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Chair

Mr. Massimo Pacetti

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•(1535)

[English]

The Chair (Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.)): Good afternoon.

Mr. Cuzner, I guess we're here for Bill C-273, an act to amend the Income Tax Act, deduction for volunteer emergency service.

I understand you have a special guest with you as well.

Mr. Rodger Cuzner (Cape Breton—Canso, Lib.): Just in case things get rough, I have a big guy here with me.

The Chair: Okay.

What we're going to do is give you about 5 to 10 minutes, and then we'll allow the members to ask some questions.

Mr. Rodger Cuzner: I have about 45 minutes here.

The Chair: Keep it down to five minutes.

Thank you, Mr. Cuzner.

Mr. Rodger Cuzner: Mr. Chairman, again, thank you. I know it was short notice. It's been tough to get in front of the finance committee the last number of weeks, for whatever reason, but we certainly appreciate the fact that you made time this afternoon. It was short notice, but I've made some notes and I will just go through them briefly.

As everybody knows, I have Rick Casson, the member for Lethbridge with me. I also want to mention Wayne Easter, the member for Malpeque, who in the past Parliament put forward a similar private member's bill, as did Rick. Both died on the order paper.

What we've been able to do with this bill is really combine forces, sort of a holy trinity—

Hon. John McKay (Scarborough—Guildwood, Lib.): An unholy trinity.

Mr. Rodger Cuzner: An unholy trinity.

It's not so much that it's a complex piece of legislation; on the contrary, it's very simple. It's just that I know the three of us, as do many members in the House, believe in the spirit and the intent of this legislation and this initiative. We felt that by combining forces we might improve our chances for success in getting this through.

This bill allows for a tax deduction for volunteer firefighters, ambulance technicians, and search and rescue workers. Contrary to this copy of the bill, we entered changes to the table during the second reading. The bill should say a \$1,000 deduction for those

performing a minimum of 100 hours of service and a \$2,000 deduction for the performance of a minimum of 200 hours of volunteer service.

The Chair: Mr. Cuzner, could you just go over that slowly? In the bill it's clause 1, where—

Mr. Rodger Cuzner: Yes, proposed paragraph 60(y) should read “\$1,000” .

The Chair: Instead of \$500?

Mr. Rodger Cuzner: Yes, for 100 hours.

The Chair: Okay.

Mr. Rodger Cuzner: And proposed paragraph 60(z) would be a \$2,000 deduction for a minimum of 200 hours of volunteer service.

Mr. Don Bell (North Vancouver, Lib.): What happens between 100 hours and 200 hours?

Mr. Rodger Cuzner: Well, you'd have to reach the minimum of 200 hours. So at 150 hours you're eligible for a \$1,000 deduction.

Mr. Don Bell: Can I ask a question for clarification?

Proposed paragraph 60(y) says “if the taxpayer performed in the taxation year at least 50 hours but less than 100 hours”. Is that still the wording?

Mr. Rodger Cuzner: No, it's 100 hours minimum for the \$1,000 deduction.

Mr. Don Bell: At least 100, but less than 200. Is that it?

Mr. Rodger Cuzner: Yes.

Mr. Don Bell: That's the point. So it's at least 100 and less than 200. That was my question: where do you go between the gap? So there is no gap. Okay.

Can I ask another question at this stage, or do you want to have him make his presentation?

The Chair: Yes. Go ahead.

Mr. Rodger Cuzner: I have a couple more points here. The claim is to be filed with the volunteer's income tax, signed off and authorized by a fire chief or a captain for a first responder unit.

Colleagues, in general, I guess your perception of what a firefighter is depends on the area you represent. If you're a member of Parliament from Toronto, Vancouver, Montreal, or from one of the bigger centres, or even from one of the mid-sized centres in our country, then you're probably serviced by a full-time professional firefighting unit. Such isn't the case in rural Canada. In rural Canada most communities are protected by teachers, carpenters, mechanics, health care workers—by people who have daily lives but who see the necessity of committing to the betterment of their community by coming forward and volunteering their time. The bill—and I know it came out through debate—in no way tries to compromise the contribution of other volunteers, because the essence of our communities comes from our volunteer base. I hold the greatest amount of respect for the coaches, the canvassers, and the service club workers. All of those people are important.

The fact is, these first responders and firefighters do something so incredibly beyond what we expect in a volunteer when we look at the expectation that we put on them. They turn over their lives to the fire department. When the alarm goes, they're expected to respond to that alarm, and they're expected to know what they're doing when they show up on the scene. They know how to administer the proper procedures, they know how to use the equipment—the whole nine yards. We expect a lot of them, not just physically and technically, but also emotionally and mentally. I guess that's really where these volunteers stand apart.

For the average Joe on the street who has his fire training, when the alarm goes off and he shows up on the scene, sometimes the jaws of life have to come out and they have to cut a 13-year-old girl out of the front seat of a car. That's a lot to expect. We don't expect that from a lot of firefighters. Following a tragic fire, when we ask our volunteers to go in and put the remains of two young children into a body bag, that's a lot to ask of our volunteers. These are the guys who go running into the building when everybody else is running out, and I think that's why their effort and commitment should be recognized by this small measure.

Mr. Chairman, certainly the bill has received great support, and I know that some members around this table spoke in the House in favour of this private member's bill. Rick and I have had an opportunity to speak on a number of occasions. This bill has received support from coast to coast, not just from firefighters but from community leaders and private citizens, because they recognize the contribution that firefighters and first responders make.

Mr. Chairman, we think it makes sense. We think we should recognize these people. If we were to pay for these services through public dollars, if we were to pay for these services through municipal, provincial, or federal tax dollars, the amount would be incredible. What this piece of private member's legislation does is the three Rs. It allows us to recruit, retain, and reward the firefighters we have now. When people are moving to rural communities, it's imperative that we allow them a little incentive to step up and assume the role as a first responder or a firefighter. It's crucial to rural communities, it's crucial to small-town Canada, and I would ask the support of the committee to go forward.

I'll ask my co-sponsor, Mr. Casson, if he'd like to add to that.

● (1540)

Mr. Rick Casson (Lethbridge, CPC): Thanks, Rodger.

Mr. Chairman, I have just a couple of things. I think Rodger hit on it that municipalities, more and more, are having trouble attracting and retaining volunteer firefighters and volunteer emergency responders. This is due to the complexity of the issues they face and some of the situations Rodger explained.

It's not a job that can be done without training. There are a couple of things. The reason we wanted a fairly high plateau to qualify—at least 100 hours, which is a couple of hours a week.... That should be reached by people who are eager, who are involved, and who are being trained. A couple of hours of training is about minimum. To reach the higher plateau takes about four hours a week. It is important to recognize somehow through the whole of society that kind of contribution and the fact that these people risk their lives to protect their fellow man on a volunteer basis.

One of the issues I want to mention is record-keeping. I was a volunteer firefighter for 17 years. All the records are kept for every hour that every man on any brigade is out, so that's not a big issue. These can just be forwarded, and they usually are, in an annual report to the municipality in charge. So that's not a problem.

Another thing that's in this bill that's kind of unique is that the tax deduction we're asking for would apply to moneys earned from any source. In the 17 years I was a volunteer firefighter, I didn't get paid at all. We didn't put in for anything; we got mileage and that was all. There's no per diem and there's no per hour. We weren't allowed to have the small tax deduction that was available at that time because we didn't earn any money as volunteers.

This money would apply to any moneys earned. So the employer who allows the volunteer to go to a fire—and that's another big issue in small communities; employers do that. Any moneys earned from any source would apply to this. I think that's critical, because there are true volunteers in this area who do not draw a wage of any kind. We would be able to recognize that in a more substantive manner. These people do not qualify right now. I'm not sure what it is—I think it varies across the country—but they have a small deduction presently, and maybe Rodger knows what that is. This is a substantive way for society as a whole to recognize the contribution these people make to society.

● (1545)

The Chair: Thank you, Mr. Casson.

We'll try to keep it short so we can give everybody an opportunity to ask questions.

Mr. Hubbard, I have you first, if you want to go first.

Mr. Charles Hubbard (Miramichi, Lib.): Thanks, Mr. Chair.

I think some years ago many of us felt we were doing something for volunteer firefighters. We were quite amazed to find that the definition in some provinces, mainly in Ontario, was different from our own and most of the others. They were given a small honorarium, and we passed a bill saying it would be exempt from taxation.

Rodger, and Rick, and I guess Wayne too, I'd like to congratulate you on this bill.

Just to show what happens here, in my own little village we probably have 20 people who work, contribute, and go to their fire department one night each week. They do that probably for about 40 weeks of the year, and then of course they're on emergency call if any fire should happen.

On Sunday I was at a special event of the church where a minister was retiring. During the ceremony, suddenly the buzzers went off, and five people left that gathering in their best bib and tucker and ran off to fight a fire that was about four or five miles away from the church.

These people make a tremendous contribution. As Rodger says, not only do they volunteer their time, but they're ready at any given moment, night or day, with a tiny device in their belt that will signal that they should go to the fire hall to respond to an activity. When they do that, Mr. Chair, they not only risk their own lives, but they also certainly imperil the lives of their families, because in many cases they don't have that strong a program to provide for them if they should be injured responding to that particular call. So I think this is important.

I heard Mr. Cuzner's speech in the House when he originally brought this motion in. I would think, Mr. Chair, it's time that we as Canadians....

I see in the paper here that apparently the cost to the federal treasury would be around \$70 million a year. Has either of you tried to ascertain how much it would...?

Mr. Rodger Cuzner: Well, I know Rick's bill last time, and if Rick wants to add to this....

Finance had billed it at about \$60 million, and that was with a \$3,000 deduction. We've graded it down to a \$2,000 deduction and a \$1,000 deduction, so obviously there would be a significant reduction in the total cost to the treasury.

This speaks to it, and when the parliamentary secretary to the minister made a presentation to the private members' subcommittee, we spoke to the fact that there is a cost applied to these private members' bills. A lot of the time, I know, my office doesn't have the resources to go in and really get some hard and fast numbers. We understand it has a tremendous impact on the government, but what John was advocating at the time was that funds be made available to members so these types of estimates can be projected.

Roughly, we're looking at probably \$40 million, but I would ask, if there are officials here, if they could—

• (1550)

Mr. Charles Hubbard: My last point here, Mr. Cuzner, is this. In your original speech you spoke about a fire department in your own community, and for the benefit of other members of the committee, I'll say it's my understanding that most of these LFDs or small communities don't have a big budget to take and pay....

I'm just calculating here. For example, 20 people in a department that put in 120 hours a year would give about 2,400 man hours, without the fires they might respond to. At \$10 an hour that would be roughly \$24,000. I think you referred to a number of communities on Cape Breton Island that just can't afford to pay for that, plus all the training and everything else that goes with it and the cost of fighting the fires. Ten people go to a fire and they're there for five hours. So it's a big contribution these people make.

But is it clear now in terms of the financial capabilities of these small communities to pay for all that activity? It's a big factor I think in terms of what the volunteer does.

Mr. Rodger Cuzner: We expect a great deal out of them, and they are continually raising funds for the fire hall or their new pumpers or various equipment. I didn't really factor that so much into the context, because I know if you sit on a board of directors of a local arena or a minor hockey association, you're faced with the same sorts of challenges; you're constantly in fundraising mode. I wouldn't say that's where these volunteers stand apart.

There's a great deal of expectation, and usually the fundraising that fire halls and firefighters get involved in are big-ticket items—pumpers and various pieces of equipment. It's crucial, and that takes up a great deal of time as well.

The Chair: Thank you, Mr. Hubbard.

I want to get through all these, so we're going to try to stick to five minutes.

Mr. Solberg.

Mr. Monte Solberg (Medicine Hat, CPC): Thanks very much, Mr. Chairman, and thanks to Mr. Cuzner, Mr. Casson, and Mr. Easter for bringing this forward.

We all want to recognize volunteer firefighters and emergency personnel of all kinds, which brings me to my point, which is that I've had some feedback in my riding on this bill. People are interested in it, but someone raised the issue of auxiliary policemen and wondered why they weren't involved. I thought it was a good question, and maybe you could answer that.

Mr. Rodger Cuzner: It was brought to my attention too. I had requested information from one source, but I haven't received that information back. I know there's an RCMP auxiliary, and again, they would assume the same types of responsibilities and place themselves in the line of fire on a regular basis, so I don't know why we couldn't extend it to accommodate those types of volunteers as well.

Mr. Rick Casson: This is a question that has been raised many times, but I personally didn't look into any numbers as far as auxiliary police were concerned. I don't know how many there are across the country, and I have no idea what their training levels are or anything like that.

Mr. Monte Solberg: The other thing that concerns me is the complexity.

Rick, you've told us that at the fire hall you were at they kept regular track of the hours people put in, but do you know if that is the standard practice everywhere and whether it would be fairly easy to just have a look at these numbers and have some faith that they are pretty accurate?

Mr. Rick Casson: I think it would be, because there are a number of reasons for keeping track of them. I think there are annual reports to the municipality of how many hours are put in, and they are reported to insurance companies for billing. Most of these fire departments can now bill the insurance company of the person who had the fire. And they have to keep these records pretty meticulously. I think it's a pretty simple matter to take the annual report, make sure it holds the parameters you need, and move it up the ladder to the people who write the cheques. I think it's a pretty standard practice across the country. I don't know how a fire department would operate without doing that.

Mr. Monte Solberg: We've talked about auxiliary police. Is there any sort of group that in retrospect we should have had in here? I mean, we have firefighters, presumably like EMT-type folks, and you have auxiliary police. Is there anybody else that—

• (1555)

Mr. Rick Casson: Search and rescue.

Mr. Monte Solberg: Okay.

The Chair: What about paramedics?

Mr. Monte Solberg: Well, EMT would cover that.

Mr. Rodger Cuzner: We'll put it down as ambulance technicians.

But, Monte, just to go back to the question you put to Rick, I think Revenue Canada could also identify what it would want to see as being something authoritative, that could be signed by a chief or whatever. I agree with Rick that there's a significant degree of sophistication in the local volunteer fire departments. Usually it's an accountant or an accounting-type person who looks after the books. They're fairly significant organizations to run, so I think it would be a matter of that information being there. They'd be able to take that information and glean it and apply it to whatever tool CRA might want to use, whatever instrument it might want to use. It could be applied, I'm sure.

The Chair: Thank you, Mr. Solberg.

Mr. Bouchard, go ahead, please.

[Translation]

Mr. Robert Bouchard (Chicoutimi—Le Fjord, BQ): Thank you, Mr. Chairman.

I have spoken in favour of this bill. Among other things, I commented in particular on its usefulness in the case of disasters. In my region, in the Saguenay, I experienced the flood that hit a large area of my riding as well as the Upper Saguenay region. Thanks to

the Red Cross and the Saint-Vincent-de-Paul Society, just under 1,000 volunteers worked during this disaster. In some situations, they had to feed, house, clothe and provide various services to 16,000 victims. These numerous volunteers helped reduce the costs of the bill to the governments, including the federal government, whose assistance is required a great deal when such disasters arise. Were it not for these volunteers, the government bills would have been much higher.

Before I spoke in the House, I consulted the municipalities, the Red Cross and the organizations that provided volunteers. They were concerned about the control measures, in the certification process with respect to the number of volunteer hours worked. They were in favour of this measure, providing that the form to be submitted to the governments was simple.

What have you envisioned with respect to reporting to the governments? Is there a simple control measure? What is it? I was told that volunteer organizations working in the municipalities are apprehensive about having to fill out very elaborate forms. If the forms are simple, there is no problem, but if they are elaborate, they have certain concerns.

The municipalities said more or less the same thing. They have few resources and they do not want a complicated procedure. They want the form that is to be filled out to be straightforward and recognized by the federal government.

[English]

Mr. Rodger Cuzner: It could be as easy as an attachment to your income tax return, signed by the appropriate official, whether that's the fire chief or a similar type of authorization. Again, I don't know what type of instrument would be in compliance with CCRA regulations. I guess that could be explored, but I understand the importance of making sure the hours are verified and not embellished.

For the most part, I would think that fire chiefs in local communities are truly community leaders. There would have to be somewhat of a leap of faith, but for the most part, it gives them a little bit of leverage as well. It gives them an opportunity to reward fire department members who come out on a continual basis and support the activities of the department.

Should somebody not be carrying his weight, then the chief doesn't sign it. I know it puts him in a little bit of a situation, but I would hope that we have enough trust and faith in our community leaders, such as fire chiefs, that they'd be able to do it.

Again, I think it would be up to CCRA to draft the instrument that they feel would be appropriate.

• (1600)

The Chair: Mr. Casson.

Mr. Rick Casson: I think we're talking about two different things here. In the case of an emergency or a disaster, municipalities can declare a disaster area or a state of emergency, and then special things happen with the municipal, provincial, and federal governments as far as funding and support. I'm not sure that trying to tie that type of a situation into the everyday firefighter brigade is exactly what we were thinking. I think there are provisions for emergency measures to take care of the situation you're referring to.

Firefighting is a strange situation. A fire chief at the scene of a fire has control over everybody. He controls the police and everything. I think if a fire chief called on extraordinary support, then these people would have to sign a waiver or some kind of a form. It would then be a simple matter of keeping track of the hours and submitting them, remembering that they'd have to put in the kinds of hours we're talking about to reach these plateaus.

I think there are two situations you're talking about. There is a natural disaster, where these other things come to bear, or there is supplementing an existing brigade. I think supplementing an existing brigade would be a simple matter to deal with.

The Chair: Thank you, Mr. Bouchard.

I have Mr. Stoffer, Mr. Bell, Ms. Minna, Mr. McKay, and Mr. Epp.

Mr. Peter Stoffer (Sackville—Eastern Shore, NDP): Thank you, Mr. Chairman.

Thank you, Rodger and Rick, for bringing this issue forward. We fully support its intent and everything. I don't want to sound negative or anything, but there are a couple of concerns I have. Hopefully, you can clear them up.

In response to Monte's concern about what other groups would be out there, I would like to see the coast guard auxiliary, especially from the east coast, included in something of this nature as well. They go through lots of training and some pretty rough issues. They also provide a level of security.

I have several questions.

In Fall River, a lot of the volunteers actually volunteer to go into someone's home and do fire checks to make sure a home is meeting the codes for sprinkler systems, or whatever they have, or flammables of concern. Would that kind of activity qualify?

In your bill, you talk about emergency situations. When you volunteer to go into a community to set up shop or you go to something like fun days or a weekend where you display firefighter material, for work of that nature, it's usually volunteers who do that type of thing. They take time away from their families. That type of information is very critical to encourage youth and families to be more conscious of fire safety in their homes.

The other questions I have come from our talented researcher.

Do you know if any other country, like the States or Europe, does something of this nature, where they provide some type of a deduction for their volunteers?

For the municipalities, you had indicated very correctly that it's not that difficult for the fire chief to present the forms and the tally times to the municipality. Would the municipalities have any issues or concerns about forwarding these on to Revenue Canada, if there was indeed a request of that nature to verify hours and the various people who do that?

The last question I have comes out of ignorance. If a person is making \$8,000 or \$9,000 a year and doesn't pay income tax in that regard, would the level going up affect them in any way? A lot of those folks volunteer in order to get experience and a tax deduction wouldn't work for them. What would happen in that case?

Mr. Rick Casson: One of the problems with trying to quantify this is what level of pay these folks are already under from the regular workforce, what level of taxation they are at, trying to figure that out, because a \$1,000 tax deduction means different things to different people. That's one of the problems that's going to happen. This is based on a tax break, so I don't know what would happen there.

Regarding concerns about the municipality, to forward this information on, I think municipalities realize that they are having so much trouble attracting and retaining qualified people that they would be willing to put out a little extra effort to make sure this happens.

I didn't do the research on any other country—maybe Rodger has, but I don't know that—but inspection and pre-planning are a huge part of what a fire department can and will do, particularly pre-planning on the major facilities where they can go in and get blueprints and map out a strategy for when a fire does occur in different areas. That's a big aspect of any fire department.

Regarding the inspections on homes and businesses, absolutely, the people have to be trained to understand how to do this. In my mind, that's all part of being a firefighter, so that would qualify as volunteer, if it's volunteer time.

● (1605)

Mr. Peter Stoffer: Finally, Mr. Chair, on behalf of all fire departments in the riding I represent, thanks to all of you and to those who have discussed this important issue for the years I've been here.

Mr. Rodger Cuzner: Just to add to that as well, Peter, I concur with Rick. I would think any of those that are fire related, whether that's training, or public education, or inspection, would all be legitimate activities in accruing the number of hours.

The Chair: Thank you, Mr. Stoffer.

Mr. Bell, Ms. Minna, Mr. McKay, and then Mr. Hubbard.

Mr. Don Bell: Thank you. With limited time, I'll get to some of the questions.

First of all, I think it's great. My understanding is that the thrust of this is to deal with people who are basically on call, theoretically 24 hours a day, and secondly, who put themselves at personal risk, at least as part of it.

I appreciate that the volunteer fireman who is doing pre-planning isn't personally at risk at that point, but theoretically during that time he or she is on call and could be put at risk by responding to an emergency situation, unlike the other valuable volunteers the community has, whether it's the Red Cross or the St. John Ambulance—there's a whole series of community volunteers, such as parents who volunteer for coaching and all that—who are not putting themselves at personal risk. Quite often they will have a personal connection, in that they're coaching their kids or something of that nature.

This tends to be service to the broad community. I'm presuming that's the rationale behind this.

The one question I had concerns proposed paragraphs 60(y) and 60(z), where you say, "or in other emergency situations". I presume you're not talking about one-offs, where there's a flood, or there's an avalanche, or something—all serious, but at that point there's a sort of immediate response. You're talking about people who are there on a regular basis during the year, theoretically, on call for these kinds of situations.

I don't know what the reference is to "and other emergency situations". I think there's a bit of ambiguity there that may lead this to be open to wider interpretation. I don't know what words you would use to tighten it up.

Search and rescue is important. In north Vancouver or the north shore, we're an urban area, so we don't have volunteer firemen, but we do have a volunteer search and rescue team. The north shore search and rescue team members are rated around the world as experts in their field; in fact, they go to different countries quite often to assist. They're called in because of their expertise. Because we have mountainous terrain where we are, hikers get lost quite often. They put themselves at serious personal risk when they go out there. They go out in weather in which helicopters can't even fly, in storms, to try to find people who are lost.

My question is, does "volunteer" mean no pay at all? In other words, is there a limit? You don't define "volunteer". The other question I have is, in some cases they may get a sort of stipend, an annual amount: does that disqualify them?

The second question is, just as a technical point, where you say "authority", in one part of the bill you talk about "appropriate authority", and in proposed section 60.03, in the bottom part, in proposed subsection 60.03(3), you make reference to just "authority". You say "appropriate authority" in proposed subsection 60.03(2), and in proposed subsection 60.03(3) you say "or other authority", and you don't use the term "appropriate".

Now, should it be an authority that's authorized by the municipality or approved by the municipality? Can it be just any group that sets itself up and says, "We're this"? Does it have to be somebody who's recognized, whether it's by the municipality or the fire chief, as performing some sort of emergency response? And is it possible at this point to consider including things like the coast guard auxiliary and the police auxiliary as well?

• (1610)

Mr. Rodger Cuzner: I think it's legitimate to consider the coast guard auxiliary and the police auxiliary as well in this bill, as they place themselves in the line of danger.

Mr. Don Bell: I have a group called the North Shore Lifeboat Society, by the way, which is like the coast guard auxiliary. It's a volunteer group that goes out and—

Mr. Rodger Cuzner: Yes, they put themselves at risk to save others, and I think that could be broadened.

I can speak to the Nova Scotia case, and I'm sure my colleague Mr. Stoffer can...

The fire departments in Nova Scotia, for the most part, are branches of the municipal units, or they're condoned and authorized by the municipal units. It's somewhat different in Ontario, where there are some communities, unincorporated areas, that would have fire departments. I guess I shouldn't speak to that, as I don't know this for a fact, but I understand that to be true.

A lot of it would come back to what CCRA would deem necessary to get this authorized and to have a person of authority sign off on this. In most cases it would be the fire chief or the lead fire official in the municipality.

As far as the intent of this is concerned, it is to look at any moneys, at any type of income whatsoever. It doesn't have to be as part of an honorarium from a fire department or from a public authority. It could be from your job as a carpenter or a mechanic, or whatever.

So that is the intent of this bill.

Mr. Don Bell: Finally, if you are looking at municipalities, don't forget to talk to the FCM, because here's the voice of municipalities across Canada. It would be a good body to include. Rather than try to go to a whole lot of municipalities, you can go to them and get a response.

The Chair: Thank you, Mr. Bell.

I have Ms. Minna, Mr. McKay, Mr. Epp, and Mr. Loubier, but we're almost at 4:15 p.m.

Can we just keep it short, or else we're going to go over our time?

Hon. Maria Minna (Beaches—East York, Lib.): I'll try to be very brief.

There are a lot of good things, but I'm also uncomfortable with some of it. There are a lot of pieces, from what I've heard, that are either missing or need to be changed, or people want to add things, so maybe the bill needs a further look.

I'm not sure if there's been any discussion with CCRA specifically as to the impact on the specific professions or whether there has been a look at how the current text part is working. In 1998 we increased it from \$500 to \$1,000 for volunteers who are at risk in situations like this. Firefighters or other emergency service volunteers need not count the first \$1,000 of their income at this point if they receive a stipend or something from the municipality or from someone else. I'm wondering if we have looked at the impact or the effectiveness of that system, as opposed to the tax credit, which seems to me would then have to be broadened even further in terms of the categories that one would allow. On the criteria we're using here, I think a lot of our colleagues have heard the issue of risk, but there are other volunteers who don't have the same level of risk but who may want to be part of this process.

The other point is when you talk about emergency service volunteers—we have ice storms in Canada all the time, it seems, and floods every spring—does that include all of these people and not just firefighters? I just want to clarify what you mean by emergency service volunteers. How broad is that? I'm trying to get a handle on what that is. Search and rescue, I've heard about. The coast guard and the auxiliary police...to extend, to add...which we're already expanding in the bill—

• (1615)

Mr. Rodger Cuzner: I do not want to cut you off, but usually in response to an emergency situation each community has emergency measures. They have an emergency rollout plan. For the most part, that's just a coordinated reaction to the situation, and that will include the various fire departments, search and rescue, or whatever those groups might be. Really, it's not responding to one traumatic event, it's recognizing the commitment of these people, over the long term, to their chosen commitment, whether it is a fire department or a search and rescue, the auxiliary police, or whatever it might be.

If, during the ice storm, we beckoned the assistance of the local Kinsman club to provide meals or something like that, we wouldn't see the Kinsman club being eligible just because it helped out with the ice storm. More so it would be the ongoing commitment by these individuals for the more perilous volunteer positions.

Hon. Maria Minna: I don't see this piece working with the existing Income Tax Act, which allows, at the moment, for \$1,000—

Mr. Rodger Cuzner: Yes, \$1,000.

Hon. Maria Minna: —not to be included in the income. How would the two fit, because that's a stipend, and I presume if we wanted to, that could be increased. So there's already an aspect in there that recognizes—

Mr. Rodger Cuzner: I think that's only for moneys received from the public authority.

Mr. Rick Casson: It doesn't apply to their regular wages from their regular jobs. It's only for money they earn as volunteers.

Hon. Maria Minna: Right, but it's still additional moneys over and above. My understanding is that the main premise is to try to keep or attract more volunteers, because, rightly so, they're doing something they need to be recognized for. The act now tries to do that—maybe not as well or as much—by not taxing the income they would receive as a result of those volunteer jobs. Let's put it that way, to be blunt. How does that work with what you're suggesting? There are two separate things, two approaches to the same thing.

Mr. Rodger Cuzner: This would be more inclusive. There are a great number in Nova Scotia in particular who receive no stipend, no honorarium, no money at all for their—

Hon. Maria Minna: I understand, and there are some who do, so how do we track who does and who doesn't? I'm trying to see how the new bill, then, would fit in with the existing law and how it would overlap or integrate with it.

Mr. Rodger Cuzner: Yes.

Mr. Rick Casson: I don't know if the department would look at making some changes, but I see that what we're proposing is an extension of that. If you're presently receiving the first \$1,000 tax free as a volunteer, I don't think that needs to change, but if you reach the plateau of 200 hours, then you become eligible for a

\$2,000 tax deduction. So I think they are basically two different things.

The present system is so unfair to the people Rodger refers to, who don't draw a dime. They don't take a dime of pay, so they don't realize this \$1,000 tax free right now, from any source. So I think this will give it some balance. What we're suggesting could be an extension because of the plateaus we have put in there.

Hon. Maria Minna: I guess my other question is to find out, because I'm not sure I heard an answer.... The tax credit helps people who actually have enough income to claim a tax credit. That's the other issue. To what extent, in some small communities, are people in fact not earning enough money to claim the tax credit, and does it really help? Are there winners and losers? That's the other thing.

Mr. Rodger Cuzner: I haven't even gone there in my thinking.

The Chair: Thank you, Mr. Cuzner.

Mr. McKay.

Hon. John McKay: Just on that point, it's a deduction, not a credit. Is that correct? Yes.

I don't think anybody would seriously dispute the worthiness or intention, but the devil is really in the details here. If I perform 90 hours, I don't get anything. Is that correct? If I perform 150 hours over two years, I still don't get anything. Is that correct? So I can't accumulate hours to get up to.... So I'd have to do them within the calendar year in order to be able to claim the deduction. I just wanted to clarify that point.

In the bill, proposed paragraphs (y) and (z) start out with a volunteer service—an ambulance technician and a firefighter. You kind of rest your case on the firefighter and then you seem to spread out. Over the course of the conversation in the last half hour, we've had people from the Red Cross, people in floods, the coast guard, paramedics, and police. The list would be almost endless. In your drafting, you've opened it up to say, “a person who assists in the search or rescue of individuals or in other emergency situations”. I suppose if I fill sand bags for 110 hours, I'm qualified. Is that correct?

• (1620)

Mr. Rodger Cuzner: No. In order to manage this thing, it's not you showing up to help your neighbour. You would have to be a member of a volunteer fire department; you would have to be a member of a volunteer search and rescue—a recognized emergency response authority.

Hon. John McKay: But that's not what your bill says. It says “a person who assists in the search and rescue”. It doesn't say anything about qualifying by being a member of some group.

The Chair: Mr. McKay, if I can, I think in proposed section 60.03 it says there needs to be a certificate issued by the municipality. Aren't volunteer firefighters certified?

Mr. Rodger Cuzner: They are certified, exactly.

The Chair: Not everyone can be a volunteer.

Hon. John McKay: If I'm at least showing up and volunteering on the Winnipeg flood or something of that nature, or the floods in Alberta, are you saying a municipality can say, well, we recognize your 100 or 200 hours, or whatever it is, and issue, effectively, a tax deduction?

Mr. Rodger Cuzner: No. We were looking more at recognized authorities, fire departments, search and rescue groups and authorities, the coast guard auxiliary—we should consider both coast guard auxiliaries as well.

Hon. John McKay: I just leave it with you that there's a bit of a drafting problem here. If you're going to say police or paramedics or something like that, you should say police or paramedics. But there's a rule of tax deductions, which is that the deduction will expand endlessly in order to be able to accommodate all kinds of ideas, so there's a certain lack of precision here that leaves something to be desired.

Are there any studies to show that volunteerism is actually increased by virtue of a deduction or credit such as this?

Mr. Rodger Cuzner: No. I haven't seen anything that would refer to this to show that it would increase.

Hon. John McKay: You'd hope it would be a happy byproduct.

Mr. Rodger Cuzner: You would think that when somebody in a community is trying to make a decision as to whether or not to join the local fire department or search and rescue, this could be factored in. Rather than refereeing for the year to make some additional cash, maybe the tax deduction would be an incentive to move this way.

Hon. John McKay: Do you have any support—letters or any evidence—from the firefighters' unions as to what their reaction is to this particular initiative?

Mr. Rodger Cuzner: From coast to coast, we received a great number. I have one here from the Fire Service Association of Nova Scotia, 314 fire departments with 7,500 volunteers, and they are in total support of this, and they wish us all the best in pulling this motion through.

I'm sure Rick has a number, but we've received them from—

Hon. John McKay: So this is not going to generate union problems or anything of that nature that you are aware of?

Mr. Rodger Cuzner: No. We've had discussions with professional firefighters, and they see the merit in this as well. They recognize the contribution of the volunteers. They respect what the volunteers do, and they see this as a positive thing.

Now that's anecdotal, speaking with them face to face. We have nothing on paper on that, but I'm sure those who have spent some time with professional firefighters would assist me on that.

• (1625)

Hon. John McKay: The last question has to do with the degree of organization that's required. Rick described a kind of fairly tight, hierarchical organization. Obviously that's a bit of an ideal model. I don't think all municipalities, necessarily—particularly in rural settings—are organized as tightly and as well as the model Rick is describing.

It does make me a little nervous that there could be pressure brought to bear on whomever might be the person certifying the number of hours, in order to be able to enhance the deduction, shall we say, or create the deduction. And have you done any thinking about how that could be circumscribed—ring-fenced, shall we say?

Mr. Rodger Cuzner: Let me say this. First, the thresholds are very modest: 100 hours over the year is less than two hours a week. Anybody who is associated with a fire department knows it's a very modest threshold to meet when you look at the certification and training. Usually there's a set night each week when the fire department comes and trains; that's their own personal training.

Certainly, during the spring of the year, with grass fires and backyard fires, the numbers really take a jump, but I really think the numbers are modest. Even the 200 hours is modest, so I don't think there'll be a huge need to fudge numbers on this. Again, I think we have to recognize that the fire chiefs and community leaders who assume these positions are people of integrity. We should have some trust in—

Hon. John McKay: In the course of 100 hours, I could put in 98 hours playing cards and two hours actually fighting fires and I'd still qualify, would I?

Mr. Rick Casson: Well, Mr. Chair, having had years of experience, I can say we did spend a lot of time playing crib.

Some hon. members: Oh, oh!

Mr. Rick Casson: However, that certainly did not count for our training time.

Hon. John McKay: But would it count? I'm volunteering, I'm there.

Mr. Rick Casson: Absolutely not, no. Training was counted as actually learning something to assist you in working with the public.

Hon. John McKay: But assuming I'm trained and I show up for my two or three hours a week and most evenings there's nothing going on, am I accumulating time towards this deduction?

Mr. Rick Casson: No, you wouldn't be, absolutely not. If you show up at the fire hall to play cards, you're not getting credit for that.

Hon. John McKay: No, I'm not showing up to play cards, but there's nothing going on. There's no fire. Am I accumulating a credit?

Mr. Rick Casson: No. If there's not an organized practice, if there's not a fire, how could you be—

Hon. John McKay: Well, that's what I'm trying to clarify. You see, if it's 100 hours of fighting fires, I can understand the deduction. I can't quite understand the deduction if in fact it's 98 hours of cards and two hours of fighting fires. What I'm trying to clarify is, do I have to be fighting fires for the entire 100 hours in order to be able to get my deduction?

Mr. Rick Casson: No.

Hon. John McKay: I don't?

Mr. Rick Casson: No.

Mr. Rodger Cuzner: What we had talked about was fire-related duties, and certainly playing cards wouldn't be one of those. But when you're doing public training....

I know they had a program in our community where they took back all the chip pots and the deep fryers, or they did the Ident-A-Tot program, where they have the sticker on the window of your children's room so when the firefighters come, they know there's a child in that room. You're going to the schools and doing the stop, drop, and roll program. Those are all outreach and public education programs, so I would recognize those. Those are important and significant.

It's not breathing down the face of a fire and it's not dragging a body out of a car wreck, no, but it's still important and you're educating. Hopefully, you can avert the tragedy of a fire that claims a life.

But then, besides that, there's the personal training and the commitment to the department—

• (1630)

Hon. John McKay: I wouldn't argue with that. Those are laudable and worthy goals, and it's important to train the fire force and it's important to get out into the community. But it's not exactly, if you will, my image of an emergency, which is going in to fight a fire while everybody else is going out.

Maybe there's no other way around it. I just want it clarified, what qualifies as time credited towards what effectively becomes a deduction. There's nothing in the bill that actually says that.

Mr. Rodger Cuzner: So you think the bill would be better served by being more specific about what—

Hon. John McKay: Well, I think if we're going to give away a tax deduction, there should be some means by which you distinguish between what is essentially casual time and what is time.... The emergency time is easy to quantify. It's the time when maybe you're doing some education. Maybe you're just collecting money for the fire hall. I don't know. Pick an activity.

The Chair: Thank you.

Mr. Cuzner, if I look at proposed subsection 60.03(1), the last three lines say "at least 50 hours but less than 100 hours of volunteer service of a type referred to in that paragraph", so there has to be a definition somewhere of volunteer service.

Mr. Rodger Cuzner: There has to be...subsection (3).

The Chair: On page 2, proposed new subsection 60.03(3) says:

For the purpose of this section, volunteer service includes time spent in training and in carrying out any related duties that are requested by the municipality or other authority that issues the certificate.

The question is answered.

We have Mr. Epp, and then Mr. Loubier.

Mr. Ken Epp (Edmonton—Sherwood Park, CPC): Thank you.

I would like to come back to this issue of the stepping function. In math we call a function that goes like this a stepping function, from its obvious connection. I think it's a particularly bad one here,

because, as has been mentioned, you could work for 49 hours and get zero or you could work for 51 hours and get a deduction of \$500. Then again, you could work 98 hours and get a deduction of \$500, but if you worked another three hours and worked 101 hours, you'd get a deduction of \$1,000.

It's not a good idea to have a variable on a continuum on one side and have the results come up in increments like that. If you simply said—and it's a really easy one here—that your deduction is ten times the number of hours you volunteered, you'd be a lot better off; the result would be the same, but it would be fair. That way it would be on a straight line, instead of like that.

I would strongly recommend it. That way, you'd qualify for a deduction that was less than \$500; if you worked 49 hours, you'd get \$490 of deduction.

The second thing I want to talk about is also on this issue of the deductibility. Obviously the purpose is a good one. It's to recognize the volunteer work of people who do these things that you talked about, and I won't repeat it.

In many communities you have people on the voluntary fire brigade or the voluntary ambulance who are farmers. In our area there have been a lot of farmers this year whose taxable income was zero. If they work alongside somebody who is maybe a professional in town or has a regular job, the guy with the regular job gets the deduction that actually puts money into his pocket, whereas the farmer, whose taxable income was zero, gets nothing for it, even though this has good intentions.

I don't know how you would address that; I guess a non-refundable tax credit would do it. There again, though, we're looking at something else, because now you're looking at an expenditure of government instead of a reduction in the tax payable.

Those are the two issues. I can't solve the second one, but if you want to talk to me, I'll sure help you with the first one.

That's it, Mr. Chairman.

The Chair: Thank you.

I can answer the first one. I think what Mr. Cuzner was saying was that they're not big amounts. I think 100 hours is pretty easy to attain. You're going to go through a lot of paperwork trying to get certificates for people who are doing less than 100 hours and all that, so I think 100 hours is probably reasonable.

Mr. Ken Epp: If I can respond to that, Mr. Chairman, you could have a floor before which nothing would kick in, and then after that...it doesn't take much longer to take a number and multiply it by ten than it does to write down either \$500 or \$1,000 on your form.

• (1635)

The Chair: Thank you.

Mr. Loubier, did you want to go ahead?

[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): In principle, this is a good bill. Like my colleague, Robert Bouchard, I feel that this is an interesting bill. This would be a good way to show our appreciation to the volunteers working in emergency services. However, I am bothered by two issues.

The first issue goes back to what Mr. Epp was saying. This is a tax deduction tied to taxable income, meaning that those people with high taxable incomes would have a larger deduction than those with a lower taxable income.

Secondly, Mr. Epp gave the example of farmers who, particularly during the past three years, have earned a net income of just about zero. A tax deduction like this is not as fair as a tax credit would be, or a refundable tax credit, for example.

I agree with the principle of the bill, but in addition to these questions about the subtle differences between a deduction and a tax credit, regardless of whether or not they are refundable, there is also the issue of assessing costs.

I was listening to the conversation that took place earlier and I was under the impression that every time someone new spoke, the number of volunteers jumped. I get the impression that there will be quite a significant number of volunteers in all sectors. I wonder if we cannot limit the volunteers to specific sectors, I am wondering how we are going to assess the cost of such a measure.

My third question is tied to the second one. If we were to proceed with such a deduction, we would have to provide a harmonization process for federal and provincial taxes. I am wondering to what extent the provinces would be prepared to participate in a harmonization process which would ensure that the tax deduction would appear, for example, in Quebec's or Ontario's provincial taxes, etc.

So I have many questions. I agree with the principle, like my colleague Robert Bouchard, but it seems that some essential data is missing from the file.

[*English*]

Mr. Rick Casson: In response to the provincial and federal tax issue, I don't have any confirmation from any province that they would buy in and supplement this or help out with it. However, of the organizations that have responded favourably, a lot of them are municipalities, small and large: rural counties, MDs, towns, and villages. Their municipal councils have responded in a positive light. Of course, they realize the problem they have with funding as well as retention. I think maybe the next step is to encourage them to work up through not only the FCM but through their provincial organizations to have a look at how this could be worked out provincially.

Your question referring to Mr. Epp's problem about whether we have a tax deduction or tax credits I think is a viable one. I don't have the answers for that right now. Originally one of the suggestions that came to me was to consider a credit instead of a deduction. We talked to some people and we felt this way would be easier to administer, but this is a question that has to be answered and I just don't have it for you right now. Certainly it's something we need to

look at. Maybe we could talk with the CCRA officials and others to see how to balance it off to make it fair.

Mr. Rodger Cuzner: Provincially, I know in Nova Scotia there's a similar bill before the legislative assembly now. They've risen, but there's a similar piece of private member's legislation going forward there.

The Chair: For the record, I did receive four letters of support for the bill from local firefighter associations. They were from Borden-Carleton Fire Hall; Crapaud Fire Department; St. Peter's Fire Department, in St. Peter's Bay, P.E.I.; and New Glasgow Fire Department.

Mr. Hubbard.

Mr. Charles Hubbard: Thanks, Mr. Chair.

I'll need to reflect a little bit on the parliamentary secretary's questions.

Even in our cities, we don't pay our fire people just when there is a fire. In fact, a good fire department doesn't have fires. That's the reason many of these people are involved, whether it be in Scarborough or in Crapaud, in trying to prevent fires.

We have to recognize that in most of these small communities, firemen who come to work that evening maintain equipment, keep the truck in good shape, and make sure the pumps are working. Often in our small communities they're involved in programs such as going out to inspect homes. They have a program where, for people who use wood to heat their homes, they in fact go and clean chimneys many evenings during the fall to make sure they don't have fires that winter. So I think we have to look at this not as a payment, not as a big-ticket item where somebody is getting a lot of money out of the system, but mainly as a gesture of goodwill, to get \$250 off your taxes, or a maximum of \$500, for the work and the effort you put in.

We also have to recognize that these people are mainly certified. Each province has a certification program. It's not just some fellow or a woman running to a fire. We have many women in our fire departments—for example, in Rogersville, New Brunswick. They are trained and certified, and they maintain that. They have to worry about dangerous commodities. There could be a truck go off the highway with dangerous goods. So they are highly skilled people.

I would suggest that the bill might have problems in it. I think it's our duty as a committee to refine those problems and bring it back to the House in a workable form. Certainly the proponents have made a good effort. We brought out today a lot of our reservations and the concerns we have, but I think as a committee we can work on this and bring it back to the House in good form.

Thank you.

• (1640)

The Chair: We'll have Monsieur Nadeau appear now, from the Department of Finance.

Thank you, Rodger and Rick. If you guys want to hang around, you're more than welcome.

If we want to stay on schedule, we have about 45 minutes. At the end, we have three options: we take the bill as is; we defeat the bill; or we ask for a 30-day extension. I'm not too comfortable with amending the bill because I don't have a legislative clerk. I don't even know if we can accept some of the amendments that have been tossed around. So I'd like to stick to those three options.

Monsieur Nadeau.

Hon. Maria Minna: How long was that, again?

The Chair: There's a 30-day extension.

Hon. John McKay: It's 30 sitting days.

The Chair: Yes, 30 sitting days.

Hon. Maria Minna: That would mean in the fall we could get back to it.

The Chair: Yes. It's not like we have nothing to do in the fall, but—

Hon. Maria Minna: It needs to be changed.

[*Translation*]

Mr. Yvan Loubier: Would that be 30 days starting from the date that the House resumes in September?

The Chair: No, 30 days starting today.

Mr. Yvan Loubier: Oh, yes?

The Chair: No, 30 days from the date it is tabled.

Hon. Maria Minna: Starting September 19.

The Chair: We would start as of the day I table it in the House of Commons.

[*English*]

It's 30 sitting days, anyway.

Mr. Brian Pallister (Portage—Lisgar, CPC): This is a basic question coming from inexperience, but if we accept the bill, can you outline what happens to the bill thereafter?

The Chair: It goes to a vote for the rest of the House at report stage, and then third reading, like any other bill.

Mr. Brian Pallister: And then what?

The Chair: Then it goes to the Senate for royal assent.

Some of the members have been having reservations, so if we want to submit amendments, I think we should probably take the time to do it properly. That's all. That would be my suggestion.

Ms. Minna.

Hon. Maria Minna: May I suggest, Mr. Chairman, if the proponents are also in agreement with it, that given that there were quite a lot of suggestions and then some concerns resulting in some amendments, which I'm not sure we can draft out of thin air this afternoon, the extension of 30 days is only for sitting days, which means we can get back to the bill immediately after we get back. By that time, maybe the sponsors will have also done some work with the bill, and that would allow us to actually do a good job as opposed to a bad job.

The Chair: We're going to have this discussion after we hear from Monsieur Nadeau. So if we could just take five minutes....

Monsieur Loubier.

[*Translation*]

Mr. Yvan Loubier: I think that it would be a good idea to go straight to the question period. Then we can assess the situation based on our knowledge and we can then decide what we want to do with this bill.

The Chair: That is right.

Mr. Nadeau, you have five minutes.

Mr. Serge Nadeau (Director, Tax Policy Branch, Personal Income Tax Division, Department of Finance): Thank you, Mr. Chairman.

I would like to take five minutes to give you the opinion of a tax policy analyst with respect to the concerns raised by the Department of Finance in conjunction with this bill.

First of all, I will talk about effectiveness. One of the objectives of this measure is to encourage volunteerism, particularly with respect to emergency services in municipalities.

We also asked ourselves whether or not there were any studies showing the impact of such a measure. We are not aware of any such studies, but if you look at the Statistics Canada studies, you will observe that they show that volunteerism is the least important of nine financial factors listed by Statistics Canada. As was said earlier, we must bear in mind the fact that we are talking about approximately \$500, including the provincial deduction, for 200 hours of work, which is \$2.50 an hour.

To what extent will such a measure help to increase volunteerism effectively? We have some doubts about that.

• (1645)

[*English*]

Another concern we have is about fairness. This was discussed around the table. One point is the fact that what is proposed here is an income tax deduction. There are problems with income tax deductions when it comes time to recognize the good work that people do, because what it means is that the people who make more money get a larger deduction, and some people who don't make any money at all during that year don't get anything. So you may end up with professionals getting \$500 in terms of tax reductions and a farmer not getting anything, but both of them have been fighting the same fires. That's the problem with an income tax deduction.

Even with a credit you also have a problem because then you still have the difference in the treatment of professionals and those who make less money. They would still get the same amount, but you would still have the problem of those who don't pay income tax not getting anything. So there are some concerns from a fairness point of view.

Also, as was asked around the table, where do you stop? Everything that has been mentioned around the table is about people who deserve such a deduction, but there are many other groups as well who would claim they would deserve such a deduction. If you include, in the end, all volunteers, then you're talking about \$650 million a year. And these are conservative estimates, by the way.

Another concern that was mentioned around the table is the administrative burden. I won't add anything on that. I think it was quite clear that there are some issues, probably solvable, but there are also fiscal implications. Here, for this particular bill, we estimate that it would cost about \$65 million a year, and that's at the federal level. At the provincial level you can add another \$30 million, because provinces that are members of the tax collection agreements would have to follow suit. This is an income deduction; they would not have a choice. They might have a choice to add to it, but under the current system they would not have a choice.

That is all I wanted to give in terms of an introduction. I'm willing to answer questions.

Thank you.

The Chair: Thank you.

I have Mr. Pallister, Mr. Loubier, Mr. McKay, and then Mr. Stoffer.

Mr. Brian Pallister: You mentioned the \$65-million-a-year cost of the current bill. How much did you estimate for provincial companion costs?

Mr. Serge Nadeau: About 50% of that—\$30 million.

Mr. Brian Pallister: This is just of the current bill proposal?

Mr. Serge Nadeau: That's right.

Mr. Brian Pallister: At these levels?

Mr. Serge Nadeau: Yes.

Mr. Brian Pallister: You've cited a Statistics Canada study. What was the Statistics Canada study you cited?

Mr. Serge Nadeau: I have it here.

Mr. Brian Pallister: It's a study of what exactly?

Mr. Serge Nadeau: It is on volunteering. I'm looking for the title here.

Mr. Brian Pallister: It's a study of what motivates volunteers?

Mr. Serge Nadeau: That's right, yes, what motivates volunteers.

Mr. Brian Pallister: And you said there were nine factors identified.

Mr. Serge Nadeau: That's right. This one is at the bottom.

Mr. Brian Pallister: Yes, because they're volunteers, so they're not volunteering for that reason initially.

Mr. Serge Nadeau: Exactly.

Mr. Brian Pallister: So really how useful is that statistic to quote then? I'm not sure. I'm not clear on that.

You're saying deductions are differential; credits are also differential. Of course they are, because some people don't make any money and some people do. That's a reality with any of the financial policies we engage in here, I think, anything to do with tax, isn't it?

We're talking about marginal tax rates. We reduce the marginal tax rates and the bigger benefit goes to the person who is paying more tax before, right? Isn't that the truth?

Mr. Serge Nadeau: Yes, but it's different when you reward. Here the objective of this measure, as far as I understand it, is not to recognize employment expenses; it's a reward for doing good work.

Mr. Brian Pallister: Yes.

Mr. Serge Nadeau: And we don't have such measures in the Income Tax Act. This is something new.

Mr. Brian Pallister: Yes.

Mr. Serge Nadeau: There are none that I can think of. The problem is that usually when you want to reward someone for doing something good...I think you want to reward everyone equally if they do the same stuff.

• (1650)

Mr. Brian Pallister: Yes, it's pretty tough, because we have a pretty diverse country here, so there are a lot of different circumstances out there.

I come from a rural environment where a lot of the people in the volunteer fire department drive big miles to get to the volunteer work they do. Can they tax deduct the gas for the trip?

Mr. Serge Nadeau: Under the current rules, if they get reimbursed.

Mr. Brian Pallister: But if they don't, they can't, right?

Mr. Serge Nadeau: They can't.

Mr. Brian Pallister: So they're volunteering their time, plus the cost of getting to the job that they're volunteering for, and you're suggesting it would be unfair in some way for them to get \$250 off their taxes, if in fact they were earning money. Is that—

Mr. Serge Nadeau: No, I'm not saying that this particular aspect would be unfair. What I'm saying is that this would be unfair if suppose this is a professional who would get \$500 while the farmer who didn't have a good year that year would get \$200.

Mr. Brian Pallister: But your solution, it seems to me, is that nobody gets anything and therefore everybody is treated equally that way. That seems to me to me inequality as a consequence of your solution.

Mr. Serge Nadeau: I'm just presenting the problems in using the tax system.

Mr. Brian Pallister: Yes.

Mr. Serge Nadeau: I'm not saying I suggest that, but if it was an expenditure system or a refundable credit, then that would not have these problems. I'm just raising the issue of using this particular approach.

Mr. Brian Pallister: I'm sorry, I'm trying to hear your answer, but Maria has some—

Hon. Maria Minna: I thought I'd help.

Mr. Serge Nadeau: I'm just raising the difficulty in using the tax system, or a deduction, to reward good behaviour. There may be other ways. If the objective is to reward good behaviour, there may be other ways than using a particular deduction.

Mr. Brian Pallister: But you're not just talking good behaviour here, and Mr. Hubbard might echo this. I think in his area it's similar. There is a cost incurred in the volunteer activity here. Your arguments are fine, except that the actual cost just to go and volunteer in a local fire department, to drive to—

Mr. Serge Nadeau: But every volunteer has these costs.

Mr. Brian Pallister: Yes, except in some areas those costs are greater than in others.

Mr. Serge Nadeau: That's right, but it's not related. The problem with the tax system is that the benefits of this measure go to those who make more money, irrespective of their expenses. And I understand that in some areas they need to spend more than in some other areas, but this would not help them. You would get the same benefit whether you travel a lot or you don't travel at all.

Mr. Brian Pallister: Yes, that's right, except that again you seem to be leaning towards an alternative that is doing nothing. That seems to be where you're coming from.

Mr. Serge Nadeau: No. I want to make this clear. I'm just raising problems with this approach. If you were proposing something like a refundable credit, then I might have other issues with it, but I would not raise these particular issues.

Mr. Brian Pallister: So you're—

The Chair: Thank you, Mr. Pallister.

Mr. Serge Nadeau: I'm not suggesting.... It's not up to me to do that.

The Chair: Monsieur Loubier, Mr. McKay, Mr. Stoffer, and Mr. Hubbard.

[*Translation*]

Mr. Yvan Loubier: Thank you, Mr. Chairman.

I would like to talk about your assessment, Mr. Nadeau. You said that the annual cost of the federal deduction would be 65 million dollars. You limited the clientele to those groups included in the bill: volunteer ambulance technicians, volunteer firefighters, volunteers participating in search and rescue activities.

Mr. Serge Nadeau: That is correct.

Mr. Yvan Loubier: You were able to limit it to that group, but according to the interpretation given by Mr. Cuzner and other colleagues, this client base may expand. So this annual cost of 65 million dollars pertains solely to a very targeted clientele.

Mr. Serge Nadeau: Yes. The cost of 65 million dollars applies only to this clientele.

Mr. Yvan Loubier: Why did you say that this would cost the provinces 30 million dollars?

Mr. Serge Nadeau: Because this is a deduction tied to income, and the provinces that have tax collection agreements must follow the rules of the federal government with respect to deductions. So Quebec would not be affected, but the other provinces would.

Mr. Yvan Loubier: In the past, when there has been a federal deduction there has also been a provincial deduction, for the purpose of harmonization.

Mr. Serge Nadeau: Yes. Often the provinces, particularly Quebec, give the same deduction as the federal government. The

cost would then be over 30 million dollars, obviously; and it would probably be closer to 50 million dollars.

Mr. Yvan Loubier: You heard what was said earlier as well as I did. If we were to add, for example, coast guard volunteers and others, this amount of 65 million dollars per year could easily grow.

• (1655)

Mr. Serge Nadeau: Yes. However, it is difficult for me to say how much it would increase. Moreover, as I said earlier, if all volunteers were included, the annual cost would then be 650 million dollars.

Mr. Yvan Loubier: That would be the cost for all volunteers.

Mr. Serge Nadeau: The cost would be 650 million dollars for the federal government and approximately 300 million dollars for the provincial government. But we are not talking about that here, we are talking only about emergency services. Right now I cannot tell you how much it would cost to include coast guard volunteers, etc.

Mr. Yvan Loubier: Would it be technically possible, bearing in mind what we have heard here, to expand the scope of the bill to include all volunteers?

A few years ago, one of my colleagues talked about the possibility of providing a tax deduction to all volunteers, regardless of sector. According to calculations made at that time, and bearing in mind the fact that the deduction was more generous, the estimated cost was nearly 4 billion dollars per year. That did not make any sense.

Would it be possible, using the provisions that are in the bill, to apply the measure to an expanded clientele that would include, for example, the coast guard volunteers, and all of those people who were mentioned a little earlier? This issue could be the subject of a study in September, should we decide to put this bill on the back burner due to insufficient information.

The Chair: Don had mentioned two other groups.

[*English*]

The Chair: We had the coast guard—

[*Translation*]

Mr. Yvan Loubier: Would it be possible, starting with this 65 million dollar amount for a very targeted clientele, to gradually expand it, based on the suggestions made around this table, to include all volunteers, so that we would have a picture of what a deduction would cost, and of what a tax cut would cost, should the measure be given in the form of a tax credit? In this manner, I think that we would have a comprehensive picture of the situation and perhaps we would be in a better position to assess it. I do not know if that would mean a tremendous amount of work for you, but I think that this would be...

Mr. Serge Nadeau: No, we could do that. If you would like us to do this work, we would be pleased to do so.

Mr. Yvan Loubier: What do you think of this suggestion, Mr. Chairman?

The Chair: We will discuss this matter again at the end of the meeting, if everyone is in agreement. Thank you.

[*English*]

Mr. McKay, and then Mr. Stoffer.

Hon. John McKay: Actually, my line of questioning was similar to Mr. Loubier's. The more you peel away this layer of onions, the more you start to cry.

The Chair: We have to go home.

Hon. John McKay: The present assessment of the department is \$65 million. That is only to the federal government, and then you would ratchet up approximately another \$30 million for other levels of government. So really, if it goes forward in the fashion that's contemplated by the department, it's almost a \$100 million item. If you keep on expanding and expanding, your guess is it's somewhere closer to \$650 million—

Mr. Serge Nadeau: That's for federal—

Hon. John McKay: For federal, and presumably you'd apply the same 50% criteria, so you're almost up to \$1 billion.

Mr. Serge Nadeau: Yes.

Hon. John McKay: Then if you expand further and just say “all volunteers”, the sky is the limit.

Mr. Serge Nadeau: Sorry, the \$650 million was for all volunteers.

Hon. John McKay: It was \$650 million for all volunteers. So you would leave in this particular bill the open-ended wording of “a firefighter or a person who assists in the search and rescue of individuals or in other emergency situations”.

Mr. Serge Nadeau: No, that part we would have to...that would raise the cost.

Hon. John McKay: Again.

Mr. Serge Nadeau: We'd need to look at that, but it could raise it.

Hon. John McKay: Just so I understand what your \$650 million means, it means all volunteers, period, end of sentence, regardless of whether they are involved in emergency or rescue situations.

Mr. Serge Nadeau: Exactly.

Hon. John McKay: That becomes effectively a \$1 billion item. That is your ceiling and there's the floor.

The other issue is that clearly the department would be a bit upset with the open-ended wording in paragraphs (y) and (z).

The other points I thought you made quite effectively, and we have gone over those.

Are there any other concerns the department has with respect to potential areas of abuse in terms of issuing certificates?

Mr. Serge Nadeau: Well, some of them were raised at this table.

• (1700)

Hon. John McKay: Do any that weren't raised come to mind?

Mr. Serge Nadeau: No, I don't think so.

Hon. John McKay: Okay. Thank you.

The Chair: Thank you, Mr. McKay.

Mr. Stoffer, and then Mr. Hubbard.

Mr. Peter Stoffer: Thank you, Mr. Chairman.

For the information of the committee, I actually have a private member's bill that would allow a \$1,000 tax deduction for all

volunteers who work 250 hours a year or more for a registered organization.

Sir, if you could look that up and get that information, it would be nice to have.

Hon. John McKay: You're the billion-dollar man, Pete.

Mr. Peter Stoffer: As my colleague from the Conservative Party said, it appears that the alternative is to do nothing.

My question to you is this. Do you have any stats on what it would cost a municipality, a province, a region, or a federal government if there were no volunteer firefighters, volunteer coast guard, or volunteer anybody?

In Nova Scotia alone, volunteerism equates to \$2 billion in economic activity. These people do it without any financial stipend. They do it because they love their communities, and they do it right across the country. What would be the statistics if tomorrow all the volunteer firefighters said they were not going to do this any more? They have families and kids to look after, so they're not going to go into burning buildings. They could sit back, let this thing happen on its own, and let the federal government, or the province, or the municipality look after getting people.

When you look at new subdivisions opening up in Nova Scotia, one of the first questions asked is where the nearest fire department is and whether it's a paid force or volunteers. That has an effect on insurance.

The intent of Mr. Cuzner and Mr. Casson was to recognize not only firefighters but other people who put their personal lives at risk. The greatest thing a man can do is to sacrifice himself for a fellow human being. They're only asking for a bit of financial recognition at the end of the day, so they can offset the cost of their gas, if anything.

I can appreciate that the government is looking at figures, but the government doesn't seem to have concerns when it comes to other spending priorities. It doesn't seem to recognize the intent of this bill in an effective way. The bill maybe raises some concerns that can be amended or looked at, but I don't think it's fair to give the perception that it's to be disregarded.

Mr. Serge Nadeau: I'm going to repeat myself again. I'm raising concerns about this particular bill. I'm not saying they should not be rewarded. I'm not saying that at all.

I'm saying that, at least for some people, there's a concern that rewarding one person more than another person, just because they already make more money, is perceived by many people as being unfair. That's all I'm saying. I'm not saying there should be no reward at all.

Mr. Peter Stoffer: I'd just—

Mr. Serge Nadeau: The department is not saying that either. It's not up to us to decide that. It's only to raise concerns about fairness.

Mr. Peter Stoffer: My question is this. The department always seems to have stats when it comes to what it would cost, but does the department have any statistics on what it would cost if there were no volunteers?

The Fall River Fire Department has roughly 35 volunteers. What would it cost society if you had to pay each and every one of them full-time salaries to do the jobs the volunteers do? Do you have those statistics across the country?

Mr. Serge Nadeau: There are actually statistics on volunteers. There is no doubt that if no one was volunteering, the costs would be humungous. There's no doubt about that.

Mr. Peter Stoffer: May I ask why you don't have those stats? Do you have those statistics?

Mr. Serge Nadeau: Well, they're the costs. Statistics Canada publishes statistics on the number of people who volunteer and the contribution to the GDP by volunteers. There are statistics.

But the issue is this. We talk about the costs if volunteer firefighters did not volunteer, but the same argument can be made for many other types of volunteers. Volunteering is a decision that people make. The issue is that if the government wants to reward them, then there are different ways of rewarding volunteers, and some of them may have fewer disadvantages than others. That's all.

The Chair: Thank you, Mr. Stoffer.

We have Mr. Hubbard and Ms. Ambrose.

Mr. Charles Hubbard: Thanks, Mr. Chair.

On this point about who gives the most, if you weighed our charitable donations the same way, who gives the most, the person earning \$10,000 a year who gives 10%, his tithe, or the person who earns \$80,000 and gives his tithe? It's very difficult to measure what you are putting in. Who makes the greater contribution? The plumber who could go out and earn \$35 an hour and is a volunteer firefighter, or the other guy who is maybe in a different occupation who earns \$15 an hour? I think that's a difficult business to bring to our table.

The second thing we have to look at is if this particular legislation is passed, it would have tremendous benefits to the community in terms of the service it encourages. We also have to recognize that in terms of small towns and villages, you're saying today \$100 million is going to be out there to be spent for other things. How much activity will that create in a small town and a small village across the rural areas when they have an extra \$100 million to buy other goods and services for their families and to improve the economy of their community?

So it has a lot of good points with it.

I know it's out of your field, Mr. Nadeau, but we have to look at what tax dollars do. We talk about the communities' agenda, the cities' agenda, but this really is a small communities' agenda that we're talking about. To think we're going to put an extra \$65 million into the small communities across this country if we pass this bill certainly has a great...*[Technical difficulty—Editor]*.

• (1705)

The Chair: Thank you, Mr. Hubbard.

Ms. Ambrose.

Ms. Rona Ambrose (Edmonton—Spruce Grove, CPC): From a volunteer's perspective, I'm sure many of us around the table have volunteered, and I know I've done that—at times, three volunteer

jobs at a time, and many were very different types of volunteering—but I think the volunteers, as my colleague and I were just talking about, don't volunteer because they want a tax break or money.

I did want to say that I think this is an extremely important initiative, and I frankly would like to see this considered for other types of volunteers as well. I think it addresses a modern-day dilemma that we as parliamentarians have, because this addresses emergency services to a certain extent, and it highlights the fact that most of our communities have had to live through huge cutbacks in emergency services and on the front lines. So the kinds of people who are actually filling that void have become volunteers—and I know some of them.

So while I think this is a very worthy initiative, we also have to think about the context in which it is occurring and to make sure we continue to fund those types of services the way they should be.

The Chair: Thank you, Ms. Ambrose.

It looks like Mr. Cuzner is much more popular than you are, Mr. Nadeau.

Mr. Brian Pallister: I'll go on record as saying that's not true with me.

Mr. Serge Nadeau: Perhaps I could just mention, maybe for clarification, in terms of charitable donations, rich people don't get more than poor people. With over \$200 of donations they get absolutely the same. In fact, that's the point. If they give \$1,000 in money, they will get the same amount, whether they are rich or poor.

Mr. Charles Hubbard: My point, though, Mr. Nadeau, is who makes the greater contribution?

Hon. John McKay: That's a philosophical question. The widows might.

[Translation]

The Chair: Mr. Loubier.

Mr. Yvan Loubier: Since you wanted to discuss what should follow, I think, Mr. Chairman, that we should use this provision enabling us to postpone the clause-by-clause consideration of the bill until such time as Mr. Nadeau is able to produce a more complete portrait of the ramifications of such a measure, including the possibility of replacing the deduction with a refundable tax credit.

The Chair: Yes.

Mr. Yvan Loubier: We would be better informed. Right now, it is ambiguous. I would find it difficult to make a decision, because I believe in this principle aimed at increasing the number of volunteers, but is that really the best way to proceed? Do we have a clear picture of the situation before us? It is a bit upsetting to have to vote on it.

[English]

The Chair: I'm looking for suggestions—again, three suggestions: we pass the bill as is; we defeat the bill; or there would be a 30-day extension for the purpose of trying to put in proper amendments and of getting the proper statistics from the Department of Finance.

Mr. Bell, Mr. Stoffer, and Mr. Pallister.

Mr. Don Bell: I would support the sitting day extension for us to get the bill right. I'm hearing, and I agree, that this bill is well intended. As someone said earlier, the devil is in the details.

I think we should deal with some of the questions we raised earlier about the inclusion of some of the people and how it's best done, and then do the follow-up in terms of what the actual cost would be if some of those groups were expanded and maybe have an opportunity to get some reaction from FCM, for example. We shouldn't be doing something of that nature that affects them without getting their comment officially, rather than the response of a few municipalities, which I don't knock.

I think we should also be sure that we have a response from the official organizations that represent some of these emergency groups, such as the Professional Fire Fighters Association, just so we're acting in a responsible way.

• (1710)

The Chair: Thank you, Mr. Bell.

Mr. Stoffer, and then Mr. Pallister.

Mr. Peter Stoffer: Thank you, Chair. I was just speaking with Roger, and I think he supports a 30-day waiting period in order to get some of the questions answered. But if it's at all possible, sir, can we ask Mr. Nadeau or our talented researcher to see, on a private member's motion that I have forward, if you include all volunteers who are in registered organizations—I'm thinking Lions Club members, the Kiwanis Club, the Rotarians—and they volunteered 250 hours a year or more, what would that initial cost be?

We have the statistics that say how much volunteerism is worth to the economy, but what would it cost? You just said, Mr. Hubbard, that we're putting \$65 million back into the smallest of the communities. What would that do? Add it up.

[Translation]

Mr. Yvan Loubier: We could also include political party volunteers, Mr. Nadeau.

[English]

The Chair: Come on. We're almost done.

Mr. Nadeau, do you have a comment on Mr. Stoffer's question? Just quickly, please.

Mr. Serge Nadeau: Yes. About the last question, about the cost of extending it, providing \$1,000—

Mr. Peter Stoffer: Yes, the 250 hours.

Mr. Serge Nadeau: That's the \$650 million I was talking about.

Mr. Peter Stoffer: The \$650 million covers all volunteers.

Mr. Serge Nadeau: Yes.

Mr. Peter Stoffer: That's two-thirds of the gun registry budget. Not bad.

The Chair: Mr. Pallister.

Mr. Brian Pallister: I would like Mr. Nadeau to clarify. He's given us this estimate. Are you referring to the tax loss from granting these deductions? Is that the tax loss per volunteer, using Statistics Canada data, you're referring to when you say \$650 million?

Mr. Serge Nadeau: Yes, the \$650 million—

Mr. Brian Pallister: So that would not include the cost of setting up a registry that would approve or disapprove of the applications for status. That would have to be determined.

Mr. Serge Nadeau: No.

Mr. Brian Pallister: So this process would entail a much larger additional cost, for the verification of the certificates, for example, and the authenticity thereof, and so on and so forth. What you're talking about is a much larger cost than \$650 million.

Mr. Serge Nadeau: Yes. The \$650 million is just the tax expenditures, just as the \$65 million is just the tax expenditures.

Mr. Brian Pallister: So that's not even close to a—

Mr. Serge Nadeau: It does not include any of the administrative costs.

Mr. Brian Pallister: Consider that it cost a couple of billion for a gun registry; you can multiply that by quite a bit for this.

The other thing is, if you're pricing this out, and we're working with numbers then, if it seems to be the consensus here.... Before these three parties invoke time allocation on this debate, I think it would be important for us to have some more detailed numbers on the refundable credits proposal you alluded to earlier.

I would like to make sure that happens if we're going to have a discussion in the fall on the issue.

The Chair: First we're going to vote on whether we want to defeat the bill. If we defeat it, then we don't have to ask for discussion.

So is there a consensus on an extension?

Some hon. members: Agreed.

The Chair: Now for the extension, we're going to ask Mr. Nadeau to provide us with information regarding....

An hon. member: I'd like a vote, please.

The Chair: On the extension? Okay.

All those in favour of tabling a 30-day extension for Bill C-273?

Mr. Brian Pallister: Why would you start with the extension? Let's start with the bill. I want to vote on the bill.

The Chair: We're doing the extension.

Mr. Brian Pallister: Why?

The Chair: Because that's what I have decided as chair. We are going to first do the extension, and if not, we are going to pass the bill.

Is everybody in favour of the extension?

Some hon. members: Agreed.

The Chair: That's it, end of story.

• (1715)

Mr. Brian Pallister: I want to vote for the bill.

The Chair: We can't. We're voting to extend.

Hon. Maria Minna: We just voted to extend.

The Chair: We voted to extend.

Mr. Brian Pallister: You make me vote against something. I want to vote for something.

Mr. Guy Côté (Portneuf—Jacques-Cartier, BQ): Next time, Brian.

The Chair: Thank you, and everybody have a nice summer.

The meeting is adjourned.

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