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Chair

Mr. Massimo Pacetti

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● (1020)

[*English*]

The Chair (Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.)): If we can get started, we can try to stick to the schedule. We are on a tight schedule.

The way I want to do this is to allow a seven-minute to eight-minute opening statement, opening brief, opening presentation—whatever you want to call it—but you have to stick to the timeframe. I'll try to indicate your time to you, but I know some of you are reading from a prepared text. I will have to interrupt, if necessary, because we have more than five groups. We're up to six. We may have seven, because one is not here yet.

I wouldn't worry about the members. Everything you say is recorded, so that's what's important.

We are here pursuant to Standing Order 83.1 on the pre-budget consultations 2005.

The first group on my list is not here, so I'll start with the Co-operators Group and Ms. Bardswick.

Ms. Kathy Bardswick (President and Chief Executive Officer, Co-operators Group): Good morning, Mr. Chairman and members of the House of Commons finance committee, and thank you for this opportunity to appear before you.

I am Kathy Bardswick, president and chief executive officer of the Co-operators Group Limited. Joining me today is Frank Lowery, vice-president, general counsel, and secretary.

One in three Canadians is a member of a cooperative or a credit union. Over 10,000 Canadian cooperatives and credit unions employ over 155,000 people and have combined assets of approximately $167 billion.

Co-operators Group is one of these cooperative organizations. We are owned by 31 cooperatives, credit unions, and like-minded organizations, with a combined membership of 4.5 million Canadians. As one of Canada's most prominent financial services organizations, we are proud to provide insurance and financial services to more than two million Canadians. We are even prouder that we provide financial security to Canadians in their communities while staying true to our values.

I'm certain that many others will address burning issues like taxation, regulatory relief, and harmonization, together with a laundry list of requests. So I want to highlight the role the cooperative sector plays in contributing to Canada's economic productivity and social well-being, and to encourage the development of a long-term strategy that advances collaboration between the many levels of government and cooperative enterprises.

Just as many co-ops spring from unfulfilled social and economic needs, the Co-operators was formed by a group of farmers who sought protection the market would not provide. From humble beginnings, we are an excellent example that the cooperative model is a thriving form of enterprise.

Inherent in our co-op values, we are also committed to the communities in which we operate through employment, philanthropy, community economic development, and cooperative development. In essence, cooperatives address business and social issues.

It is our conviction that a cooperative is a highly effective form of business enterprise. Unfortunately, this form of economic enterprise is often misunderstood, overlooked, or ignored. Cooperatives contribute significantly to Canada's economic productivity, because they are cost-efficient and promote local solutions and self-sufficiency. The co-op model uses that form of business enterprise to accomplish social and public policy ends. Co-ops and the co-op model are optimal for the delivery of service in the social economy, and co-ops, like all business enterprises, require a tax system that does not deter investment in productivity.

I will not go through all the details of our brief to the committee, but I do want to highlight a few examples that illustrate the important work of this sector. For example, across Canada some 2,100 non-profit housing co-ops are home to about a quarter of a million people in 90,000 households. Cooperative housing costs less to operate—in fact, 19% less than municipal or private non-profit housing, and 71% less than public housing.

Health care: In comparison with private practice models, the co-op model generates lower per capita health care costs, a savings which has been attributed to cooperatives' emphasis on health promotion and disease prevention.

A 2004 federal-government-sponsored study came to the same conclusion, and I quote:

> The cooperative model has great potential as it fosters strong partnerships between consumers and health care providers in the design and delivery of health care services. Furthermore, it inspires citizens to support their own health care and the health of their communities using a client-centred, holistic, and interdisciplinary approach to health care. Co-operatives provide effective, efficient, and economic health services to Canadians.

Pressing public policy issues like health care and the aging population will see key services created and delivered by cooperatives.

The chair of this committee noted during discussions on the pre-budget consultations that there is a pressing need for investment in skills development and that immigration is one of the keys to addressing Canada's productivity problem. Federal and provincial governments have both called for action on this front. I agree wholeheartedly. Cooperatives can assist in this regard as well.

There is current substantial support infrastructure to assist new Canadians, but it is sorely underfunded. We attempt, in our own humble way, to do our part to assist these organizations, like the Calgary Immigrant Women's Association and the Saint John Community Loan Fund, but so much more is required and is possible.

So where do we go from here? What is the role of the federal government?

Co-ops are an important alternative to other forms of private enterprise. Co-ops in Quebec have a survival rate nearly twice that of private businesses after a five- to ten-year period in operation. Cooperatives offer an invaluable complement to the public sector in terms of delivering important social services. In Quebec, co-ops are the favoured delivery model for home care services.

Governments at all levels should encourage and entice cooperatives to continue to deliver these important services. In our submission to the committee, we support the creation of a federal venture capital fund for cooperatives and the establishment of grants for startup cooperatives. Details of each of these proposed funds and grants are included in our submission, so I will not go into further specific details. I will, however, note that the proposed federal venture capital fund and grants for startup cooperatives will build on the cooperative sector's contribution to productivity growth in Canada.

Outdated legislation and regulation should be changed to reflect the reality of the contributions of the cooperative sector. An example of this is the current public holding requirement provision within the Insurance Companies Act.

Compliance with the current public holding requirement would require a cooperative such as ours, The Co-operators, to restructure its organization at significant cost and change the cooperative structure, business culture, community engagement, and client relationships and once again divert vital corporate resources from important client-based projects.

We applaud the government and opposition parties for addressing this issue in their work on Bill C-57 and encourage them to proceed with its passage to ensure that our future as cooperatives will be maintained.

As the CEO of a 100% Canadian owned and operated enterprise, I would be remiss if I did not address the fundamental impediment to our long-term economic and social productivity. This is the lack of a long-term strategy to maintain and upgrade our public infrastructure. This would include, among other things, hospitals, schools, transportation systems, water systems, information technology networks.

Innovation, creativity, and planning cannot alone raise the productivity level of Canadians without the proper infrastructure and tools necessary to support this. There must be multi-stakeholder partnership between public and private sectors and across all levels of government to deal with this. Such collaboration would result in the type of investment that could lead to long-term productivity, both economically and socially. We cannot continue to defer much-needed maintenance of our critical public infrastructure. We do that at the risk of public safety, the health of Canadians, and the future potential of our young people.

In closing, as I mentioned at the outset, I am proud to be a part of the cooperative sector. This sector has contributed immensely to the economic and social progress of the country. It continues to be reliable and viable. It also supports innovation in such emerging sectors as renewable energy and information technology.

I thank the chair and members of the committee for allowing me to participate in this consultation process, and I welcome questions.

Thank you.

● (1025)

The Chair: Thank you.

From GrowthWorks WV Management Ltd., Mr. Levi

Mr. David Levi (President and Chief Executive Officer, GrowthWorks WV Management Ltd): Thank you, and thank you very much for allowing us to come and speak.

I'm going to talk a bit about labour-sponsored funds. I'll just quickly run through my presentation with some highlighted notes.

The first thing I'd like to say is it's probably the most successful economic program that the federal government has put in place over the last 20 years. It's resulted in an enormous number of jobs, as you can see—or will see, in a couple of minutes—at probably the lowest cost of any program we've seen out there. The biggest problem is that although the program has been successful in its own right, it hasn't really been reviewed for any kind of updating in at least 10 years, and I'm going to talk about one particular area a little bit further on.

We in GrowthWorks are in a fairly unique position in that we operate across the country. We're the largest national manager of labour-sponsored funds, operating in British Columbia, Alberta, Saskatchewan, Ontario, and all the Atlantic provinces. All of these funds are targeted towards the economic needs of their individual geographies and regional economies. We've about $800,000,000 in assets and we're a very experienced organization.

On the next slide, people can see that although we have a very active venture capital market, the venture capital market in Canada is very small compared to the U.S. on a per capita basis. We have about 40% of the venture capital in the United States. The biggest single problem with that is that venture capitalists do come up from the U.S., but when they come up, their first move is to get the company to move to the United States, where they feel much more comfortable in dealing with U.S. law and U.S. distribution networks, so there is a problem if we don't have venture capital in Canada to hold the companies here. What we will find is that our companies will move to the United States at fairly early stages.

On the next slide you can see the diversity among the different provinces, and where venture capital resides today. The longest program for labour-sponsored funds is obviously in the province of Quebec, where they were created. Because of that, there's a significant distortion in the amount of venture capital available in the province of Quebec compared to the rest of the country. The areas most in need of venture capital are the regional areas; if you look, for example, at Atlantic Canada, they have one-fourth of the per capita venture capital available to them.

B.C., Alberta, Saskatchewan, and Manitoba have about two-thirds of the venture capital per capita that should be in their provinces. Labour-sponsored funds represent a significant percentage of the venture capital in those areas. In fact, if a labour-sponsored program weren't in existence, that number would be more like one-third in B. C., Alberta, Saskatchewan, and Manitoba, and less than 1% in Atlantic Canada, so it's a fairly dramatic difference if we don't have labour-sponsored funds in place.

On the next slide, you can see that labour-sponsored funds have been a very stable supply of venture capital in comparison to the rest of the market. It's kind of hard to read that chart, but if you flip over to the next page, you can see what's happened over the last number of years. If you go to the peak, at year 2000, $5.8 billion was being invested by everyone. That has declined in the last five years; in 2004, it declined to $1.8 billion, so we're at about a third of the rate of venture capital, and that's after a slight increase from the rock bottom of 2003.

The interesting thing is that most venture capital has declined in the neighbourhood of 70% to 80%. Labour-sponsored fundraising and investment have declined by about 40% during that same period of time, so it has proven to be much more stable. They are there to work with the companies as they run through the rough patches that they've had over the last three or four years.

You can see that on the next slide, in terms of the fundraising, and you can see it in a lot of areas. We've seen an absolute decline to zero, for example, in institutional funds. They had provided almost $2 billion in 2001. They have left the market in its entirety. Corporate investment is down by half, whereas the retail investment has declined from about $1.8 billion to $1.1 billion—so we have been affected, but we supply capital on a much more regular basis than other types of investors.

One of the most important areas has been the creation of jobs, as you can see here. This is just our British Columbia example; the numbers on the next page will talk about the rest of Canada. In British Columbia we tracked this very carefully with the provincial and federal input-output model.

● (1030)

What we find there is that we can point to more than 5,000 direct jobs and another 4,200 that are indirect and induced, for a total of almost 10,000 jobs. These are long-term jobs that on average, because they're in the technology sector, pay well above the average salary in Canada. They tend to be higher-paying jobs by about 20%, in the studies that have been done.

One of the other interesting things about venture capital generally and in particular labour-sponsored funds, because they've done this review in Ontario to see what was happening with venture capital funds there and their impact, is the speed at which they create jobs.

As you can see in the chart, if there were 9,000 jobs initially created back at the beginning of the report, the figure would normally have grown to just under 11,000 jobs during the same period of time, whereas in actual fact, because job increase is so much more substantial in the IT area, what we've seen is a very high increase in jobs, to 32,000. So the leverage is not from 9,000 to 11,000, which would be normal for the Canadian economy, but from 9,000 to 32,000 in employment growth, based on the money that's been put into it.

One of the questions we get often is how quickly government gets repaid from new taxes from employment and other payroll taxes that are charged. You can see from this material that there have been a number of studies done across the country, both independent studies and studies paid for by the industry itself, and all of them come to the same conclusion: somewhere between one and three years on average is the repayment period for the costs.

One of the areas is leverage. As you know, the government only puts up 15 cents of every dollar. On average, about 75 cents of that dollar is invested, and when we make investments in British Columbia, where we have detailed information over the last 12 years we've been doing this, for every dollar we put in another four dollars has come from outside the province to co-invest with us, from across Canada as well as from the United States, Asia, and Europe. So for every dollar the federal government puts up, there's a $20 impact in direct investment in the economy.

I should point out that we are one of the few areas that is directly targeted towards information technologies and the commercialization of information technologies.

All of that's the good news. The bad news is the reason we're here today. That is that the program, though successful, as I said earlier, has not really been updated in a number of years. One of the things that happens at a very practical level over time is that the financial institutions we work with, in particular investment advisers, have seen massive changes. They've gone from being small boutique firms that used to pay out half their commissions to the investment advisors to now paying out on a grid system, and how much they get paid depends on how big the ticket is and how successful they are.

In the last 15 years, there's been virtually no change in our cap for this program; it is $5,000 per year that we're allowed to sell to individuals in Canada. In the meantime, the RRSP has gone, in the same period of time, from about a $5,000 limit to next year, I believe, $18,500. You've updated that part of the program because it's very large, but it hasn't happened for us in our program.

If you look through the chart—and I won't go through the full explanation of how the chart works—basically people get paid a differential. If they do a $2,500 ticket, the investment adviser only receives up to, at most, a 20% commission. In a $5,000 ticket, they'll receive 20% to 40%. In a $10,000 ticket, they receive much closer to the original 50% they got, which means that if you do a ticket for $5,000, you'll get paid 75% less than if you did it in another mutual fund. That's a key problem for us, because we compete with the mutual fund industry.

What we are asking for is some kind of lift in the cap so that people can invest as much money as they would like. We would prefer to have the cap lifted similarly to the RRSP, which is how this originally started—the original cap was very much in line with what the RRSP cap was—and then hook on to that increase. But $10,000 would be fine.

● (1035)

I just have one minute on the next slide. One of the questions we get is whether there is a significant cost attached to this. What I wanted to say is, as you can see in the chart, all of the big program areas where we raise money are capped: British Columbia has a cap, Quebec has a cap, Saskatchewan has a cap, Manitoba has a cap. The only area that's not capped in a significant market is Ontario, but that market has been declining for the last five years.

The Chair: Thank you, Mr. Levi.

Is this a program, or this is all done through tax credits?

Mr. David Levi: Tax credits.

The Chair: Thank you.

From KAIROS, Canadian Ecumenical Justice Initiatives, Mr. Hogeterp.

Mr. Mike Hogeterp (Coordinator, Research and Communications, Committee for Contact with the Government, Christian Reformed Church in Canada, KAIROS (Canadian Ecumenical Justice Initiatives)): Mr. Chairman and committee members, thanks for the invitation to participate in these hearings.

KAIROS is a coalition of 11 churches and religious organizations, with active members numbering in the millions from coast to coast to coast.

KAIROS seeks to promote Christian values of compassion and justice, values that we believe are deeply relevant to policy-making and indeed budget-making.

Budgets are about choices. Budgets affect who gets what in society and also who gives what. They influence the quality, quantity, and distribution of government services and supports. They provide incentives and disincentives for behaviours and they also shape attitudes and beliefs by lending legitimacy to certain practices and values.

Good budgets then are informed by a clear set of values and objectives. Economic growth is one such value, but our message today is that it should not be the only or overriding objective for the 2006 federal budget.

We need not, indeed we must not, sacrifice other core values in favour of a singular focus on economic growth. What are the core values? Some might call them Canadian values. What are the core values that should inform the budget?

Our Prime Minister, Mr. Martin, has identified some of these in his September 20 speech to civil servants in Gatineau. The Prime Minister suggested that quality of life is rooted in our commitment to basic values: social justice and economic opportunity, freedom balanced with a responsibility to one another and future generations, respect for diversity, and a commitment to human dignity. These values resonate deeply with the people and churches of KAIROS.

The Prime Minister said that at the very core of the idea of Canada is our particular fusion of the values of social justice and economic opportunity. He mentioned a number of other values that, in his words, endure even as time passes and circumstances change.

Mr. Michael Polanyi (Coordinator, Canadian Social Development Program, KAIROS (Canadian Ecumenical Justice Initiatives)): I'm Michael Polanyi, and my role is to talk about four values that we think should inform the budget and some specific policies for each value.

The four values that we've identified basically draw on the Prime Minister's speech in September, and they are economic opportunity, equality of opportunity, protection of human rights, and shared citizenship. I'll just say a couple of words about each of these.

On economic opportunity, I think all Canadians feel that nobody who works hard should live in poverty. Of course we would say nobody should live in poverty. One in six full-time workers in Canada earns a poverty wage—that is, a wage of less than $10 an hour, most often without benefits.

So in your upcoming budget, we call on you to make work pay by committing to incrementally increasing the federal minimum wage to a liveable rate of $10 an hour, we would say by 2008 or sooner, setting an example for provinces to follow.

The second thing that you can do to encourage economic opportunity is to implement what a number of groups have called for, which is what we call a working income supplement, which is basically a benefit that would help to defray employment expenses, which right now create barriers to work.

We're calling for a working income supplement of $200 a month, which would begin with 50 hours of work a month and increase as hours increase. This could be part of a national adult benefit. There's a national child benefit, there's old age security, and it's time for the federal government to play a greater role in income security for adults. A number of groups are proposing this, and you've probably heard it from groups. I think you'll hear it in the next session from the modernizing income security working group in Toronto. Businesses are also supportive of this. The Toronto-Dominion Bank released a report calling for this in September.

The second value we think could unify Canadians and form a central place in the budget is equality of opportunity. Canadians believe that all children should have equal opportunity to succeed in life, and we know that poverty, lack of parenting support, and lack of access to early childhood education all deny children a fair chance.

Your federal government has made significant steps in terms of childhood education programs, a national program, and that should be lauded, but there are a couple more things that remain. One is to complete the national child tax benefit initiative by bringing it up to a level of $4,900 per child by year 2010 so that it covers the full cost of raising a child.

The second thing would be to support young families by increasing access to parental leave, reducing the numbers needed to qualify for parental leave, expanding parental leave to self-employed workers, increasing parental leave benefits so that the program's not just a middle-class program, a program for middle-class Canadians. And Quebec has set a great example recently this fall in terms of increasing the benefit levels.

And finally, others will talk about early child care learning, early learning and child care, and the federal government really needs to commit to the long term of this program. The seed money is great up until 2010, but there needs to be steady funding beyond that.

Third is the protection of human rights. You're probably aware that Canada is a signatory to the UN International Covenant on Economic, Social and Cultural Rights. Canada will be in the international media attention this spring when they're reviewed again for their performance in terms of meeting the basic economic and social rights of their citizens. So now is really a good time. The budget would be an excellent time to take a significant step in meeting the basic human rights of citizens, in particular in ensuring that there's an adequate income floor for the poorest people in Canada. And this is where we're supporting groups who are calling for a second part to the national adult benefit, which would be an income-tested refundable tax credit that would provide up to $150 a month to low-income Canadians, all low-income people, which would allow for about an 18% increase to single people on social assistance, as an example.

● (1040)

And finally, the fourth value mentioned by the Prime Minister was shared citizenship. I think Canadians believe quite strongly that with rights come responsibilities, to our families but also to our communities, our country, and the world around us. It's the role of governments to encourage and support responsible citizenship, which includes making a fair contribution in taxes to support a civilized society, and also involves engaging in the political process, as we are doing here today.

One thing that I think is long overdue is for you to democratize this process. Instead of lining us up along the room to give our individual sales pitches in a very short period of time, instead of really limiting the discussion and not having the full time for questions and engagement, instead of dividing Canadians by putting groups separately and not really bringing people together for dialogue and deliberation and consensus-building, I think you have to change this process.

I think there are some solid models that exist. In Ontario, they had a citizen-based dialogue where diverse citizens—a much more inclusive process than this can be—came together to establish values and policy priorities for the budget. And in British Columbia, I'm sure you know, there was a constituent assembly that together deliberated dialogue and came to a consensus about parliamentary reform or election reform.

So there are the tools to do that.

● (1045)

The Chair: Thank you.

I think it's a problem of our own success. It's become very popular. We've had over 400, and by the time we are done we'll have 468 groups before us.

Mr. Michael Polanyi: Yes.

The Chair: Almost 500.

Mr. Michael Polanyi: That's right.

The Chair: It's the only format we can come with, but we are limited as to our time.

Then we have groups.... What's happening is Canadians cannot come to consensus, so we've opened up the process and we've allowed anybody to come before the committee. But if the groups would meet among themselves and come to a consensus, then it will be a little bit easier for us.

Mr. Michael Polanyi: I think you have to facilitate that process, though, for a dialogue—

The Chair: It's a work in progress, anyway. I don't want to get in a discussion.

From the Metro Toronto Chinese Southeast Asian Legal Clinic, Ms. Yao-Yao Go.

Ms. Avvy Yao-Yao Go (Director, Metro Toronto Chinese and Southeast Asian Legal Clinic): Thank you very much for the opportunity to make our presentation.

We have submitted a written submission in which we've put a variety of issues. I'll try to highlight some of them.

I want to start by echoing many of the concerns expressed by the other social agencies and organizations that have appeared before you today and on other occasions. They advocate for such issues as child care, increasing funding for education, strengthening the public health care system, new funding for affordable housing, a more progressive tax system, and renewed commitment to human rights and foreign aid. These so-called mainstream issues are important to all Canadians, but they have disproportionate impact on members of marginalized communities, most notably, immigrant, refugee, and racialized communities.

In our written submission we have quoted from recent reports done by the National Anti-Racism Council of Canada to the United Nations Human Rights Committee. When Canada was up for a report on its compliance with the International Covenant on Civil and Political Rights, the report from NARC showed that there is an increasing economic disparity in Canada with racialized group members experiencing a higher rate of poverty, a higher incidence of under-employment and unemployment, and the income gaps between racialized and non-racialized workers are growing wider everyday.

So we recommend that in preparing for the budget, the government must take into the account the increased economic disparity between immigrants, refugees, racialized communities, on the one hand, and the rest of the population, on the other. The government's budget decision must be guided by the objective of reducing, if not eliminating all together, such disparity. And in so doing, it would improve the lives of immigrants, refugees, and racialized communities, by providing equal access to affordable education, employment, publicly funded health care, affordable housing, by these marginalized communities.

We'll then move on to ask the Standing Committee on Finance to repeal the $975 right of permanent residence fee, which is imposed on all immigrants to Canada. You may remember this fee was introduced about 10 years ago as part of the government's fight against the deficit. We don't have a deficit today; we haven't had a deficit for a while. We believe that the $975 right of landing fee is discriminatory because it has an adverse impact on racialized immigrants from developing countries with a much lower standard of living as compared to those from the developed nations.

Both our Prime Minister and the Minister of Immigration have recently vowed to increase the number of immigrants who will be allowed to come to Canada every year and to make our country a truly welcoming place for them. But to do so, we must invest in our immigrants through increased funding for language training, settlement services, and other services to assist immigrants and refugees in their settlement process. In that regard, I endorse the summations made by Kathy earlier around this issue, as well as her recommendations with respect to the employment insurance program. We see at the clinic every day people who are not entitled to get EI, even though they have contributed a lot of money into the program.

We also urge the government to provide redress to the Chinese Canadians who have suffered from 62 years of legislative racism in the form of a head tax and the exclusion act. Chinese were brought to Canada to build the Canadian Pacific Railway, but as soon as the railway was completed in 1885, Chinese were made to pay a $50 head tax in exchange for the right to enter Canada. The head tax was then increased to $500 in 1903. When the head tax did not stop Chinese immigrants from coming here, the Canadian government enacted the Chinese Immigration Act in 1923 to exclude all but a handful of Chinese immigrants to Canada. This law was not repealed until 1947, two years after the Second World War.

Today surviving head-tax payers are still waiting for the government to acknowledge the sufferings they were made to endure and to confirm their rightful place as equal citizens in this country. In total, our government collected $23 million from 81,000 Chinese immigrants in the form of a head tax. We're asking the government to return the $23 million that it has unjustly collected from the Chinese-Canadian community and to provide redress for those who have suffered from these racist acts.

Incidentally, on Monday, November 7, it will be the 120th anniversary of the completion of the railway, and we'll be celebrating that, while at the same time reminding our government of its duty to redress this unjust incident.

● (1050)

We will also be asking you to recommend to the government to restore core funding to community-based, equality-seeking groups, particularly those involved in the fight against racism and other forms of discrimination. I'm sure that you have heard from other organizations about the devastating impact as a result of the policy in the mid-1990s to stop all core funding to non-profit organizations, particularly those doing efficacy work. We want the government to reinvest in these organizations.

In addition to that, we want the government to invest the same amount of money that it's investing in itself into the fight against racism, as part of the national plan against racism that it announced in March of this year. The government announced that it's going to spend $56 million dollars in CARPA, but all the money is going back to the departments that are supposedly carrying out these plans. We believe that an equal amount of money should go to the community to do so.

Finally, as a legal clinic, we urge the federal government to inject new funding into legal aid programs, particularly with respect to civil legal aid, in order to ensure that there is full and equitable access to justice for every person in Canada. Access to justice is a fundamental principle of our constitution and the common law system. The federal government has a constitutional obligation, along with the provinces, to ensure that no one is denied his or her legal right simply because of poverty or other forms of disadvantages. As such, the Government of Canada must pay its fair share of ensuring that legal aid, especially civil legal aid for family, immigration, and refugee law and other non-criminal matters, is available in all corners of this country.

Those are our submissions. We welcome any questions.

The Chair: Thank you, Ms. Yao-Yao Go.

From the National Housing and Homelessness Network, Mr. Shapcott.

Mr. Michael Shapcott (Co-Chair, National Housing and Homelessness Network): Thank you very much. My name is Michael Shapcott. I co-chair the National Housing and Homelessness Network. Thank you for the opportunity to be here today.

With me is Rainer Driemeyer. I first met Dri a number of years ago when Dri was living with about a hundred other homeless people in a squatters' settlement called Tent City down on Toronto's waterfront. Dri is now housed, along with a number of his fellow homeless residents, in an innovative housing program. He will be making a few comments in just a moment.

I'm going to begin by going straight to the chase.

In our written submission, presented to the committee back in September, we offered four very specific recommendations in terms of spending on housing and homelessness. Because we know it's important not just to tell you how to spend money, but also where that money should come from, we also offer three specific recommendations on where the money for new housing should come from. I want to go into that.

However, Mr. Chair, I think it's important, before looking ahead to the next federal budget, to briefly look back. In particular, I'd like to take you back exactly five years ago, to the fall of 2000, when a significant promise was made in terms of housing. The then housing minister promised 120,000 new units of affordable housing across all of Canada over the following four years.

It's been five years, and we've got perhaps 10% of that number. We don't have a formal accounting of that, but it's about 10% of that number. Now, the minister at that time was Alfonso Gagliano. We know from some reports issued recently that he was quite busy doing certain things, but he was not busy, sadly, following through on his promise in terms of affordable housing.

Mr. Chair, I have to say very bluntly to this committee that over the last number of years we've seen promise after promise after promise, but very little action. I think it's important for this committee to take note of that, because often we're told, when we meet with members of the government and with other politicians, “Well, we promised to do it. Why are you here talking to us about it?” Well, we're here because the promise has been made; the promise has not been kept.

These in particular are our recommendations. We have four of them for the standing committee in terms of budgets; three of them actually take note of promises made but not fulfilled, and we think those promises need to be brought forward.

First of all, the federal government has promised it would commit $1 billion in federal housing dollars through various federal-provincial-territorial affordable housing programs. With the exception of the province of Quebec, most of that money has not been committed, most of those units have not been built, and when we speak to the federal government about this, they tell us to go talk to the people in Victoria or St. John's, or talk to the people in other provincial capitals—Fredericton, and so on.

Well, we think the federal government needs to actually invoke the accountability framework that's embedded in every one of the 13 federal-provincial affordable housing agreements it signed under the terms of this program and tell the provinces that they must do what they said they'd do, or else they're going to take the money and use as it was intended and deal directly with municipalities and housing providers. We think it's no good to hide behind a billion-dollar promise that has been unfulfilled and unrealized.

Second, we want to acknowledge the New Democratic Party's work in the summer in terms of the NDP budget bill. About $1.6 billion in new housing was promised through that particular bill, Bill C-48, passed by the Commons in June. There was $100 million for energy retrofits for low-income housing as well, which is significant and important.

We are worried that the $1.6 billion could get lost in the black hole where we've seen the previous billion dollars go, so we want to urge this committee to take note of money that's already been authorized by Parliament—to urge that money, in fact, be allocated quickly to deal with the desperate housing needs.

Third, we have heard promise after promise in terms of the federal government's homelessness program, the supporting community partnerships Initiative—that's the main element of the program—and also the federal government's housing rehabilitation program, called RRAP, the residential rehabilitation assistance program. Both of those programs are due to expire this year. If they're not renewed in the next federal budget, there will be significant hardship across the country. We've heard promise after promise about a renewal and an enhancement of those programs; we've seen no actual dollars.

Our fourth recommendation to the committee is that in addition to the spending that's been committed, we actually need to move ahead to what we call the 1% solution—to invest $2 billion annually in new social housing.

Now, because it is important for us not just simply to tell you how to spend your money—our money—but also where to get that money, we want to offer three quick recommendations in terms of where money can come from.

First of all, we want to acknowledge the work of Bloc Québécois deputy Christian Simard, who brought forward Bill C-373, a private member's bill that called for reinvestment of a portion of the annual surplus of Canada Mortgage and Housing Corporation.

● (1055)

CMHC this year will have a surplus of about $950 million. It's going to grow in the next couple of years to about $1.2 billion. It's a lot of money. Some of that surplus should be retained for prudent risk management, but a good chunk of it should be reinvested in new housing.

Sadly, Parliament defeated Bill C-373 in second reading, but the surplus is still there and it's still an important source of revenue to fund new national housing initiatives. So we think this committee should recommend that the annual surplus of Canada Mortgage and Housing Corporation be prudently invested.

We also think a significant portion of the annual federal surplus should be reinvested in new social housing programs and homelessness programs, and of course, in the event that's not enough, we know that Canadians support the idea of investment in housing as a way to deal with the desperate problem of homelessness right across our country.

Those are specific recommendations. I want to turn it over briefly to Dri for a few final comments.

● (1100)

Mr. Rainer Driemeyer (Member, Disaster Relief, Toronto, National Housing and Homelessness Network): First of all, I think what the committee might not understand is that here in the city of Toronto and all over Canada we are losing homeless people. They die on the streets, and those of us who know them.... We know them. They have brothers and they have mothers. These are human people, and we're losing them. We're a rich country. It shouldn't be happening here.

They really are human people. They've been to school, they have children, and we're losing them. Here in the city of Toronto, we're losing several a week. That's a Walkerton disaster every two weeks—every two weeks.

Do something about it.

That's it. I'm out of steam.

The Chair: Thank you, Mr. Driemeyer.

From the Prospectors and Developers Association of Canada, Mr. Dimmell.

Mr. Peter Dimmell (President, Prospectors and Developers Association of Canada): Good morning. I'd like to thank the chair and panel of the finance committee for this opportunity to present.

I'm the president of the Prospectors and Developers Association of Canada, a national organization that represents the mineral exploration and development sector. We have about 5,000 individual members, consisting of prospectors, geologists, geological consultants, students, and members of the legal and financial communities. We also have 600 corporate members, including producing mining companies, geo-exploration companies, and service and equipment suppliers to the mineral industry. We are located in Toronto, although I live in St. John's, Newfoundland.

Some of you might wonder why this is so. Toronto, obviously, doesn't have a lot of mining going on, but it has a great mining tradition and is a mining powerhouse. It is also one of the most important mining capitals in the world. The city is home to 40 producing mining companies, 125 junior exploration companies, 600 service and equipment suppliers, eight large engineering companies, a number of consulting houses, individual consultants, legal firms, and mining analysts.

In 2004 Canada outranked all the other major stock exchanges in the world in financing. Six billion dollars, or 51.2% of global mining equity offerings, were raised in Toronto. That's over half. And over half of the world's mining companies are listed on the TSX. So we are a major power.

There's much to say about Canada's mineral industry. Some highlights that demonstrate the importance of our modern high-tech industry to the country's prosperity are the following: we have a rich endowment of natural resources, a key competitive advantage for Canada; we produce 60 minerals and metals from less than 0.03% of the land base from 190 mines, 3,000 quarries, and 50 smelters, refineries, and steel mills.

In 2004 the mining and mineral processing industry, including oil sands mining, which is obviously on the rise, contributed $60 billion to the Canadian economy.

Mining also supports about 115 communities across the country and directly employs 390,000 people and indirectly 210,000, for a total of 600,000 people. These are high-paying, above-average jobs.

Over the past four years, junior and senior companies invested an estimated $2.9 billion on exploration and deposit appraisal in rural and northern areas of Canada, a great way to transfer the wealth in this country.

Census figures for 2001 show that aboriginal employment in the mining industry accounted for 5.9% of the total mining labour force, compared to the national average of less than 3%. This is a 21% increase over the previous five years, and we see this increasing further.

Canada is one of the world's leading exporters of metals and minerals, exporting about 80% of its total production to 130 countries. The value of exports in 2004 was $28.3 billion, representing 13% of total exports.

Mineral and metal products account for 60% of total rail revenue freight and 75% of total port volume. Imagine that we didn't have that. Not only that, but we do not redistribute wealth, we create new wealth from the discovery of previously unknown mineral deposits. We simply don't recirculate it.

I hope I have convinced you all of the importance of this wealth-generating industry. You have our written presentation and you will have noted the two principal challenges that Canada and the industry face today. Number one is the strong global demand for commodities, particularly base metals, which is likely to continue over the next three decades, driven by demand from China, India, and other emerging countries.

Unfortunately, Canada has declining reserves. If I had more time, I could show you graphs of this. But our reserves are declining at a time when, if we had more to sell, we could sell more. The solution is to take steps to replenish our mineral reserves so that we can take advantage of the global demand by making more discoveries. We have short-term and long-term strategies that the industry and governments can adopt to deal with these challenges.

I would like to focus on two aspects of particular relevance to your pre-budget consultations. These are the investment tax credit for exploration, or ITCE, and a cooperative geological mapping strategy.

The investment tax credit for exploration was introduced in late 2000 by the federal government to revitalize mineral exploration in Canada. Unfortunately, it will expire at the end of this year. We thank the Liberal government for the introduction of this. It was a very good thing and it was supported by most of the other parties also. The objective of this program was to encourage investment in mineral exploration and to make new discoveries in Canada.

● (1105)

Has it worked? It has. Discoveries: 225 new mineralization occurrences, 122 new deposits, 60 mines and projects with expected production to date, and more coming. The program kept investment in Canada and is recognized as one of the most important reasons for Canada being the number one target for exploration investment in the world. Canada outranks every other country in the world for investment, mainly because of the ITCE.

Cost is difficult to estimate, but the 2004 federal budget included an estimate of $10 million as a reduction in tax revenues associated with a one-year extension of ITCE. The question is, where did this money go? It went north. It went to the rural communities in this country that need this work. So it didn't disappear; it got recirculated into the economy.

It's important that the ITCE program be continued, because we need more discoveries to replenish our declining mineral reserves and to keep our smelters and employment going. There is an almost unprecedented demand for commodities from China, India, Brazil, and others. Canada cannot afford to miss the boat with these opportunities. We need to capitalize on the momentum that we have. This federal government program has paid dividends, and we don't want to see those dividends disappear.

The cooperative geological mapping strategy is research and development. Geological mapping allows us to identify our mineral resources and geological potential of our country. If we're going to take advantage of this global demand for commodities, we have to do more mapping. We have to define the areas where we need to look to find those resources. The cooperative geological mapping strategy is a ten-year plan that was approved by all of Canada's mines ministers in 2000, including the federal government. The research findings from these strategies will contribute toward making new discoveries, securing energy supplies, and sustaining communities. The cost is $50 million per year over ten years, but this is R and D and will pay dividends.

In conclusion, at the annual mines ministers conference this year at St. Andrews, New Brunswick, all provincial and territorial mines ministers agreed on the strategy proposed by the exploration industry. Consensus like this in provincial relations is almost unprecedented. So we call on the federal government to start the ball rolling by instituting the key building blocks of this strategy, which means extending the investment tax credit for the exploration program in a series of rolling three-year phases and committing the necessary funding to the cooperative geological mapping strategies.

Thank you for your attention.

The Chair: Thank you, Mr. Dimmell.

Before I go over to the members, I want to remind the witnesses that members will have five minutes for questions and answers. If you can keep your answers brief, I think the members will appreciate it so they can ask more than one question.

Mr. Solberg.

Mr. Monte Solberg (Medicine Hat, CPC): Thanks very much, Mr. Chairman.

Thanks to all of you for your presentations.

I want to start by first of all making a comment with respect to the presentation from KAIROS. In sort of glancing through your presentation, I sense a little skepticism about our mission here, which is to try to enhance productivity. I wonder if you'd care to comment on this.

I want to say that I think it's extraordinarily important to enhance the productivity of the country, because it really allows people to exploit their own personal human capital to the greatest degree they can, and use all their skills and abilities. In fact, we've had presentations from a number of people in the last few days who talked about, for instance, immigrants who are not allowed to use their skills and abilities because we don't recognize their credentials in this country. So I wanted to make that comment.

Secondly, I point out that if people are allowed to do this and we actually do produce more wealth in this country, of course that money can then, to some degree, be redistributed to people who need help in whatever way.

I wonder if you'd care to comment on that.

● (1110)

Mr. Michael Polanyi: Yes, sure. Thanks for the question.

In our presentation we're not questioning the importance of a productive society but are saying society is not just about economic productivity. Both morally but also economically there's an argument to be made for a society that respects basic human rights, a society that engenders a sense of citizen responsibility one to another, a society that's sustainable environmentally, and a society that's just.

There's a moral argument, I think, for those principles, and those principles infuse all faiths, and also, even for Canadians who aren't part of a faith community, are values those Canadians care about.

Economically as well there's an argument to be made for building a society where people are engaged and responsible and where there is a sense of justice. Those are all prerequisites to being a productive member of society and contributing to a productive economy.

We're just wanting to situate productivity in a context of what will be a truly sustainable productivity in the longer term.

Mr. Monte Solberg: Time is so short.

Ms. Bardswick, I was looking at your brief. There are a number of tax measures that The Co-operators are seeking for cooperatives. I wonder if you could talk to them specifically.

You talk, for instance, about different tax treatment to address the time when mature co-ops have to pay out their founding members, since this creates a crunch, and there are a few others that you talk about.

Can you help us understand why these are important to cooperatives?

Ms. Kathy Bardswick: I'm going to ask Frank to respond to the specifics of the question you've raised.

Mr. Monte Solberg: Sure.

Mr. Frank Lowery (Vice-President, General Counsel and Secretary, Co-operators Group): Thank you for the question.

The two you've identified are the one with respect to a venture fund and the second with respect to the longer-term problem most cooperatives have with respect to a build-up of member reserves.

I don't really intend to talk about the latter one much, other than to identify that the nature of a cooperative—and I'm talking now about grassroots cooperatives, not so much an organization like The Cooperators.... If you look at many grassroots, agricultural cooperatives, effectively the members' equity is left within the organization, and at the end of the day, particularly as the membership ages, the organization has to pay it out.

There are corporate standards that prevent your paying out amounts that will basically render your organization insolvent, but those probably aren't sufficient in the context of cooperatives. That's really what this is related to, and it's a pretty specialized area.

With respect to venture capital, it is really, from our perspective at The Co-operators, an attempt to recognize that co-ops are unlike many other business organizations, in the sense that they are based on a set of values that look at self-help. Cooperatives are community-based, based on the statement of cooperative identity from the ICA, and basically involve normally grassroots, ordinary people contributing to their own cooperatives. That's the basis of the organization.

The idea of the venture capital fund is a little different from that of the labour-sponsored funds. It is that we need to leverage what exists in the cooperative sector right now by way of contributions. To use The Co-operators as an anecdotal example, we've recognized the benefit of being out doing small capitalization of enterprises. We give small grants of $10,000 to $15,000 to support business plans, and that sort of thing, and we've seen a lot of success in this. We're very interested in doing this. As a relatively large economic player, we think we can do it together with government, if government supports it. It is significantly different, I think, from labour-sponsored funds.

I'm not making a comment one way or the other with respect to labour-sponsored funds, because the co-op sector was involved in supporting them in Ontario many years ago, but we think this is a different initiative to basically energize the co-op sector and use the resources that are there and leverage them with government resources. It's a little different from just getting individuals to make an investment that they get a tax credit on.

● (1115)

The Chair: Thank you, Mr. Solberg.

Monsieur Loubier.

[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Thank you, Mr. Chairman. I have several questions to ask, but since time is limited, I will refrain from making too many comments.

First, I would like to reassure you, Ms. Yao-Yao Go, that my party supports your demands, especially as far as redress is concerned. It is all very well for us to use the motto *From coast to coast to coast* when referring to Canada, but without the Chinese community and its involvement in building the railroad and opening up the west, all the way to Vancouver, we wouldn't be able to use that expression today. We are extremely grateful and we will continue to support you in your work.

Second, Mr. Shapcott and Mr. Driemeyer, I would like to thank you for your testimony and for having reminded the committee that my party, and in particular my colleague Christian Simard, introduced a bill on transferring the Canadian Mortgage and Housing Corporation's surplus to social housing. Unfortunately, the bill didn't go through, because my Liberal and Conservative colleagues argued that the surplus didn't belong to the homeless, but rather to the CMHC's clients.

What would you say to such an argument?

We often talk about sharing the common burden, so it would seem to me that if you were to poll the CMHC's clientele, I'm sure they'd be very happy for some of the profits to go to Canada's homeless.

[*English*]

Mr. Michael Shapcott: I do want to again thank Mr. Simard directly for his legislation, Bill C-373. We think it was very, very important.

We think there's a fundamental principle when Canada's national housing agency is generating a massive surplus and it's doing it year after year and that surplus is projected to grow to truly astronomical heights. When you look at the accumulated surplus of Canada Mortgage and Housing Corporation, it's in the billions of dollars; I think $3.4 billion, if I remember it off the top of my head, a huge amount of money. We agree with those who say that prudent risk management requires that a portion of that be saved in the event that CMHC has unforeseen issues with its mortgage insurance portfolio, but prudent risk management doesn't require every penny of that. In fact, we think the national housing agency needs to reinvest its surplus back into housing. This is a fundamental principle of ours and one we've been saying for a number of years.

Perhaps I may extend that to say it's not only Canada Mortgage and Housing Corporation that's running this huge and growing surplus. Indeed, the federal government, which in the 1970s and 1980s funded close to half a million social housing projects across the country, is seeing those projects beginning to step out. What that means is that the annual financial contribution of the federal government to those projects is beginning to decline as the projects mature and as the principal, interest, and the mortgages decrease. That produces a second surplus that should also be reinvested back into housing, and that will grow to be a substantial amount of money as well.

So we again thank the Bloc for bringing forward this important initiative. Yes, it should be reinvested in housing, and yes, it should be put into making sure that the surplus is used productively.

Finally, to Mr. Solberg, you asked a very important question about wealth creation and so on. One of the things we've said for many years, Mr. Solberg, is that investment in new social housing is actually a very productive investment. It creates jobs and it stimulates communities, in addition to providing the housing for people who, as Dri has mentioned, are dying on our streets now.

So we think there are all sorts of advantages, both social and economic, to reinvesting the CMHC surplus, and we can't think of a single reason why it shouldn't be done.

● (1120)

[*Translation*]

Mr. Yvan Loubier: Thank you, Mr. Shapcott. Thank you, Mr. Driemeyer.

I have a question for Mr. Levi. In fact, I have several, but I'll have to be quick.

Can you difference between Quebec and Ontario when it comes to availability of venture capital be explained by the existence of venture capital generated simply by workers' funds? Or are there other reasons explaining this discrepancy? As it stands, the figures for Quebec are 23.5 per cent of the population and 45 per cent of venture capital, compared to 38.9 per cent of the population and 33 per cent of venture capital for Ontario. That's quite a big difference.

[*English*]

Mr. David Levi: Yes, the primary difference is the fact that the solidarity fund is existent in Quebec and has been for 20 years. Because they have such significant penetration within the population there, they're raising approximately $800 million a year, and there's also a second fund there that raises about $300 million.

So what we've seen is that in a population that has had the funds for some time, there's a loyalty to the fund. The funds continue to raise money and they've raised money far in excess of what has happened in Ontario. Part of the problem in Ontario is that Ontario chose a different route, which was to allow anybody to set up a labour-sponsored fund and there are a number of what we call rent-a-union funds. In other words, labour is not really involved in the process of raising the money or overseeing how the money has been placed.

That has resulted in a wide variety of rates of return in Ontario, versus the provinces like British Columbia, Quebec, and others that have started with one fund and then moved to a second fund where you've tended to have higher rates of return and certainly more consistency in investment. So in Ontario, it was simply the path they chose and the results that occurred.

[*Translation*]

The Chair: Thank you, Mr. Loubier.

[*English*]

Ms. Wasylycia-Leis.

Ms. Judy Wasylycia-Leis (Winnipeg North, NDP): Thank you, Mr. Chairperson, and thank you to all of you for very excellent presentations.

I'm going to start by saying to Michael Polanyi—and I want the chair to hear this—that I think his intervention to us about process is a very important one. It's not a criticism of the chair or of staff, but basically this process sucks. We are talking heads each and every day. We are here to transfer a dialogue. It's not inviting for Canadians to come and give us their input, and I have said we should rethink the way we do things.

Now, it's a problem with all of Parliament, so for us to do it, it would be quite pioneering. But I think we should look at it.

I'm wondering, Michael, if you would consider giving us a brief on some ideas about how we could actually change the process, and give us a model that we could consider for the next time.

Mr. Michael Polanyi: I'd be happy to submit something. I also suggest you go to Canadian Policy Research Networks, who have done excellent, probably leading-edge work of all the organizations in Canada on this. They consulted with Ontario and their budget process, and they consulted with the Commission on the Future of Health Care and their process. So they've done excellent work. But I'd be pleased to pull together something brief for you.

Ms. Judy Wasylycia-Leis: Thanks.

I also want to thank Dri for his comments. I think he did more to put a human face on the kind of situation we're dealing with than all of the statistics and analysis in the world. I mean, to show that we're talking about real people who die on the streets because we haven't actually done our job is fundamental.

On this question of how the.... It seems to me that you've got to be very careful that the $1.6 billion we managed to get out of the Liberals in the last budget does not simply go against other commitments, that it does not become an excuse for Joe Fontana to say that other plans he had or commitments he made to roll out a housing program suddenly is put up against this, or that this money is put up against that.

I want to ask you, Michael or Dri, what would be the best thing they could do to make sure that that money goes to where it's needed, to actually help people who are homeless or living in deplorable housing conditions and need better housing to be productive members of society?

• (1125)

Mr. Rainer Driemeyer: Number one, sign the cheque. You keep making promises. Sign the cheque.

Mr. Michael Shapcott: And if I could add to that, sign the cheque and get the money to the hands of the housing providers.

In late September, when the federal housing minister met with his provincial and territorial counterparts at a luxury beach resort just outside of Halifax for the annual housing summit, when I met with Minister Fontana, what we said about the $1.6 billion is this is a significant opportunity. We know that it's earmarked in three specific areas, which we support. A big chunk of it is to go to aboriginal housing, both on reserve and off reserve. We all know that is an urgent priority, and we support that. And we support the work of groups like the National Aboriginal Housing Association in ensuring that the housing is built by aboriginal people and controlled by aboriginal people both on and off reserve. So a big chunk of that is there.

There will be a first ministers meeting, and housing will be on that agenda. We want the ministers to move beyond talk and to actually implement.

There are two other components that we've heard of in terms of the $1.6 billion that you were able to get. Incidentally, that's more money in one budget bill than we've seen in ten years from the federal government. That's very, very important money—urban redevelopment dollars. There are in this city and in cities across the country housing projects that are falling apart that have simply outlived their useful life, and a significant portion of that money should be put into projects, in the case of Toronto, like Regent Park, one of the earliest public housing projects in the country.

Thirdly, in terms of new social housing supply, co-op and non-profit housing is clearly a big priority for those dollars.

If I can just underline the point that Dri made, when we met with Minister Fontana in September, we brought a report card from our national network. We added up in the province of Ontario from the years 2002, 2003, and 2004 the announcements made by the federal government and the provincial government for new housing. Ms. Minna will notice, because she and I have been to a number of these announcements. There were 11 announcements, a total of 46,323 new homes that were promised. When you look at the audited financial statements of the Government of Ontario as to how many homes were actually delivered under the federal-provincial program, it was actually 63 units—46,323 promised, 63 delivered.

So when we say write the cheque, we mean write the cheque. Get the housing built. There are people ready to go now.

Ms. Judy Wasylycia-Leis: I have a very quick question to Kathy Bardswick and David Levi.

Kathy, if we don't get Bill C-57 through committee and back to the House, what happens in terms of your situation as outlined in your brief?

For both of you, on venture capital, what would be the most important thing we could do to advance in this area?

David, has the Crocus situation in Manitoba hurt any of this? Has it made it more difficult, and what specific thing could we do right now to get this moving?

Kathy, and then David.

Ms. Kathy Bardswick: To be clear, the passage of Bill C-57 will allow us to submit an exemption, a request for an exemption under the legislation.

The Chair: I don't mean to interrupt.

What would happen—because we're going to look at it next week, so it's not a problem. It's been referred to committee.

Ms. Judy Wasylycia-Leis: On a point of order, Mr. Chair, we don't know what's going to happen.

All I'm wondering is if it doesn't go through all stages—

The Chair: That's right. If we could answer the question, because I have to move on....

Ms. Judy Wasylycia-Leis: —what sort of interim thing we can do to protect your situation.

Ms. Kathy Bardswick: What will happen is either we don't get approval when we submit the exemption, if it is passed, or if it isn't passed, we are forced with restructuring our organization and challenging our cooperativeness, our very nature.

The Chair: That's it. Thank you.

No, we're over. We're at seven minutes, Judy.

Ms. Minna, please.

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

First of all, I want to say that I'm getting a little bit tired, quite frankly, of listening to my colleague, Madam Wasylycia-Leis, suggest that there's no commitment on housing from the government and that the minister will use the money on things other than what was committed. First of all, the $1.6 billion was already committed by the minister even prior to the agreement. And as Mr. Shapcott has said, there has already been a decision on the three major areas it's going to be spent in. So I'm tired of listening to this stuff.

Also, Mr. Shapcott, I'm not here to defend anybody in particular, but Mr. Gagliano—I was in cabinet at the time—while he was in cabinet, was the strongest fighter on housing. He was the one who pushed the very first meeting to get started, after decades of housing ministers. He was moved out of his portfolio, but I don't think we should be here.... I just needed to say that, because I'm getting a little tired of people attacking people on a personal level.

Now, having said that, I agree with you entirely on the RRAP. That has to be renewed, and I'm pretty sure that it will be. The 1% solution I agree with. The CMHC reinvestment I agree with, and there is a lot of support in our caucus. I think you will get a great deal of that. With respect to spending the $1.6 billion, I know that the commitment already for Regent Park is something that has already been worked out, and I understand that there is going to be a massive redevelopment there. That's one of them.

With respect to the aboriginal, I think to some degree that's going to wait for the meeting of the first ministers and it will be addressed there.

I have a question on the homeless side. On the SCPI program, can you give me an idea—because I want to go to two other questions—on how that's working and if there are any problems and whether it needs changes?

● (1130)

Mr. Michael Shapcott: The federal homelessness initiative, the supporting communities partnership Initiative, is due to expire, and there's a real concern about transition and that services for homeless people will be lost and staff will be laid off. So there's a critical issue about extending it. It's due to expire at the end of March, and many groups are very concerned about that.

The program itself needs more money. It was originally conceived to only deal with ten cities across the country. When people said that homelessness exists throughout the country, the program was extended, but without any additional dollars. What that meant was fewer dollars in a bigger area.

It's a very small pie, and the slices are getting increasingly tiny. It needs to be extended, and we need to look at some of the operating rules to deal with the core funding issue.

I heard you in the earlier presentation. I know you understand the core funding issue.

Hon. Maria Minna: Yes.

Mr. Michael Shapcott: At the moment, it's only funding projects, rather than providing core funding, on the fiction that somehow agencies can support themselves. We don't know how. That has to be addressed with some program rule changes as well.

Hon. Maria Minna: Thank you. I agree with you 100%.

I'd like to move very briefly to the Metro Toronto Chinese, to Ms. Yao-Yao Go.

I wanted to ask you about the redress issue, because this is an issue I was involved with—in fact, with the Chinese Canadian community, the Ukrainian, and the.... Well, I was president of the National Congress of Italian Canadians at that point, so I understand the issue well.

There is a bill in the House right now from Inky Mark, a private member's bill, but it does not ask for redress. I understand there is division within the Chinese Canadian community with respect to that issue—although this bill doesn't even include the Italian Canadian community aspect, but we'll leave that aside.

How do we resolve this? The private member's bill seems to have a lot of support. Basically, it's asking for acknowledging and honouring what's happened, but it doesn't actually ask for specific redress.

Would you expand on that very briefly, if you could?

Ms. Avvy Yao-Yao Go: Actually, the original bill by Mr. Inky Mark did talk about redress, but in the form of community redress, as well as an apology to the Chinese Canadian community. It does not talk about individual redress; however, the principle of redress was in the original bill.

What is happening now is that Liberals are proposing a number of amendments that basically I wouldn't call amendments any more, because the Liberals are, with all due respect, rewriting the whole bill. All references to redress and restitution are gone. All references to apology and acknowledgement are gone. So it's no longer a redress bill; it is just a bill that basically says in the old days there were the head tax and the exclusion act—period—and talks about having some kind of stamp to recognize that these things happened.

I think, in all fairness, we can no longer call this a redress bill. It no longer honours the memory of the head-tax payers—

Hon. Maria Minna: I understand, but what I'm asking you is, given that there's a split, which side do we take?

As a government, we're trying to address a lot of issues. There's the Chinese Canadian community, obviously, but there's the Italian Canadian community, and I think there's the Acadian, and there's the Ukrainian, and then the Korean community has agreed. The communities, or at least the people who were negotiating with Inky Mark, have agreed.

Ms. Avvy Yao-Yao Go: Right.

Hon. Maria Minna: I guess what I'm saying is that there is disagreement within the community itself.

Ms. Avvy Yao-Yao Go: There's always a split in any community. There was a split in the Japanese community as well.

Hon. Maria Minna: But the issue is, which one do we take? I guess that's what I'm asking.

● (1135)

Ms. Avvy Yao-Yao Go: You do the right thing. The right thing is to redress.

You should be guided by principles. The problem is that the government is now only talking to people who—

Hon. Maria Minna: I'll be honest with you; as a member of a group that is involved with this, I think redress to individuals at this point is probably not the wisest thing, but I believe we need to establish some fund within a community context to be able to work for long-term racial integration and what have you. I think that's probably where I would agree with you, but not on an individual basis.

Mr. Chairman, I didn't mean to take time; I just wanted to clarify.

The Chair: Thank you, Ms. Minna.

Just for information, since we're on this issue, I put in a private member's bill for the Italian community, and there are some other issues.

The budget passed the ACE program, the acknowledgment, commemoration, and education program, for these issues. But people from the Chinese community have approached me, and I know there's division within the community, and I know Mr. Raymond Chan is working on it, and I don't think we're going to come to a conclusion today. It's in mediation.

Mr. Penson.

Mr. Charlie Penson (Peace River, CPC): Thank you, Mr. Chair. I know I have a short time here, so I'll go to Mr. Dimmell first.

Mr. Dimmell, when you talk about declining reserves in your industry, it is just the existing mines you're talking about. Just to be clear, there's probably a lot of potential in mines that can be developed under new exploration—is that correct?

Mr. Peter Dimmell: Yes, that's correct.

Essentially, what's happened over the last number of years is that there hasn't been the exploration money put into looking for new base metal reserves. What has happened is that the mines now existing are running out of ore.

At Bathurst, New Brunswick—I noticed Yvon Godin is on your committee, but unfortunately he's not here—in three, four, or five years Brunswick Mining and Smelting is going to close down. It employed 1,000 to 1,500 people in Bathurst for fifty-some years. Those types of things are happening right across the country.

We know there are ore bodies out there to be found—certainly some up north that could be developed, if the infrastructure were there.

Mr. Charlie Penson: Mr. Dimmel, I'm sorry to interrupt you, but my time is short and I want to get to this.

You made the point that the investment tax credit for exploration is running out. Why hasn't there been the exploration, finding these new mines, using the tax credit for the last five years?

Mr. Peter Dimmell: There has been, but unfortunately what's happened is we've hit a commodity cycle. Because the junior sector drives most of the exploration these days, they're commodity-sensitive. Commodity prices have only taken off in the last year or two. Junior companies have jumped into the base metal exploration, and unfortunately it's too late to start to generate the new mines at this point. Now, all of a sudden, we're going to be cut off.

An example I use to people is I'm a director of four junior companies, one of which is working only in Mexico and the Dominican Republic. We raised $30 million. That's being spent in Mexico. That's because times are good.

Junior companies that raise the investment tax credit will have to spend that in Canada. That's our advantage.

Mr. Charlie Penson: Mr. Dimmell, you don't have to provide it now, but I wonder if you could provide the committee with the amount of money this investment tax credit has meant to your industry in the last five years, so that we can make a judgment call on whether it should be renewed.

Mr. Peter Dimmell: Sure.

Mr. Charlie Penson: Thank you for that.

I'd like to go to Mr. Shapcott.

Mr. Shapcott, I see you're the research director for your organization. Can you tell us, when you're asking for more money to be put into social housing, how much on average does a housing unit cost across the country?

Mr. Michael Shapcott: There are different pro formas. Here in Toronto it's about $140,000 for a typical two-bedroom apartment. It's less in some other parts of the country where land costs and construction costs are slightly lower. That's probably on the upper end of it and it's slightly less in other places.

Mr. Charlie Penson: Vancouver would be very high too, wouldn't it?

Mr. Michael Shapcott: Vancouver would probably be in the same range.

Mr. Charlie Penson: Considering that these units would be in the urban centres, in the big cities, to a large degree, because that's where most people live, are you able to give us an average or...? You were saying $140,000 in Toronto, but what is the average across the country? Give us a ballpark figure.

Mr. Michael Shapcott: Well, we talk about a range because really a program needs to be designed nationally but then it has to work locally and it has to deal with the local situation. So pro formas have been developed by groups like the Federation of Canadian Municipalities looking at actual construction costs in different centres, both larger cities and smaller areas.

Mr. Charlie Penson: The reason I raise it is that in my part of the world, in Alberta, things are really going wild on the housing side, on the construction side, and it's very, very expensive. And I know the average price of a single-family home in Vancouver now is $500,000.

So I'm just wondering how many units you'd get for the $2 billion you're asking per year, because it seems to me that $2 billion wouldn't buy very many units.

Mr. Michael Shapcott: We estimate about 20,000—between 20,000 and 30,000, again depending on the particulars. But in your province of Alberta, there are places like Fort McMurray, which has an economic boom but also has a homelessness boom and a housing crisis boom because people who are gainfully and fully employed can't afford even rental units in that city.

● (1140)

Mr. Charlie Penson: It doesn't just apply to Fort McMurray, although that is a good example. I come from Grande Prairie, and it's experiencing the same kind of thing. The entire province is in the same—

Mr. Michael Shapcott: And partners in our network in places like Calgary, Edmonton, Fort McMurray, and so on are reporting that, and there's an urgent need to invest in new supply affordable supply in order to deal with the—

Mr. Charlie Penson: The reason I asked the question is I'd be very surprised that you would be able to get units for $140,000. Does that include the cost of furnishing and supplying these homes?

Mr. Michael Shapcott: No, it's the construction and development costs. It includes financing and construction and land costs. What we look at in many parts of the country is to have certain fees and levies waived—municipal taxes, development fees, and so on.

Mr. Charlie Penson: What would be the additional cost of furniture and so on for homeless people? Because they wouldn't be able to afford that either. Would you have any estimate on how much that would cost in addition to the housing itself?

Mr. Michael Shapcott: I could guess. I'd be happy to actually supply a more learned answer to the committee after the fact. It'd be a couple thousand dollars. There do exist in a number of communities measures like here in Toronto, where there is a furniture bank that collects used furniture and puts it back out to people. We can actually equip people.

When Dri and his colleagues moved from being homeless to moving into housing, we were able, through the furniture bank, to actually equip and set people up with a whole range of things, at very minimal cost.

Mr. Charlie Penson: I think the committee would be interested in some estimate on what those additional costs would be.

Mr. Michael Shapcott: I will supply that.

Mr. Charlie Penson: Thank you.

The Chair: Thank you, Mr. Penson.

I have a special request from Judy, David. What's your view on investment? How do we generate more investment in this country in terms of the venture capital side?

Mr. David Levi: I guess there are several things, some of which you've heard this morning about the LLC problem with the United States, in terms of limited partnerships being able to operate up here. I would say there are probably three or four things, right off the top of my head.

Frankly, one would be to enhance the $10,000, or whatever we're talking about, enhance the amount of money that's being raised by labour-sponsored funds that would immediately be deployed within the country.

The second one is that there are some impediments you've heard about in terms of inviting U.S. investors up here. But the single most important one is the institutional investment community. One of the problems we have in our pension funds and in our foundations is that they're very conservative in terms of their approach to venture capital versus the United States, where they're very aggressive in investing in this asset class. There's a combination of education and potential incentives that might bring them more fully into the investment area.

Our single biggest problem, frankly, is that the venture capital industry really, in terms of maturity, is only about 10 or 15 years old. So we haven't had a lot of experienced venture capitalists. That has started to change over the last, say, five years, because there are people who have been in it now for 10 or 15 years. And as we've gone through that process and continue to try to train people into this industry, our rates of return will get better. That is one of the key issues for institutions.

The Chair: Is there anything we can do? You were mentioning commercialization. We have a problem with commercialization, like in the last group in the biotech industry. Can we tie in, can we put restrictions on the...? If you decide to go with increasing limits, can we say only for commercialization, for example?

Mr. David Levi: We actually operate a commercialization fund. We're the only ones in the country, and one of the critical elements to that is exactly what you're talking about. Here in Ontario, there's an extra 5% tax credit that is targeted toward very early stage biotech and IT. So it's specific to commercialization, and we'd certainly encourage the committee to think about that, because if you add that much more of an incentive, the timeframe for those companies to mature is a little bit longer. As a result, you have to compensate the investors by giving them a bit more of a financial incentive to go into that early stage.

The Chair: Good.

A quick question to Mr. Dimmell. In your industry, the mining industry or exploration industry, we're still hearing that it's being subsidized. Is it your feeling that the industry is still being subsidized?

Mr. Peter Dimmell: Well, you people will always say that, I think. The mining industry is always a good target for a lot of things. I think a lot of what you read in the press is wrong, I don't think there's any doubt of that. The industry—

The Chair: Oh really? We wouldn't know that.

Some hon. members: Oh oh!

Mr. Peter Dimmell: The industry has changed, like everything in this country. We don't do things the way we did things 20 or 30 years ago, any more than towns and villages do it with their sewage and things. So it has changed.

The investment tax credit is R and D. There is an investment tax credit for just about every industry, which is permanent. The investment tax credit for exploration has not been permanent, and I think that's the difference. So I don't think anyone considers that a subsidy. And if it is a subsidy, then it's something that is directed to rural development and northern development, which is something, of course, that the Liberal government has really embraced. And I think that's something we need to continue with.

● (1145)

The Chair: So there are no direct subsidies is the answer. Okay.

Ms. Yao-Yao Go, I am sorry, we don't have much time. I simply want to ask two quick questions. For language courses, what's the problem? Is that a provincial jurisdiction? How—

Ms. Avvy Yao-Yao Go: I guess it's a joint—well, there's talk about increasing funding for the provinces, and I understand that the Standing Committee on Immigration has held up—

The Chair: I understand. But if people come into this country, do they have to pay to go and take an English course in Ontario, or a French course in Quebec?

Ms. Avvy Yao-Yao Go: There are different language programs offered through community agencies which receive funding from the government to do so. The problem is the funding is not sufficient and there are all kinds of restrictions as to who can take those courses.

I guess the thought is that once you take the course once or twice or you have been here long enough, you no longer need those courses. So there are many reasons—

The Chair: Is one of the restrictions money? Do you have to have a certain amount of—

Ms. Avvy Yao-Yao Go: No, I think it's more.... It's easier for newly arrived immigrants to get into those courses than if you have been here longer. Then you won't be getting—

The Chair: Once you know how to say "hello" and "good-bye" you've passed the course.

Ms. Avvy Yao-Yao Go: Exactly. But one of the reasons—

The Chair: I understand. I'm being a bit facetious here.

But on the legal aid side, again, what can we do on the legal aid side? Is that not, again, provincial?

Ms. Avvy Yao-Yao Go: Yes, legal aid is very much a provincial issue, and that's exactly the problem with different provinces doing different things. For instance, Ontario actually has the best legal aid in the entire country. In British Columbia, for instance, they have really gutless legal aid. There is no longer any legal aid for certain areas, including immigration and refugees. So things like immigration and refugees, arguably, are actually under federal jurisdiction. So I think we need to talk about how the federal government could funnel money and at the same time set standards, as you do in other areas, such as health care and education.

The Chair: Thank you.

Thank you again to all the panels, the groups. I appreciate it. These sessions are tough. I said the same thing last session.

Mr. Driemeyer, I don't mean to be heartless. It's tough. We appreciate you coming here. Like Judy said, it puts a face on the whole process here and what we're trying to do.

Mr. Rainer Driemeyer: Thank you very much.

The Chair: Thank you.

The meeting is adjourned.

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