on our citizenship. So I'm having a hard time. I'm actually, frankly, offended by the discussion around using the surplus for some of these things, not just as a taxpayer but as a Canadian citizen, because what I see is this government talking about using a surplus to fund core social programs.

The problem I have with this is that I think core social programs should be in the budget every year and they should get core funding, long-term stable funding. I'd like you to comment a little bit about this.

We want to see the government do this and address these important issues in their budget in advance, not after the fact when they find out they have a surplus, because frankly, I could argue that there will be surpluses for quite some time with the way this government handles taxation issues.

That said, their argument is that a surplus is here because we're enjoying good economic times. My argument to you and your organizations is that this government should be addressing these core issues in the budget every year and funding them properly.

What I think is happening is that your organizations are suffering the consequences of a government that is obviously not properly funding core social programs, and they look to the surplus then to address these issues, which politicizes these issues. What ends up happening, in my estimation, is that promises are made to you piecemeal, during election time sometimes or between budgets, and I just don't think it's enough or that it's appropriate to meet your needs.

So I'd like you to talk about some of those issues, please.

• (1645)

Ms. Marie White: I think I can best answer that by asking everyone to reflect on what happened to the CHST. Because we have an H, we have health; it's out there, it's in the forefront. We do not have the S, which is the social. What happened to it?

While it is practical and prudent for government to identify priorities, as it has—and it has identified, as an example, child care, with which no one can argue—the problem is when you put all your eggs in one or two baskets, then you have the rest of us out standing. And our issues are not individual. For people with disabilities living on \$10,000, I'll reflect back to you respectfully, affordable housing is not likely what is being built in your riding. Affordable housing is a subsidized unit with a heat subsidy of about \$125 a month, which would be approximately 20% or 25% of an individual's income.

My issues around persons with disabilities are not in a box; we don't live in the silos. And that's where the issue of permanent, stable, long-term funding and vision is and needs to be. We need to see how these interrelate.

I have two children. Either one of them could have a disability. Does the child care funding, as an example, incorporate the needs of children with disabilities? And if not, well, why are we identifying priorities and then not even making sure that they indeed encompass all of the very vulnerable and marginalized populations?

Col Glen Shepherd: I would like to get into the discussion, please. I want to thank you for the question, because I think one of the dilemmas we face is this stop-and-go, short-term response problem. We do refer in our brief—we didn't get time to get to that point—to the need often to make proposals on a very short turnaround time because funding has become available. It makes it difficult to plan ahead.

I think our contention is that on the need to get the government's finances in order, that particular battle has been fought and won, and we seem to have a series of chronic surpluses. The question now is about the values we use to drive the decision on what to do with that surplus.

What we would welcome is a commitment going forward with some stability towards social programs and social initiatives to deal with the sort of country we want to create. Then the people who are involved and the politicians and the whole community can discuss what those priorities should be and plan and put measures in place in a reflected manner, rather than our scrambling to figure out what to do with a windfall surplus. It doesn't really reward good, careful, long-term social reflection or planning; it rewards, perhaps, short-term entrepreneurship and it leaves us all guessing about what the country will look like next year.

I think the point raised is critical. Certainly for an organization like ours, we would like to have a part in a discussion going forward. The financial terrain of the 1990s is gone now; we have a different context. Let's live and work in that context.

The Chair: Thank you, Mr. Shepherd.

Monsieur Loubier, Mr. Bell, and then Ms. Minna.

[Translation]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Thank you, Mr. Chairman.

Thank you very much for being here today. Your analysis and recommendations are extremely informative.

I would like to come back to the matter of social housing, because earlier, we left off with the question raised by my colleague from

Portneuf regarding rent subsidies. That suggestion has indeed been made by a number of groups, but there is one issue we see as being fundamental. If rents are subsidized but the people benefiting most are building owners, for example, and the effect of those subsidies is generally higher rents, then we're no further ahead. People receive some assistance, but rents go up, and the main beneficiaries are the owners, both through the general price increase and the subsidies.

So, I would like you to elaborate on that. I think Mr. Daoust or Mr. Goldblatt wanted to respond to that.

Mr. René Daoust: In fact, what we say in our brief is that the successes of the 1970s were attributable to programs under which there were investments in residential properties, very often through low-cost housing, but also through community groups, such as co-operatives and non-profit organizations, with some households—if their financial circumstances were even more precarious—benefiting from a shelter subsidy. This kind of measure ensures that there is long-term affordable housing available.

Even now, in both Quebec and Canada, there are many co-operatives that offer affordable rents. I, personally, live in a co-op in Longueuil. They offer small houses which, in my case, cost \$614 in rent, which is affordable, compared to the market. In my co-operative, out of 32 units, some 15 families receive subsidies, not strictly for rent, but based on the same principle. That being the case, the fact that there is a mix of clientele means that the co-operative or non-profit organization is not only involved in housing, but in social investment.

• (1650)

Mr. Yvan Loubier: So, this has to be aimed at non-profit making co-operatives, for example...

Mr. René Daoust: Yes, non-profit organizations.

Mr. Yvan Loubier: Right, because if we offer that for any type of housing, even for housing where owners are operating in the private sector on a profit-making basis, there could be a perverse effect.

Mr. René Daoust: Yes, that's something quite different.

Mr. Yvan Loubier: We are very concerned about social housing. We went all across Quebec last week and were apprised of a figure that absolutely stunned us: we were told that some 111,000 people in Quebec devote more than 80% of their income to housing. Mr. Shepherd or Mr. Aubry was saying earlier that when people spend more than 30% of their income on housing, that is already a problem. So, if there are 111,000 people devoting 80% of their income to housing, that means that these people are really in very dire straits.

Mr. René Daoust: CMHC conducts a survey of that once a year. According to CMHC figures, in Canada—probably excluding Quebec, but I'm not sure—more than 100,000 families devote more than 50% of their income to housing.

Mr. Yvan Loubier: That's possible.

Mr. René Daoust: So, it is plausible that 111,000 people in Quebec are in the same position.

Mr. Yvan Loubier: I'm not sure whether this question is addressed to you or to other witnesses, but there seems to be some confusion surrounding the notion of social housing. You referred earlier to low-cost housing and co-operatives.

What type of ownership do you feel is best? In terms of social housing, some people even talk about shelters for itinerants. What is meant nowadays by social housing, shall we say based on current reality in the 21st century?

Mr. René Daoust: We talk about social and community housing. Of course there are municipal housing authorities. That kind of housing is managed by the municipality.

Mr. Yvan Loubier: There you're talking about low-cost housing.

Mr. René Daoust: Yes. In addition to that, there are a great many organizations—either housing co-operatives, non-profit or not for profit organizations—

Mr. Yvan Loubier: Yes, but what kind of structure do you feel is best for social housing? When you say there is a need to reinvest in social housing, are you talking about co-operatives?

Mr. René Daoust: I guess I should say that I am biased. Personally, I am in favour of housing co-operatives.

Mr. Yvan Loubier: Is that an opinion that most of the people at this table would share?

Prof. Tim Aubry: Personally, I prefer a mix, but I don't consider shelters to be social housing.

Mr. Yvan Loubier: No, but that is what we heard during our discussions on social housing under Mrs. Bradshaw's program two or three years ago. It had mainly to do with shelters for people...

Mr. René Daoust: I do think there are client groups that have more specific needs. Before making our presentation, we were talking to someone about the large aging population that will soon be a reality. So, we have to realize that the baby boomers are aging. Some of them will require housing under specific conditions and with specific services. So, we need a structure that is adapted to and focussed on the community.

In my opinion, community organizations, whether they are co-operatives or non-profit organizations, are closer to the community and in a better position to meet their needs.

Mr. Yvan Loubier: I suppose we're also talking about housing for people for disabilities. I imagine that for some years now, there has been no construction of housing units for people with disabilities.

[English]

The Chair: Quickly, please.

Ms. Marie White: We know CMHC withdrew from social housing. When they did, there went many of the plans and initiatives around accessibility. Often, and unfortunately, it is left to the will and the goodwill of the builder, particularly the private developer. I don't think there's a requirement in Canada that any new residential housing, for example, if it was to be built as affordable or not, has to have accessibility features built in.

The Chair: Thank you, Ms. White.

Mr. Bell.

Mr. Don Bell (North Vancouver, Lib.): Ms. White, one of the issues with respect to accessibility in housing—and I come from a municipal background—is that depending on both provincial and municipal requirements, there are opportunities now, increasingly, in terms of density bonusing, for projects that in fact provide for a number of units within a project or within the whole project, for encouragement for accessibility options. I'm talking about wider doorways, lower counters, and adjustable counters and sinks.

• (1655)

Ms. Marie White: I have a municipal background as well. I'm the former deputy mayor of the city of St. John's, Newfoundland. When I was there, one of the things we always advocated for was accessibility. However, in our province, accessibility is regulated by the province. There is no input at all by the municipalities themselves.

At that level—and I sit on the advisory committee to that—there is certainly a requirement that a percentage be accessible in terms of apartment buildings, condominiums, or bed and breakfasts. It's a very small percentage right now; it's one in fifteen, I think. Even at that, it is at the lower end of accessibility. While a widened doorway is useful and amenable for a person who is in a chair, for example, if you can get into your house and move around but you can't use any of your facilities—you can't use your kitchen and you can't get into your bedroom to make your kids' beds—then it is obviously of no use. It's unfortunate. It is a standard that really should be national.

The National Building Code does incorporate some standards, but, again, there is not much enforcement or much regulation around affordable housing. In the bilateral housing agreements that are being signed across the country, the federal-provincial-territorial agreements, there is a certain requirement, but it really depends on the province in question.

Mr. Don Bell: I would appreciate any subsequent material, if you have anything on that area where the federal government can play a role in the National Building Code. I'm particularly familiar with that.

I just have one other question, to bridge over it. The issue that seems to be the one for the homeless and for many people with disabilities is the issue of their income. They're living in poverty. I'm aware of many people who are living on \$10,000 to \$15,000 a year, which isn't adequate. Do you see any benefit, or have you noticed any trend in terms of the labour force growth and the problems we're seeing, with people retiring and with opportunities coming up? Is there more willingness by employers, through some of the incentive programs, to engage persons with disabilities?

Ms. Marie White: We know that with the changing demographics and the changing labour trends the opportunities will present themselves. The difficulty we have is that the environment is not out there. We often cite the need for the federal and provincial governments to be model employers, because it is only within their own public service that they can demonstrate the hows and whys of accommodating people with disabilities.

It goes back to a more basic problem. Many people with disabilities are constrained and restrained from participating in the labour force because they have not had the supports—whether it's housing, whether it's disability—related supports of any kind—to engage in the education system and receive the training they need. So while there is certainly a burgeoning available force of persons with disabilities, many remain untrained because we do not have a disability-related support plan.

Mr. Don Bell: So the role you see for the federal government would be one, in many of the instances—because you've acknowledged that this is primarily a provincial or territorial responsibility—of a model employer or as a catalyst for causing discussions to take place. Is that right?

Ms. Marie White: Yes.

Mr. Laurie Beachell: Beyond that, when the federal government transferred labour market training responsibility to provinces in a variety of arrangements, those programs at a provincial level were based on being eligible for employment insurance. Basically, our community is not eligible for any of those programs or labour market training initiatives because the success in the indicator is those who move from employment insurance into a job.

The labour market agreements with provinces and territories are based on moving people from EI to employment. That's a good idea and a good program. The problem is that those who are on social assistance are not EI-eligible and have no access to those training programs, and there are no other commitments of labour market dollars made to persons with disabilities other than the opportunities fund, which is \$30 million a year. Across this country, \$30 million a year doesn't go very far when you're talking about labour market training.

Mr. Don Bell: Thank you.

[*Translation*]

The Chair: I want to thank all our witnesses for appearing this afternoon. I know that briefs for some of the presentations were not provided to us. Please provide them to the clerk. Other groups made presentations that didn't include any figures. If you do have figures, that will certainly be helpful, because we are the Finance Committee. We had asked for figures. You still have some time, and we will certainly accept them, even next week. We are not asking for in-depth analysis, just numbers.

I want to thank you

● (1700)

[*English*]

on behalf of the committee, and

[*Translation*]

good afternoon.

The sitting is suspended.

● (1700)

_____ (Pause) _____

● (1710)

[*English*]

The Chair: We'll start again.

Thank you to the witnesses for coming.

The rule of the game is five-minute interventions or opening remarks. If you can do that, we would appreciate it, because the members are going to want to ask questions.

I have a list here of who is going to go first.

[*Translation*]

Our first group is the Canadian Teachers Federation.

Mr. Weiner.

Mr. Harvey Weiner (Policy Advisors, Government and External Relations, Canadian Teachers' Federation): Thank you very much.

Our Federation is the national voice of teachers in promoting high quality education and the status of teachers.

We have 14 provincial-territorial member organizations which collectively represent over 200,000 teachers in primary and secondary schools across Canada.

[*English*]

I am here today on behalf of the federation as an advocate for children, youth, and their families in Canada. As teachers, we see this as the most critical issue to be addressed by the Canadian government in partnership with the provinces and municipalities. I have been fortunate enough to present to this committee over, I believe, the past seven or eight years, ever since the committee has started to hold public consultations. Forgive me for continuing to flog the same horse.

We believe Canada does have the resources to make far more considerable investments in the health and well-being of children, youth, and their families. This, we believe, must become the priority of priorities in the next federal budget. In that particular respect, as educators, we believe it's absolutely critical that the wide range of social, health, education, and employment services that are required to balance work and home-related responsibilities be provided by levels of governments, so that all Canadians have access to these particular services.

We further believe federal programs, policies, and legislation should be developed and reviewed through a literacy lens. We believe this is an approach that is currently lacking and is absolutely essential. The federal government seemingly has narrowed its approach to a workforce skills strategy. It cannot and will not adequately address the problems Canada is facing both socially and economically. We believe it is high time that the federal government implement the unanimous all-party recommendations of the June 2003 report of the Standing Committee on Human Resources Development and the Status of Persons with Disabilities, which was entitled "Raising Adult Literacy Skills: The Need for a Pan-Canadian Response". This report provides for an action plan that is the result of extensive consultation with non-government organizations and the literacy community.

We believe literacy is in fact the key to reducing non-discretionary government expenditures on health care, prisons, unemployment, and a host of other government expenditures. In that regard, we strongly recommend as well that proposed changes to the federal government's Copyright Act reflect the need for an education exception that provides for Internet access for teachers and students to publicly available materials for which creators have no expectation of payment. We cannot and must not underestimate the growing importance of the Internet as a teaching tool in developing media literacy skills.

To turn briefly to some of the suggested questions raised by the committee, I am always struck by the wording when we deal with tax-related issues, "reducing the tax burden". Taxes provide services that can be purchased and services that have to be offered, in our estimation, when we talk about youth, children, and families, at a quality level involving well-qualified personnel. It is not a burden. When we look at Scandinavian countries, many of them are paying considerably higher taxes than we are. The real issue would be whether the programs and services being offered are of a high quality and accessible to the general public as public services. We believe the Canadian government does have resources, given the surpluses that have evolved over a period of years and that are projected into the future, to make the kinds of investments that would really make a dent in the non-discretionary expenditures.

We detail many of these issues in more depth within the context of the brief, and I certainly would invite questions on the specifics of the proposals we are making, proposals we believe are well within the means of the federal government.

Thank you.

• (1715)

[Translation]

Le président: Our next group is the Child Care Advocacy Association of Canada, represented by Ms. Kass and Ms. Anderson.

Ms. Anderson.

[English]

Ms. Lynell Anderson (Member, Coalition of Child Care Advocacy): Thank you.

I have with me my colleague Jamie Kass.

The Child Care Advocacy Association of Canada, the CCAAC, is pleased to present to the Standing Committee on Finance today. We are a pan-Canadian membership-based organization formed in 1982, and we believe child care is a cornerstone of progressive family policies.

Child care is generally defined as a non-compulsory service that promotes the healthy development of children. At the same time, it provides parenting supports and resources and enables parents to work, study, care for other family members, and participate in their community. Numerous studies, commissions, and policy documents concur that quality child care is essential to addressing many of our most pressing societal challenges, including promoting a healthy population, reducing child poverty, advancing women's equality, deepening social inclusion, and building a knowledge economy.

The federal government's commitment to new investments in child care, based on the Quebec model, represents both a social victory and a priority for the next year's budget. The CCAAC respects Quebec's leadership in developing a quality, universal, publicly funded child care system and supports Quebec's access to federal funding to further advance their comprehensive family policy.

New investments in child care are important, because Canada currently spends only about 0.2% of GDP on educating its youngest children, about half the average spent by other industrialized countries in the OECD. We need to substantially increase our public funding for quality universal child care in order to gain the proven social and economic benefits.

We have developed a comprehensive policy framework in an effort to address the well-known concerns about child care in Canada. Our strategy was developed out of a year-long citizen engagement process. The findings are based on research documenting the essentials of good quality services and the lessons learned by other countries and jurisdictions, such as Quebec, that have comprehensive early learning and child care systems. The proposals are directed to the Government of Canada and are focused on action required outside Quebec.

From Patchwork to Framework: A Child Care Strategy for Canada, released by the CCAAC earlier this month, of which copies are provided to you here today, lays out a detailed 15-year schedule for new federal child care funding and legislation tied to provincial and territorial plans for local delivery of quality, universal, publicly funded child care. The strategy also includes policies to help parents balance work and family responsibilities. Our plan provides access to quality, regulated child care on a full-time or part-time basis for all children from birth to six years, with parents contributing 20% of the overall costs. It calls for staged increases in federal funding in five-year increments that would reach an annual investment of about \$10 billion, or 1% of GDP, the minimum funding level recommended by the European Union Child Care Network for its member countries. Our 15-year plan sees annual federal funding increase to \$5 billion by year five, as compared to the current federal commitment, which averages \$1 billion per year over the next five years. But it's about more than money.

To summarize—and I want to just carry on to our conclusion and recommendations—while the current federal commitment of \$5 billion over five years is an important first step towards the building of a national child care system, in 2005-2006 we specifically urge government to increase this investment, as outlined in our strategy, and ensure that it is sustained over the long-term; move from the current user pay and subsidy patchwork to publicly funded child care programs, as in Quebec and many other OECD countries, with parents contributing 20% of the overall costs; enshrine the principles of child care in legislation and introduce standards that guarantee quality, universal, accessible, developmental, and inclusive programs; agree that all expansion take place through public or not-for-profit delivery; tie provincial and territorial accountability to five-year plans.

Canada's families can't wait any longer. A pan-Canadian child care system lays the foundation for our future economy and a sustainable quality of life for all Canadians.

Thank you.

• (1720)

The Chair: Perfect. Five minutes. Thank you very much.

[*Translation*]

Our next group is the National Council of Women of Canada.

Ms. Laidlaw.

[*English*]

Ms. Catharine Laidlaw-Sly (President, National Council of Women of Canada): Thank you very much, Mr. Chairman, and thanks for the opportunity to appear and speak in support of our extensive budget recommendations.

Our brief was sent in a long time ago, so I presume everybody has had a chance to read it. I regret to have to repeat again, though, that because the National Council of Women of Canada is not funded in any way and operates only with the after-tax dollars of its membership, we are not able to fulfill the requests for cost projections that would lend significant weight to our policy recommendations, because we simply do not have the funds available to hire the necessary research staff. We are trying to raise more money for ourselves, but I repeat, we work with after-tax dollars. In other words, for every two dollars, one dollar goes to our work for our council.

We're an old organization. We have a holistic approach. We exist from coast to coast, and we work at the national level, the provincial level, and at the local level, trying to fulfill our mission statement, which is to improve conditions and life for women and their families in the communities where they live.

Since time is of the essence, I wish to draw attention in particular to the tax relief on page 4. We note that tax relief, we believe, should be directed toward the working poor. This would also aid in addressing so-called child poverty. Poor parents' children are people living in poverty, and poor parents' children are always those who are going to, in the long term, run up a high, costly human deficit, which will cost us dearly in the end.

We are also concerned about seniors living on low incomes. Citing examples drawn from experience in Quebec, my home province, seniors with a gross income of \$18,000 per year, for example, still pay between \$800 and \$1,000 in income tax in spite of all of the aids available to help them maintain themselves. They also have to pay quarterly pharmacare premiums, and if they own a home, fully paid for, they still have municipal taxes. They don't have very much spare income, and when good nutrition is part of maintaining good health, I submit that this is an area that should be examined, with some good analysis done on the costs of maintaining good health through good nutrition.

We also ask that unpaid caregivers' financial sacrifices be recognized through tax benefits, and the loss of income and potential income, as well as the partially recognized expenses that were noted and are addressed in the income changes that were made last year... It's only a start on what is due to these, mostly, women.

We also recommend that maternity benefits made available for all women, not just those who are eligible for unemployment insurance, should be extended. The system right now is too arbitrary and discriminatory. One of the difficulties that happens is that the EI benefits for a new mother who has taken maternity leave run out after a year, but most child care facilities will not accept a year-old child, so there's no place for this mother to get proper care. We deplore the use of underground or subpar care, which too often has to be used when the mother must go back to paid employment at the end of a year.

The Child Care Advocacy Association of Canada is one of our members. Everything they had to say about child care is part of our policy.

I also wish to draw your attention to page 9. We believe the minimum wage needs to be increased. All future incremental increases should match the increases in the cost of living. Right now, it is well known and documented that it is impossible to live on the minimum wage.

The National Council of Women reminds our government, too, that our organization continues to recommend to all levels of government that protecting and, where necessary, cleaning up our environment still has a need to be looked after. We support the implementation of the Kyoto Protocol, and we would point out that cleaning up our environment is necessary if we are going to avoid increasing high costs to health care caused by bad air, bad water, and other greenhouse gas effects.

• (1725)

We have also recommended tax benefits for individual taxpayers who undertake measures of retrofitting, as a system was in place some years ago—the first round of retrofitting—or who are willing to purchase and operate a hybrid vehicle, for example. These are measures that will reduce greenhouse gas emissions, and we believe they are necessary at this time if we are to reduce our greenhouse gas effluents in our environment.

It's past time for our governments at all levels to realize that addressing child poverty includes the long-promised advent of a publicly funded child care system, with emphasis on early childhood education.

I do wish to emphasize again that we are concerned about homelessness. We've been working for two years on these issues, and the issue that is most dear to us is the fact that women's homelessness is very much invisible. We don't have adequate statistics. We know women often move from home to home, bunking down with people. They are the hidden homeless, and their needs and the poverty that is causing their needs are not being addressed. We urge that adequate housing programs be undertaken as soon as possible, and that means now, because we have a surplus.

I thank you.

The Chair: Thank you.

Next is the Canadian Federation for Promoting Family Values, Mr. Gorman.

Mr. Michael Gorman (Founder, Canadian Federation for Promoting Family Values): Hi, everybody. Good evening.

[*Translation*]

Good afternoon, everyone.

[*English*]

CFV, the Canadian Federation for Promoting Family Values, was created about fifteen years ago to democratically promote and protect family beliefs and expectations within Canada and abroad. We are an incorporated, non-profit organization that also is non-partisan. Our membership is roughly at about 2,700, and we are self-funding. We are very proud to announce that we don't take any money from governments of any kind.

We are, we like to say, the hamburger flippers out there. We're the farmers and the construction companies, the people who fix your cars, or the people who might put a roof on your house or something of that nature—the typical family business.

What we do, first of all, is establish what we feel the number one priority should be, and if you notice on page 1, the debt surplus this year has come out on top—as it has virtually every year for the last eight or nine years—and it has come out at 82%. Health care is next with 80%, defence is at 73%, and so on. We go through education, environment, immigration, pensions, and right down into homelessness. You might also note that we cover about sixteen different areas, from debt surplus right through to gun control legislation, on pages 2 and 3.

Because of time constraints, I'd like to move right into conclusions. The first conclusion we had to come to through surveying our members is that debt and what to do with the surplus is the number one priority, followed by health care, and then defence.

On health care, the majority of CFV members support a one-tier, user-fee, national pharmacare program, with catastrophic drug benefits.

CFV members support national day care and home care programs developed and standardized by federal authorities—and this is where we're a little different. We want them to be handled and run by free enterprise, with some exceptions.

A financial focus on low-income families with children and low-income seniors in particular is supported by nearly all our members.

Moving on, Human Resources and Skills Development Canada personnel, in our opinion, are not qualified to act in a manner conducive to developing a strong free enterprise environment. CFV sees a definite need for civil servants and educators to have practical free enterprise experience before any of them ever assume senior policy responsibilities.

Canada should take another and deeper look at cost cutting in government, education, and health care. The respective authorities must learn to play hard ball with unions and associations that claim to be representing taxpayer-funded workers.

The Canadian dream of owning a home for many, ladies and gentlemen, has vanished, in our opinion. Too many Canadians have difficulty earning enough money to pay for reasonable housing.

Immigrants to Canada should be subject to stronger loyalty requirements, in our opinion.

Our government must address the gun control issue somehow.

CFV members want an increasing standard of living for all Canadians, not just the well-off.

As for our recommendations, I'd like to go to the bottom of the page and start with our tenth and work to the first.

The Canadian gun registry should be suspended due to excessive long-term cost overruns.

Ninth, second-language development

• (1730)

[*Translation*]

should be accessible in every province, particularly for children,

[*English*]

with support from all provinces and municipalities.

Continue, ladies and gentlemen, the privatization of government-funded organizations. Associations representing a broad section of the population should not be funded by governments. Civil servants and educators should spend five years in free enterprise before they are allowed to assume senior responsibilities in their field. Canadian authorities have to learn how to play hard ball with unions and associations, supporting government, education and health care workers, and professionals.

On the issue of defence, we'd like to see \$16 billion. I know that's probably about \$1 billion more than what most people want, but we feel that Canada needs a larger and better-equipped military. We suggest a much larger reserve force capable of national and international active duty.

Our health care system should include user fees and catastrophic drug benefits.

Moving into the third position, single low-income seniors should be able to retire with a guaranteed income of \$15,000 per year, with an annual increase of \$1,000 for each of the next three years. Qualifications should be based on their net worth and the need of the individual applicant.

In second last position, increase the trend of eliminating taxes to low-income families with children. The tax-free zone, which is now about \$8,000, should be \$10,000 next year and increased \$1,000 for each of the next three years.

Our number one recommendation over and over again from our people is the debt. Target \$10 billion, with a commitment of at least \$8 billion, to debt reduction for 2005.

Thank you.

The Chair: Thank you, Mr. Gorman.

The next group I have is the Movement for Canadian Literacy.

Ms. DesBrisay.

Mrs. Wendy DesBrisay (Executive Director, Movement for Canadian Literacy): Thank you for this opportunity to speak with you.

The Movement for Canadian Literacy is a national non-profit organization that has worked to advance literacy in Canada for over 25 years. Advancing literacy in Canada is a big challenge, and it's getting bigger. The ability to work well with print information is absolutely essential to success in a knowledge-based society, yet according to Statistics Canada, as many as 8 million Canadians do not have the literacy skills they need to meet the demands of today's rapidly changing world.

These Canadians face significant barriers in finding and keeping decent work, in lifting themselves and their families out of poverty, in giving their kids the best chance for success at school, in using our health care system in an effective and cost-efficient way, and in adapting to workplace changes and learning on the job. These Canadians are employed and unemployed, rural and urban, French, English, aboriginal, and immigrant. They're your constituents.

I could use all of my time today to show how addressing literacy would be an investment in solving some of the most pressing

challenges of our country. I could make the case that accessing literacy services should be a right of citizenship and not an obstacle course, as it is now. But I think I'll let our written submission expand on those ideas, and I'll focus on the economic imperative, because, to put it bluntly, we cannot afford continued inaction on literacy.

To secure Canada's position as an economic force into the future, we must invest in the skills of our people now. In an age of global competition, a skilled workforce is our greatest asset; however, our supply of skilled labour is in decline. To strengthen the economy and fuel innovation, we need to tap into the strengths of all our citizens, including the millions whose literacy barriers have forced them to the economic margins.

The reality is that people with low literacy are more likely to be unemployed or to work in low-paying, insecure jobs. The unemployment rate for people at the lowest literacy level is 26%, compared with 4% for those at the highest levels. They're also likely to earn less. For example, a woman with literacy challenges will earn \$683,000 less in her lifetime than a woman with higher literacy skills. This means she'll pay fewer taxes and may need to access income supports.

The costs are compounded by the impact on the next generation, because a mother's literacy level is a key predictor of the literacy levels of her children and the adults they will become. This adds up to a serious economic impact.

A report just released by Statistics Canada shows that a 1% increase in adult literacy skills would generate a 1.5% permanent increase in GDP. That's about \$18 billion a year. It's enough to fund the entire federal portion of the recent health care deal with the provinces.

Despite the potential benefits, despite a call for action from provincial and territorial leaders and leaders from business, labour, and voluntary sectors, and despite promises of government action, Canada is still one of a very few industrialized countries without a national literacy strategy. This lack of national strategy has led to uneven access to literacy services across the country. Project-based funding leaves little room for long-term planning, and most literacy agencies are underresourced and overextended. Only about 5% to 10% of Canadians who could benefit from literacy services are being helped.

There are solutions. Last year in this very building the Standing Committee on Human Resources Development and the Status of Persons with Disabilities released a report with 21 concrete recommendations for action. That excellent report is now gathering dust, and we think it's time to take it off the shelf and put it into action.

Here are our recommendations. First, assign funds to begin implementing the standing committee's recommendations. The committee estimated an initial investment of about \$150 million to boost federal supports to literacy. We accept this figure as a down payment toward the creation of a more comprehensive long-term literacy system.

• (1735)

Second, encourage the federal government to take the lead in negotiating an agreement with the provinces and territories as a mechanism for investing additional federal funds in literacy program delivery.

Third, increase the budget of the National Literacy Secretariat, the only federal agency with a specific literacy focus, from its current \$27 million a year to \$50 million.

Fourth, encourage the federal government to support the development of an aboriginal literacy strategy.

Fifth, recommend that the workplace skills strategy announced in the throne speech includes support for both employed and unemployed workers.

In closing, as you work on a blueprint for the future, I encourage you to remember that literacy is an essential foundation for the higher skills we all need in today's world, and it's key to Canada's social and economic prosperity.

Thanks again for your time.

• (1740)

The Chair: Thank you.

The next group is the National Children's Alliance, Mr. Dinsdale.

Mr. Peter Dinsdale (Executive Director, National Association of Friendship Centres): Thank you very much. My name is Peter Dinsdale. I'm executive director for the National Association of Friendship Centres. We are a member of the National Children's Alliance. Their executive director couldn't be here today, so they asked me to make the remarks on her behalf.

The National Children's Alliance brings together over 60 national organizations working collectively to enhance the well-being of children and youth in Canada. It is a model for collaboration amongst aboriginal groups and health, education, environment, literacy, recreation, disability, child care, social services, and other NGOs and community-based organizations for reaching consensus on a broad range of policy issues. Building on the strengths and combined research capacity of the hundreds of thousands of people working on the front lines of our communities, the National Children's Alliance mobilizes cross-sectoral and multidisciplinary approaches to make an impact on policy development. Since its inception in 1996, the Alliance has worked to promote the development and implementation of a national children's agenda; promote policy recommendations; facilitate dialogue on children's issues amongst all sectors; engage provincial, territorial, and regional constituent groups in working collaboratively on issues; and strengthen its national networks of voluntary organizations and NGOs.

I'd like to talk briefly about building social infrastructure. The research findings are unequivocal that the determinants of health for children and youth are largely dependent upon the social context in which they grow up. In other words, community matters. Family-enabling environments are required in order to provide much needed support for parents and children, ensure positive and nurturing experiences for children, and help parents cope with the stresses of

raising them. Inclusion of all children, irrespective of ability, cultural group, socio-economic status, or geography, is dependent upon vibrant communities that ensure each child has the opportunity to participate as an active member of society.

It is commonly understood that communities need some physical infrastructure to enable economic development. In a knowledge-based economy, inclusive social infrastructure is essential to human development and therefore a necessary condition for economic growth. Social infrastructure encompasses the interdependent mix of places and spaces, programs and services, and networks of organizations and individuals at all levels.

There's an opportunity for federal leadership in the cities or communities initiative to promote a social agenda. The federal government has a long-recognized role in enabling environments. Municipal and local governments are particularly sensitive to the social needs in their communities. Expanding the dialogue and the policy platform of the cities and communities agenda to include social infrastructure would allow governments to address some pressing social issues.

Investing in the development of local inclusive social infrastructure could be achieved through a funded federal program that would support community social infrastructure initiatives. Funding for them would include innovative and inclusive programs and services and network building. Local leadership with citizen involvement in identifying and addressing solutions to urgent community needs would be a key component for success. Partnerships and multi-sectoral approaches that span local governments in a voluntary sector would promote a high degree of coordination and could form the basis of criteria for funding.

Investing in inclusive social infrastructure contributes to quality of life and economic development. For the National Children's Alliance it is an opportunity to level the playing field for all of Canada's children and youth. So the first recommendation would be that the federal government invest in community and social infrastructure with a dedicated fund under the children's and communities agenda.

I'd like to talk briefly as well about aboriginal children and youth. In contrast to the lives experienced by other Canadian youth, aboriginal children both on and off reserve are more likely to experience poverty, health problems, maltreatment, literacy challenges, incarceration, and child welfare issues. Although the latter represents less than 5% of the child population in Canada, they account for at least 30% of Canada's children in care—5% of the population, 30% of the children in care. Twice as many babies will be born prematurely or underweight or will die within the first year of life. Twice as many Indian kids die within the first year of life in Canada. Three to four times as many children will die by injury, poisoning, or violence. Five times as many of our young aboriginal people will commit suicide. In five years, between 1996 and 2001, the number of aboriginal children in care of the state increased by more than 70%.

Canada has a crisis situation with our aboriginal children and youth. Community programs that support aboriginal children and youth and their families are critical to their well-being. Research has demonstrated over and over again the effectiveness and responsiveness of services and supports delivered by community agencies. Innovative programs such as the Yellowhead tribal services custom adoption program or the Manitoba child welfare initiative are celebrations of the success that can be achieved when funding is directed to local agencies.

• (1745)

In Canada we know that services for aboriginal children both on and off reserve are underfunded. The priority this government has accorded to improving the lives of our aboriginal peoples provides an opportunity for equalizing the investments targeted toward aboriginal children and youth. It is time to put resources into the hands of community agencies that already have the knowledge and expertise to make a difference.

Aboriginal children in Canada need access to community-based initiatives that are responsive, coordinated, and integrated. Community agencies need funding to build upon their existing capacities in order to address these needs.

We are recommending that the federal government launch and carry across boundaries an aboriginal children's infrastructure fund. The fund would provide resources directly to community-based initiatives. The fund would build upon existing capacities of established community services and supports wherever possible to build family and community capacity by targeting funding for partnerships to promote responsiveness to unique community needs, to improve access to community services for children, and to create linkages amongst health, education, and other social services folks.

The recommendation we are making is that the federal government create an aboriginal children's infrastructure fund that would provide resources directly to community-based initiatives. Then maybe we will be able to sit here 10 years from now and not talk about aboriginal young people killing themselves at five times the rate of the rest of the Canadian society.

In regard to ensuring accountability, over the past 13 years Canada has committed to a number of national and international agreements that have made enormous impacts in the lives of children, youth, and their families, from the United Nations Convention on the Rights of the Child to the early childhood development agreement of 2000.

However, advances have been uneven and there has been inadequate progress in closing the gap between our commitments and the reality of children's lives, particularly for aboriginal, immigrant, or refugee populations and poor children. The need for monitoring how children are living and how society is supporting them to flourish is critical in ensuring the implementation of our international and domestic obligations to children.

The Chair: Can you just wrap it up, please?

Mr. Peter Dinsdale: Yes, absolutely.

I'd like to make a couple of final recommendations. One is that the federal government commit \$25 million over five years to support the creation of a council to help deal with children's issues. The other

is that we raise the national child benefit to a maximum of \$4,200 per child.

The Chair: Okay, great. Thank you.

Our last group is the National Anti-Poverty Organization, Mr. Howlett.

Mr. Dennis Howlett (Executive Director, National Anti-Poverty Organization): I'd like to ask the president of the National Anti-Poverty Organization, Robert Arnold, to start, and I'll complete the presentation.

The Chair: Okay. If you could just keep it within five minutes, I'd appreciate it.

Mr. Robert Arnold (President, Board of Directors, National Anti-Poverty Organization): Thank you, Mr. Chairman.

The National Anti-Poverty Organization is a non-profit organization representing 4.7 million Canadians currently living in poverty. Our mandate is to eradicate poverty in this country. We are most commonly referred to as a national voice for the poor because our 19-member board is made up of people who live or have lived in poverty at some time in their lives. Our membership is made up of low-income individuals, organizations that provide direct and indirect services to the poor, and other concerned Canadians.

I'm not going to read much of this submission, Mr. Chairman. I want to highlight just a few pieces of it.

I go to page 5, and I would like to highlight the recommendations on the surplus. In the 2000 budget, the government promised to use 50% of the surplus revenue to support social services and programs and the remaining 50% to pay down the debt and provide tax cuts. Unfortunately, only 10% of the revenues have been used for authentic program spending increases. It is clear that further tax cuts for wealthy Canadians and corporations, combined with unnecessary and aggressive debt reduction, removed money from where it was most needed. NAPO recommends that the government use the surplus to fund social and environmental programs and services, instead of tax cuts and debt reduction.

I would like to go now to page 8 and the recommendation that the Canadian child credit be increased through the national child benefit to \$4,900 per year for each and every child by January 2005.

I want to go on now to the recommendation on the minimum wage on page 11. Employment is no longer a guarantee against poverty; real wages have fallen significantly for middle- and low-income earners in the last 15 years, especially for young families, women, and youth. What we are asking for is that the federal minimum wage be reinstated at \$10 an hour or higher and that we develop a national job strategy that includes aboriginals, youth, women, immigrants, and people with disabilities.

I now go to the recommendations on the Canada social transfer. While the social transfer contains money for social services and post-secondary education, it does not set national standards for social services, as CAP once did. Research shows that reducing poverty decreases health costs. The 2004 report, *Improving the Health Care of Canadians*, written by the Canadian Population Health Initiative of the Canadian Institute for Health Information, states that the number one determinant of good health is avoiding poverty.

Our recommendations are that the federal-provincial agreements and federal legislation related to the Canada social transfer should incorporate the rights outlined in the International Covenant on Economic, Social and Cultural Rights on income, housing, and food security; that the amount of money transferred to the provinces through the CST be increased; that within three years the funds are equal to those provided by the Canada health transfer; and that an escalator clause is included in the CST.

We would also like to establish a royal commission to hold hearings in communities across Canada so that Canadians can discuss and debate their vision of a social safety net.

• (1750)

Finally, recommendation 10 is on a guaranteed adequate income. The idea of a guaranteed adequate income is not new in this country. Canada acknowledged the right to an adequate income as early as 1948 when it signed the Universal Declaration of Human Rights. This government raised the notion of a guaranteed income in 2000. NAPO believes it is time to seriously consider implementing a guaranteed adequate income for everyone.

We now recommend that the government establish a fund for researching current international models and practices of guaranteed income and the development and implementation of a guaranteed income. The fund should be accessible to poor people, organizations that deal with poverty issues, NGOs, social justice groups, as well as other organizations and individuals.

I'd now like to hand it back to Dennis Howlett, our executive director.

The Chair: I'll give you 30 seconds, because we're going to run out of time.

Mr. Dennis Howlett: I know there's been discussion about tax cuts for the poor, and I want to warn that some of the proposed ways of delivering those could end up giving far more of the benefits to middle- and upper-income families. I've just tabled a study done by Richard Shillington and Andrew Mitchell that shows, for example, that raising the personal credit to \$12,000 would only deliver 3.5% of the benefit to poor families.

There's a real danger here that talking about tax cuts for the poor will not in fact deliver those. A far more effective way to deliver tax

cuts to the poor, if you want to target it, would be to make changes in the GST; that's where poor people pay most of their taxes. For example, reinstating for poor families the real value of the GST tax credit to what it was when it was first introduced would result in 20% of the benefit going to poor families if it were delivered that way. It could actually be increased, because the poorest people actually pay total federal and provincial taxes amounting to about 35% of their income. This is for people earning \$10,000. It's the same percentage as rich people pay; people at \$100,000 income are paying 35% of their income. We don't have a progressive tax system any more in Canada, and if we're really serious about tax cuts for the poor, we would support that. But you have to be very careful about how you do it to ensure that it actually goes to poor families.

Just one final point: we did meet with the housing minister yesterday, and we did urge him to include a commitment to social housing and a national housing strategy in this budget. We are aware there are unspent moneys in the pipeline, but Quebec, British Columbia, and other provinces should not be penalized for having spent the money. They're ready to spend more. Even if you have to escalate it over several years, there should be some amount in this upcoming budget, with maybe a three- or five-year commitment included in this budget to ensure that the groups working on this are able to plan and actually begin to use that money as soon as it can be flowed.

Thank you.

• (1755)

The Chair: Members, I have to reduce the time.

We're going to go to six minutes in the first round, and we're going to try to keep it to six minutes, or else we're going to run out of time. The idea is for the members to ask some questions, so we're going to go round.

Ms. Ambrose.

Ms. Rona Ambrose: Thank you, and thanks for all the presentations.

I'd like to ask Ms. Anderson from the Child Care Advocacy Association of Canada a question, and I want to thank you for the briefing material you provided for us. It's very thorough. This is something I've been looking into, and I have a couple of specific questions for you that I'm hoping you can answer for me.

I first want to preface my comments by saying that the official opposition very much supports the importance and the value of early childhood education. We also support access to day care for parents who need it, particularly low-income Canadians.

My concern, when I was looking at the briefing, is the issue of universality. There are two different questions that I wonder if you could address for me. In terms of universality, my concern is that there are some people who will actually fall outside of this and not have access, or feel that they fall outside of this particular proposal. I'm sure you've heard these arguments before. One is parents who will stay at home. For the parents who are staying at home and will be funding the program through their own taxes but at the same time choose to raise their children at home, do you recommend that parents should receive a tax credit?

This is the other question I have along the lines of universality. I specifically quote something from your briefing. You talk about working to eliminate a range of social, ability-based, cultural, geographic, and other barriers to equitable access and participation. In particular, in providing this kind of a universal system, I'm wondering how we ensure then that cultural, linguistic, and religious differences are also respected, because there are parents who are concerned, particularly in the ethnic and immigrant communities, who feel they would prefer to have their children stay at home, perhaps being raised by the extended family, so that they can pass on their traditions and values.

These are some concerns about universality and whether or not there are people who will actually not feel they have access to this, or this program doesn't really fit into their lifestyles.

I wonder if you could comment on those two things.

• (1800)

Ms. Lynell Anderson: First of all, on the concept of universality, I want to be very clear that, as I said in the presentation, we see early learning and child care as a non-compulsory program, so the concept here is to make it universally accessible so that those families who need or want it have it available to choose from.

I really appreciate your question about parents who are at home. Let's start by recognizing that Canada has one of the highest labour force participation rates of women around the world. We're second only to Sweden, I believe, right now. Over 70% of young mums with young children are in the workforce right now. We need to be really clear about the reality of those women's and families' experiences.

The concept behind the universal early learning and child care program means that in communities, in neighbourhoods, services that are relevant to families are available for them to use as and when they need them, and that could mean part-time, drop-in, full-time. Many families who are at home are interested in preschool experiences. That's part of the range of comprehensive services we're talking about here. We're actually talking about neighbourhood-based supports for all families to access to the extent they need or want.

Ms. Rona Ambrose: How would you address the second part of my question about ensuring cultural, linguistic, and religious differences? We're looking at what you're suggesting as a national program being delivered by the government, so how would we

address those kinds of service specificities, cultural specificities, that some of the ethnic communities are concerned about?

Ms. Lynell Anderson: First of all, I want to be really clear that our recommendations are about publicly funded systems so that there is substantial government funding along with a parent fee for these early learning and child care systems. They're not necessarily publicly delivered. We're recommending a public or a non-profit community-based service delivery. Our vision includes local neighbourhoods where there can be parents and other community members involved in making sure those services are relevant to the cultures and the linguistic interests and other interests of families in those communities.

I am very aware of the different cultures. I'm from Vancouver. I'm very aware of the different cultural approaches to child care. In B.C. we have put resources into making sure that as we develop child care programs they are sensitive that way.

Ms. Rona Ambrose: Thank you.

Do I have more time?

The Chair: You have 30 seconds.

Ms. Rona Ambrose: I appreciate that.

The other question was on the other concern about taxation of some parents or some Canadians, because that is the other part of the publicly funded part. Everyone will be paying into it, and some parents would prefer to receive a tax credit or otherwise. Could you comment on that?

Ms. Lynell Anderson: We don't have specific proposals around the tax system. I don't have either an objection or an opinion around that. Our focus is on making sure we have a strong early learning and child care system available to everyone.

I'll see if my colleague has any further comments.

The Chair: Thank you.

Monsieur Côté.

[*Translation*]

Mr. Guy Côté: Thank you for your presentations.

Thank you very much, Ms. Anderson. I believe you are going to be a popular woman.

I am the father of three children. My wife works in a child care centre. For seven years I was a member of the board of directors, and for two years, I acted as president of a small early childhood education centre in Quebec. So, I am sure you understand that I very much appreciate the Quebec model.

Your proposal flows from an excellent idea, which is to provide parents with adequate, quality child care services. At the same time, based on the way the program you presented would be implemented, I must say it's very difficult for me to agree with the various suggestions you make in your paper, for a number of reasons.

In terms of child care systems, Quebec certainly broke new ground. And it is still paying the price, as we speak, in terms of tax deductions, among other things. One can easily imagine that under a start-up pan-Canadian program, a lot of money would be allocated to set up new child care centres and new networks.

That being the case, I can't see how Quebec could really meet national standards, since its network is already firmly in place and operating in that province. That is one of my first objections.

You also talk about accountability to the federal government. There again, I have a problem with that, naturally, because early childhood education is an area primarily within the jurisdiction of Quebec, in this case, or shall we say, of the provinces.

In presenting your arguments, you refer to the Social Union Framework Agreement, an agreement that Quebec has yet to sign. I really don't see how a pan-Canadian child care system could adequately meet the needs of the men and women of Quebec at the present time.

Would it not be more effective—either through the CHST or equalization—for the federal government to simply transfer these monies to the provinces, to allow them to set up a child care system geared to local needs?

You said you are from British Columbia. The needs of your community may not be the same as those in Quebec or Pont-Rouge, where I live. Do you not think that in the context of a child care system managed by user parents, which is the model in place in Quebec, the ideal solution is still to leave this to the provinces?

● (1805)

[English]

Ms. Lynell Anderson: First of all, I want to reiterate, and I think I say this in my comments as well, that the work we've done here in our recommendations applies to the Government of Canada and to the work that's needed outside Quebec. We totally respect and honour the leadership Quebec has taken in child care. And we recognize that the system Quebec has implemented is one that is based on principles of quality, affordability, accessibility, and public funding—key principles. So our recommendations are directed to work that needs to be done outside of Quebec.

We do believe there is a leadership role for the federal government to play outside of Quebec around developing the principles and the funding for child care. The social union framework agreement that exists—and I understand Quebec's perspective on that—does define a role for the federal government in our social services, and this is part of the basis for our suggestion that way. So the SUFA agreement

lets Canadians know that while there may be different regional differences in their experiences as they go across the country, at a principle level there needs to be some equality around access. And that's the role we see for the federal government.

We know there will be, and we acknowledge in this document, provincial and territorial differences, but we are recommending that there be national principles within which provincial and territorial differences would occur.

[Translation]

Mr. Guy Côté: I will be brief, Mr. Chairman.

I want to come back to one of my main concerns. In terms of setting national standards, two specific things come to my mind. Let's take salaries, for example. In Quebec, there is currently a specific salary scale.

If the federal government were to propose a pan-Canadian salary scale for caregivers and managers, what would happen if that salary scale were lower than the one in place in Quebec, for instance? Could a province decide that in its particular case, catch-up increases relating to pay equity or job benchmarking required that wages be higher than the salary scale proposed by the federal government?

In my opinion, embarking on a national child care services program means committing to discussions over the next 20 years. If you think that the federal and provincial governments are already squabbling about jurisdictional matters, then all I can say is good luck, because once they start talking about this, they're going to be fighting like cats and dogs. I can see the writing on the wall.

I would just very quickly—since you refer to it briefly in your paper—cite the example of parental leave. During the election campaign, Prime Minister Martin made a point of reminding people that an historical agreement regarding parental leave had been reached with Quebec and that there were only a few minor details to resolve. But today is November 18th, if I'm not mistaken, and we are still waiting for this thing to be completed.

● (1810)

The Chair: Mr. Côté, do you have a question?

Mr. Guy Côté: Thank you.

[English]

The Chair: Okay.

Madam Minna.

Hon. Maria Minna (Beaches—East York, Lib.): Thank you, Mr. Chairman.

First I want to say to the Anti-Poverty Organization that I agree with what you said, so I won't be spending time there. I think it's time this country took a look at that, especially with the guaranteed income, and come to a place where we pull stuff together and get out of the hodgepodge, piecemeal stuff we have.

I want to go to the Child Care Coalition. In your brief you talk about a public not-for-profit system. I think somewhere else you also talk about a legislative framework being introduced. It seems to me that the other piece would be additional moneys, because I think maybe the current amount we are committing might not be quite sufficient.

Just a quick question. Are you recommending all these three as part of the quad? The quad principles right now don't include public not-for-profit nor necessarily the legislative framework, which I think is important. I just want to make sure that is something you and your organization are definitely advocating, because I support that.

Ms. Lynell Anderson: Thanks for the opportunity to clarify that. We are recommending that all expansion in child care happen through public not-for-profit delivery, and we acknowledge the need for a transitional plan, grandfathering or whatever. We acknowledge and respect the existing private operators in that.

Hon. Maria Minna: I agree with that. We have the quad principles, which are fine, but I think the public administration, not-for-profit, is one that needs to be added to strengthen it, in my view. Of course, the legislative framework needs to be there, which I'm not sure we're going to have at this point. I would like to push for that.

Ms. Lynell Anderson: Sorry, I should just confirm that that is also part of our recommendation.

This process is a result of a year-long consultation and looking at the OECD. It came from that.

Hon. Maria Minna: Having advocated in this area for 11 years now, and finally getting to these kinds of fine strokes, I very much appreciate it. I'm there, and we'll keep working together.

I just want to make a comment to my colleague, Monsieur Côté—and Monsieur Loubier is here—with respect to the Quebec situation in terms of the conditions, or what have you, that would be put in.

Given that Quebec is already ahead, in my view, they would have absolutely no trouble meeting the standards. In fact, they would surpass them. I don't think the basic framework would be minimum benchmarks. It would not keep anyone from meeting the maximum or exceeding them, which would also include pay scales or anything else. I doubt very much that we would get into specific pay scales in the agreements. I think that as health care led us from Saskatchewan, child care is leading us from Quebec. I think that's a good thing. I don't see that that's a negative.

I want to go now to the Teachers' Federation. You have in your recommendation \$2 billion for this purpose as a commitment. You talk about \$2 billion every year. Does that include the early education, child care, and all of these other items you have here? Are you grouping everything together, or are you suggesting \$2 billion for some smaller specific things?

Mr. Harvey Weiner: We're looking at—

Hon. Maria Minna: Sorry, just to finish—

Mr. Harvey Weiner: Sure. Go ahead.

• (1815)

Hon. Maria Minna: Some of your recommendations are very much provincial issues—investing in the 6-to-12 age group in

children, meaningful learning, and comprehensive school boards, and so forth. That is very much out of our purview.

Mr. Harvey Weiner: Part of the frustration we have has been part of the conversation we've had around the table, even on some specific issues that might not necessarily tie in directly to this.

If we're really going to tackle in a comprehensive way the needs of children, youth, and families in this country, we have to be looking at these things in a cross-departmental fashion, both within the federal government and intergovernmentally, that is, provincial, federal, and municipal. It seems to me that if there is a will, there is a way.

We recognize and respect that there is a Constitution, but too often in the past, and it continues to be a problem, we dig our heels in on constitutional responsibilities and we're not prepared to look at the bigger issue. The bigger issue is in fact that we are not adequately meeting the needs of children, youth, and families in this country, and we can do a better job.

The literacy issue, which I mentioned in my presentation, is one key example of that. It is cross-cutting departmentally, cross-cutting intergovernmentally, and if it is addressed in a comprehensive way, it will in fact achieve tremendous economies and obviously assist in social cohesion in this country.

So to answer your question specifically, there are ways of dealing, if there is a will, with the constitutional provisions that apply provincially, federally, and municipally. We have exemplified, I think to our discredit over the past decades, our inability to come to grips with that particular issue. It's time to change.

The Chair: Thank you.

Hon. Maria Minna: I have one more—

The Chair: No, your time is up. Sorry, Ms. Minna.

Ms. Wasylycia-Leis.

Ms. Judy Wasylycia-Leis: Thanks to everyone for being here. This is an incredibly important panel for our deliberations on the budget, and it's hard in five minutes to cover off all the areas.

First, I want to say a special thank you to the Child Care Advocacy Association for the incredible national conference that just happened in Winnipeg. I think it was groundbreaking in terms of being able to send a message to the government and to be able to show what force there is in the child care community for a universally accessible non-profit system.

My quick question to either Lynell or Jamie is, can you give a quick commentary on this debate about tax cuts that supposedly will create all this room for parents to buy the services they need versus the direct investment approach for a universally accessible system?

Keep it short, to a minute, so I can get a couple of more things in.

Ms. Lynell Anderson: The short answer is that tax cuts don't build a system. The reality that we've seen over the last several years is increasing labour force participation rates despite even this or even a reduction in taxes. The amount of tax cuts that would be required to actually allow women to stay home would be very substantial.

Right now women contribute over \$25 billion a year in Canada in taxes. So it's just not a reality for women. The reality is that many women are working because of their career and their planning and their need to think long term about supports for them and their families.

Ms. Judy Wasylycia-Leis: Thank you. I appreciate that.

Peter, the Children's Alliance participated at the national child care conference. How do you see the issues you focused on with respect to the aboriginal community being addressed in terms of a comprehensive national day care plan?

Mr. Peter Dinsdale: There needs to be some particular attention paid to the issue, because I think historically we've seen that mainstream programs don't serve the aboriginal community very well. I think there need to be some very specific and targeted investments towards ensuring that aboriginal people.... Poverty issues, cultural issues, and residential school syndrome issues all impact the availability and accessibility of the programs and the types of service that are required. I think Head Start is a successful model that can be built upon to be available in all communities where it's needed and/or required. I think that would be one progressive approach.

Ms. Judy Wasylycia-Leis: Thank you.

I have two more quick questions.

Wendy, you mentioned the fact that there has been a lot of work done on advocating a pan-Canadian literacy strategy. We know there is work being done by the NGO community, the provinces, and the territories. Why don't we have something being done in terms of the federal government, and how do we kick-start it?

Mrs. Wendy DesBrisay: We're wondering the same thing, because over the last few years, three or four throne speeches have mentioned literacy. There have been extensive consultations. Leaders from all sectors of society have identified literacy as a priority that needs to be worked on, as Harvey said, intergovernmentally, interdepartmentally, and intersectorally.

We do need leadership from the federal government. After the all-party standing committee report, we were very encouraged. Since then, the provinces and territories, the Council of the Federation, the

Council of Ministers of Education, and the Forum of Labour Market Ministers have all agreed that literacy is something that requires joint action, and they have expressed an interest in a pan-Canadian strategy, which doesn't mean a one-size-fits-all. We're not asking the federal government to do it, only to provide leadership and help develop the framework. I think what's needed now is the political will and the willingness to put aside jurisdictional hassles and get on with it.

What bothers us is that the government asked Canadians for their input. A total cross-section of Canadians gave their input in good faith. I have heard that because the government has changed, there's no commitment to carry out what came out of the consultations of a previous government, but I don't think Canadians understand why a change of government would mean that what Canadians said has changed.

• (1820)

Ms. Judy Wasylycia-Leis: I appreciate that.

The last question is to Dennis and Robert. I'd like you to talk a little about this theory that we keep hearing, from some quarters in this country, that if we put all this surplus money against the debt, it's going to build our future for our kids' kids, it's going to trickle down, and we're going to deal with all the problems we're facing, such as one in five people living in poverty.

Mr. Robert Arnold: If I could quickly respond, money doesn't trickle down; it trickles up. If you look at where the big pools are, you'll see that it's true that paying down the debt would make our debt payments smaller, but it depends on whose cow is gored.

People are starving now. I think what we have to do is deal with the immediate problem of people starving and being homeless and nearly 5 million people in Canada living in poverty, as the first priority. Somewhere down the road, we can deal with the debt.

The Chair: Thank you.

Mr. Pallister.

Mr. Dennis Howlett: I have a final point. Economic growth will take care of the debt on its own.

Ms. Judy Wasylycia-Leis: Thanks. I appreciate that.

The Chair: Mr. Pallister.

Mr. Brian Pallister: First, thank you all for the excellent presentations and the material as well. Given the constraints of time that you face in dealing with these issues, I very much appreciate your efforts, and not only today.

I have a confession to make. First of all, I declare a conflict in the sense that I was raised by a woman who came from poverty and who taught for 46 years. For my ability to read these materials, I thank teachers. My sister is a teacher and I was a teacher, so the literacy arguments that many of you have alluded to and made today resonate very strongly with me.

I have to apologize for having to address the specific issue. I'm not trying to refute Judy's anti-trickle-down theory, but sometimes reducing tax, in some ways, may well help to direct revenues in a positive way.

One of the proposals that Harvey makes is to reduce the taxes for teachers who spend out of pocket to support the students in their care. Certainly, this is something that I did and I know my mother did. I think in fact most of my friends who are teachers do so on a regular basis for the specific needs of some of the students in their care. In many cases, certainly, it's to invest in and purchase certain items, computer programs, texts, and so on, that will work to assist literacy development with certain special needs students, for example.

With that proposal, you didn't allude to it in your presentation, Harvey, but it's in your materials here. Would you like to elaborate a little on the nature of the proposal?

• (1825)

Mr. Harvey Weiner: Yes, I really would like to elaborate, because in fact we had some very gut-wrenching discussions on this. This is really not the way we should be going. The reason the teachers are doing this is because the public services per se are not being adequately provided; they're not being adequately funded. Why should teachers have to pay out of pocket, which many are doing, to help feed hungry kids, to help provide clothing for kids, and to provide additional learning materials that are no longer being provided, as they had been in the past, through public expenditures? This is something that came from the grassroots and we've responded to it, but this is not the solution.

The solution is, rather, the proposals we have been making, the overall encompassing proposal that would really begin to address in a comprehensive way the needs of children, youth, and families. This is what we would call a patch, and it's a patch that in the current context our teachers would like to see. It's a gesture by government recognizing the fact that they are making an out-of-pocket contribution.

Mr. Brian Pallister: Damage control.

Mr. Harvey Weiner: It's damage control. It is not an approach that is comprehensive.

I want to come back to the constitutional issue. It seems to us, quite honestly, that it's far more important to many people in government who does what than getting what done. We have to change that. There are ways to collaborate. There's nothing in the Constitution that says departments within government cannot

collaborate and look at things in a coherent, comprehensive way and do that cross-governmentally as well. We must start doing that. We've done a very, very poor job of this in the past, and it's really, quite frankly, the only way we're going to get at the root of some of these problems.

Government is spending billions of dollars on non-discretionary expenditures. We don't have any discretion over incarcerating prisoners, 50% of whom are illiterate and haven't completed high school. We don't have any discretion in terms of health care for those who have chronic illness.

Mr. Brian Pallister: I appreciate your comments, but I'm going to get cut off and I have one other question I wanted to ask. I apologize for cutting you off. You're not arguing against the proposal you're making in here in terms of the teacher compensation, are you? It still is something we should pursue. Is that right?

Mr. Harvey Weiner: It's a band-aid and it really doesn't address... I would not like you to get distracted by that. The comprehensive recommendations we're making in terms of improving the lot of children, youth, and families in this country are where we want to go. That's where the solutions lie.

Mr. Brian Pallister: Okay, fine.

Peter, I appreciated your presentation. Thank you. I recently attended a meeting of the OECD social services ministers and learned that one of the things other countries seem to be addressing better than us is the distribution mechanisms for welfare. Their findings have been, generally, that simply handing out a cheque every month is not the answer. In fact, you may be familiar with the Manitoba chiefs who did a report last year saying that, unfortunately, welfare has become a right of passage now for young people. I grew up next to a reserve, and I spent my life with this problem becoming worse and worse, it seemed.

I'm wondering if you have any thoughts you'd like to share with us on some possible ways of working toward activity-related or work skill development, self-esteem-building exercises, something along those lines for welfare systems.

Mr. Peter Dinsdale: I think what you're seeing in the welfare system is related to unemployment, to suicide, to poor health conditions. They're all symptoms of a larger issue. We have unhealthy communities, and until we're willing to make target investments to ensure that half of all aboriginal people graduate, more than half graduate from high school—because that's not currently what happens—and that people are employed and trained at comparable levels, nothing will change. I think we need to look at what's going on in our communities as opposed to focusing on whether there's too much welfare going on. It has become a system—it has, there's no question—but we need cultures of achievement and cultures of success, and we can only do that through investments in education and social services.

I hate to focus on the symptom, like when you're sneezing we'll give you a different way to blow your nose; I'd rather talk about the cold that exists.

• (1830)

Mr. Brian Pallister: In the Manitoba report it talks about it providing a disincentive to further education, a disincentive for young people to go on and actually engage in further training and that type of thing. They are kind of interrelated, aren't they?

Mr. Peter Dinsdale: Sure. I'd say the disparities in the community are as large as the disincentives, not necessarily the band-aids that are being applied to them.

Mr. Brian Pallister: Very good.

The Chair: Thank you.

Perhaps I might ask the witnesses to hang on for another five minutes. I have one more member who would like to ask questions.

Mr. Bell.

Mr. Don Bell: Thank you.

Just a couple of brief ones. Many of my questions have already been addressed, so I'll just be specific on a couple.

I noticed one comment, I guess it was from Peter from the National Children's Alliance, and Rob Arnold, I think, from the National Anti-Poverty Organization. Both made references to the child care benefit. Peter, I think you said \$4,200 and Rob said \$4,900. I'm presuming that basically you're not haggling over the amount; it's just that it needs to be increased substantially. Is that a fair comment?

Mr. Dennis Howlett: Yes. We're part of Campaign 2000 and they have called for \$4,900 a year per child. That's a level at which it could actually help to remove children from poverty.

One of the problems, of course, is that in many provinces that benefit is being clawed back from people on welfare. If you get it up to that level, it would obviate that problem because they would not need welfare for children at that level. You know, at the seniors' level, poverty has been greatly reduced, and that's because the federal government has taken a role in providing what essentially is a guaranteed adequate income for seniors. We need to do the same kind of thing for children, and then hopefully, eventually, for everyone.

Mr. Don Bell: Peter, in your last two recommendations... I believe one was the child benefit that you quickly read, and the other one was providing \$25 million for a national child council, was it? I'm sorry, I missed it.

Mr. Peter Dinsdale: Yes, the actual recommendation is to commit \$25 million over five years to support the creation of a council that would provide a sustainable mechanism for accountability and monitoring of the kinds of children's programming that are occurring.

Mr. Don Bell: So you're saying \$5 million a year to monitor it.

Mr. Peter Dinsdale: Yes, \$25 million over five years. That's \$5 million a year, yes.

Mr. Don Bell: That's for an administrative expense, you're basically saying, rather than for programs directly.

Mr. Peter Dinsdale: This is for the council itself. You would have to provide the sustainable mechanism, yes.

Mr. Don Bell: Okay. Sustainable mechanism means administrative structure.

Mr. Peter Dinsdale: That's right.

Mr. Don Bell: Okay.

The other question I had was for Catharine from the National Council of Women. You talked about a concern that maternity benefits only last one year. How long do you think they should last?

Your comment was that at the end of one year the child, I guess, isn't developed enough that—

Ms. Catharine Laidlaw-Sly: What we're saying is that the situation has not been analyzed and has not been looked at realistically. Whether it's an extension of maternity benefits... we do recommend that they be disengaged from the EI system, because that does not answer the needs of women who are self-employed and it doesn't answer the needs of women who are in part-time or periodic non-standard employment, for whatever reason.

When you get back to a woman who has full employment, a full job, and is on the EI system, she has a set number of months to receive her benefits. After that, if she has to go back to paid work—having raised six children myself, I know that if you're raising children, you're working, so it's a non-starter—she has no place to place her children to get proper day care, if it isn't available to her, and her income level doesn't allow her to purchase the quality of care that a year-old child needs. In other words, most day care institutions don't accept a child under 18 months, so we're saying the analysis of the need has not been reconciled.

Mr. Don Bell: I have one other question. I want to say that I appreciate the range of issues that come here. I'm a new member of this committee and I'm finding all the presentations illuminating. I come from a background in municipal government.

A question to Harvey from the Teachers' Federation. I was the chair of the Northland School Board, so I'm well aware of the problems of cutbacks. The issue I would throw to you, though, and your suggestions in terms of the federal government getting into areas of education that are primarily provincial responsibilities and that flow through to the school boards, at least in British Columbia, is the issue of cost. One of the things we argued against was the duplication of administrative costs. If there are limited dollars available and you set up overlapping structures, then you end up sometimes with a lack of focus in the areas that need the resources. By defining areas, whether it's between federal and provincial or between departments and the silos, I recognize that risk. There is the opportunity, though, for the resources to be better utilized in the targeted areas.

• (1835)

Mr. Harvey Weiner: We're not talking about education, we're talking about learning, life-long learning, which seems to me to be a responsibility that crosses departments. We get hung up on the terminology. I've learned that when we talk to the federal government, we can't use the "e" word. It's forbidden vocabulary, you see.

Mr. Don Bell: No, I'm going back and looking at your recommendations.

Mr. Harvey Weiner: The federal government is involved in and considers important, I would hope, learning and life-long learning. There is no obstacle really. I come back to the collaborative notion. Education doesn't take place strictly within a provincial context; learning doesn't take place strictly within a federal context. There are overlaps. The way I often describe it is that the federal government, from prenatal to age five, sees itself as having responsibility. Then the kids disappear into the provinces, and they only reappear when they drop out of secondary school or graduate from secondary school and move on to post-secondary education. It really doesn't make sense. There are these constitutional provisions, fine, but if we're really serious about life-long learning, it's a continuum, and it happens municipally, it happens within school boards, it happens within the formal and the informal learning context that every person experiences.

All we're saying here is, look, let's use all the resources that are available, whether they be provincial or federal or municipal. Let's bring people of good faith together around the table and say, these are the needs—let's identify them—that we are not meeting adequately. How can we collaborate together without stepping on each other's toes and do a better job for children and youth and families in this country? That's what I think we're trying to achieve.

I haven't mentioned it specifically, but you've looked at the brief. We are one of the 60 members of the National Children's Alliance. We're working together, 60 national organizations. Each of us has as a common goal the health and well-being of children and youth in this country. Each of us has a specific slice where we have more expertise than another organization, which has more expertise in a certain area than we've got. But we've recognized that we've got to marshal and pool our resources if we're ever going to do a better job, and it's about time governments came to that realization as well.

Mr. Don Bell: Okay. Thank you.

The Chair: Thank you.

I want to thank the witnesses for being here, taking the time, as Don says, to indulge us.

Peter, we didn't get your submission. Could you hand it to the clerk?

Mr. Peter Dinsdale: Sure. I was informed it was e-mailed in, but I'll make sure you get it.

The Chair: If it was e-mailed in, it's probably in translation, because we don't hand them out in one language.

Again, thank you. Normally, I would ask if the groups want to cost some of the items or some of the requests they've made, but I know some of them are difficult, because they're general. We have experts who do that already, but if you have anything else to add, we will still take it in. You can just submit it through the clerk's office. Again, try to be generous to us in volume: not too much, please, because we've already got enough as it is. Okay?

The meeting is adjourned. Thank you.

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