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# **Standing Committee on Human Resources, Skills Development, Social Development and the Status of Persons with Disabilities**

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**Chair**

**Ms. Raymonde Folco**

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## Standing Committee on Human Resources, Skills Development, Social Development and the Status of Persons with Disabilities

Tuesday, March 22, 2005

•(1110)

[*Translation*]

**The Chair (Ms. Raymonde Folco (Laval—Les Îles, Lib.)):** Pursuant to Standing Order 108(2), we are resuming our study of the expenses of the Department of Human Resources and Skills Development and the Department of Social Development.

The Honourable Joe Fontana, Minister of Labour and Housing, will be appearing before us between 11 a.m. and mid-day.

[*English*]

Welcome once again, Mr. Minister, to our meeting.

I won't ask you to present Madame Flumian, who's so well known to all the members of this committee; Madame Maryantonett Flumian, who is Deputy Minister of Labour for the Department of Human Resources and Skills Development; and Madame Karen Kinsley, president of Canada Mortgage and Housing Corporation. Thank you for being here.

Oh, and Mr. Terry Hearn. I'm sorry, Mr. Hearn, I didn't have your name on the list. You're the comptroller. A comptroller or the comptroller? The comptroller, right. We will add your name to the list.

Thank you very much for coming today.

This will be, as you recall, members, only for the first part of our meeting this morning—therefore, until 12 o'clock at the most—because from 12 to 1 o'clock we will have the Honourable Ken Dryden as a witness.

I would remind members that, seeing that the date for the supplementary estimates has now gone, the minister will be answering your questions, but there will be no vote at the end of this meeting, of course.

Minister Fontana, you have the floor.

**Hon. Joe Fontana (Minister of Labour and Housing):** Bonjour. Merci, Raymonde.

Colleagues, it's a pleasure to be here with you again for the supplementary estimates and to answer, of course, any and all of your questions.

[*Translation*]

As you know, being the first Minister of Labour and Housing has created special opportunities. The merging of housing and home-

lessness under one portfolio has already started creating better synergies.

[*English*]

On a technical note, I point out that, accordingly, the supplementary estimates reflect a transfer of the CMHC's entire appropriation from Environment Canada to HRSDC.

This morning provides me with an occasion to share some of the experiences and progress we've made on labour and housing since last November. Just yesterday, I was pleased to join several of my colleagues to launch the Government of Canada's action plan to combat racism. This is the first-ever horizontal approach across the federal government to combat racism, and it includes the cooperation of many departments, including my own. It's an action plan that is a priority.

You may recall that the 2005 budget announced an investment of \$56 million over the next five years for its implementation. Of this, \$13 million has been earmarked for the labour program to implement one of the core components of this action plan to ensure that Canadian workplaces covered under the Employment Equity Act are racism free.

Discrimination, though, as we know, still exists for many people, and the Canadian labour market is weakened by the existence of barriers inhibiting employment and advancement of certain groups. The latest ethnic diversity survey reveals that the workplace is the most commonly cited location at which individuals experience discrimination. Consider, for example, that while the overall unemployment rate in Canada is 7.4%, it is 19% for our aboriginal people.

My officials in the labour program have undertaken a series of information-gathering engagement sessions on the issue of discrimination in the workplace with employers, businesses, unions, and civil society organizations across the country. These engagement sessions are a fundamental part of the plan because creating racism-free workplaces is a goal that requires the involvement of both employers and employees. Achieving a diverse and inclusive workforce is key to Canada's economic and social development and will help our businesses to succeed in a 21st century economy.

**The Chair:** Mr. Fontana, I think you're going just a bit too fast for the translators.

**Hon. Joe Fontana:** Thank you, Madam Chair. I should know that, having been here. I will slow it down a bit. I've had too much coffee this morning.

This is an action plan we are committed to, and it goes hand in hand with our responsibilities for employment equity. The Employment Equity Act is an important piece of legislation in the government's agenda of social inclusion. Since the act was made law in 1986, the face of the workforce has certainly changed. Success has come largely because employers believe employment equity speaks to our core Canadian values. The latest figures are available in the 2004 employment equity annual report, which I have just tabled in the House earlier this morning.

Continuing on the topic of legislation, when I spoke with you in November, I indicated I was looking to continue modernizing and improving federal labour law, specifically labour standards. Actually, it's the first review of part III of the Canada Labour Code in 45 years and will address everything from minimum wage, hours of work, and compassionate and parental leave to overtime and vacation time.

The balance between work and life is not as clear-cut as it used to be. The workplace has changed. In some cases the workplace is a car, a cell phone, or a Blackberry, which I see Peter Adams now using. That's why I have asked Professor Harry Arthurs to engage citizens from labour and business to talk about what the workplace of the future should look like. It's a comprehensive engagement, because we need to make sure it's as inclusive as possible. The best way to attract skilled workers is to make sure our workplaces work for them.

As this committee's involvement in responding to the report's eventual findings will be important, you will, of course, be kept informed of our progress. Later this year I expect I will be able to share the findings Professor Arthurs will present to me in the interim report.

As Minister of Labour, I want to support workers and their families, because stronger families build stronger communities and a stronger nation. As Minister of Housing, I also know we need to take a holistic view of housing, because for families to be strong, every person needs dignity, needs a place they can call their own, needs an address. This is the aim of Canada's housing framework, but addressing housing means more than just putting a roof over someone's head; it involves a whole range of supports and services an individual may need. As part of developing a coordinated response to housing affordability challenges and homelessness issues, I convened an extensive series of community consultations and expert panels this past January and February.

I want to thank some of your members for having their own consultation meetings and providing me with their insights.

In these two months, 17 consultation sessions were held in all regions, with a wide diversity of participants. We sent out more than 700 invitations to representatives from all levels of government, the private sector, not-for-profit agencies, service providers, academia, and advocacy groups. We also received countless e-mails from Canadians across the country anxious to provide input into the framework. I attended several of these community meetings myself, and I can tell you the discussions were lively, honest, and wide-

ranging. My officials are now reviewing all the input in developing the new Canadian housing framework, which will be put forward in a policy document for consideration by cabinet and by the federal-provincial-territorial ministers as well.

I am working with the provinces and territories to make sure the existing funds, approximately \$640 million, are spent quickly and wisely for housing. Every province and territory has its unique situation, so to get the ball rolling, we have come up with new program flexibilities addressing challenges that have kept some from participating in the spending. Let me applaud the efforts of the Quebec government, as well as B.C., Nova Scotia, and Saskatchewan. They have signed phase two of the agreement.

This government remains committed to addressing the housing needs facing many Canadians. The budget renewed the government's commitments to extending and enhancing all our housing initiatives. Every community across the country has made housing an important issue and is looking towards partnership and solutions. That is because housing addresses quality of life—investment in people, caring for our neighbours, our workers, our seniors, our youth, our aboriginal communities, and the people who are disabled.

● (1115)

We know that in terms of housing shortages, aboriginal persons face special challenges in finding suitable housing, especially on reserves. That's why the recent federal budget delivered on a commitment to improve on-reserve housing conditions for aboriginal people by investing \$295 million over five years. This funding will help build 6,400 new housing units and renovate 1,500 existing units. It's the first step in how we will work towards establishing a transformative aboriginal housing system.

This initiative will complement the Canada-Aboriginal Peoples Round Table, led by the Prime Minister, which agreed to move forward in finding innovative ways to ensure that aboriginal peoples share in Canada's prosperity. Over the long term, we will work towards the development of long-term housing solutions coming from the Canada-Aboriginal Peoples Round Table consultation process.

The budget has announced major housing investments to help preserve our natural environment and to address climate change. These investments include promoting greater energy efficiency and sustainable practices. This budget committed substantial new investments for environmentally friendly housing, with over \$225 million for the EnerGuide for houses retrofit incentive program. We quadrupled that budget. This initiative will complement the recently announced 10% Green Fund refund on mortgage loan insurance premiums for homeowners who buy or build an energy efficient home.

Moving finally to the world stage, I'm delighted that the Prime Minister has asked me to lead Canada's team in hosting the next World Urban Forum to be held in Vancouver in June 2006. The event will bring together close to 6,000 delegates from over 150 countries to address issues of housing, urbanization, sustainable development, social inclusion, and multiculturalism.

As Minister of Labour, I can tell you that we are delivering on our promises to provide all Canadians with the tools they need to succeed in the 21st century. Labour, housing, homelessness, all of these issues are important. We've been working hard and working together to strengthen communities by helping individuals and families to succeed at home and at work. With the help and input of our communities, we are finding solutions for the long term to support people who are homeless or are at risk of being homeless, putting home ownership into the reach of more Canadians, and modernizing our workplaces.

I want to thank you again for inviting me here today to speak with you. I would like to answer any questions you may have.

Merci beaucoup.

• (1120)

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

We'll start right away with Mr. Forseth. I remind you that in the first round, we have seven minutes.

**Mr. Paul Forseth (New Westminster—Coquitlam, CPC):** Thank you.

Welcome to the committee today.

I wonder if you could discuss at a little more length the conversation we've had in the House about the calls for supports for housing. Your response to questions has been, well, there's an existing amount of money that has been unspent.

You mentioned briefly that there have been barriers and that there have been some implementation problems. I'm wondering if you could expand a little bit about what those problems were and how you've managed to clear those up. How are we going to get to the next level? You mentioned that B.C. and Quebec are on board, but I'm still wondering if that really is enough and if you could provide some extra detail on that particular problem that has emerged—which perhaps wasn't anticipated when those funds were initially announced a couple of years ago.

**Hon. Joe Fontana:** Thank you, Paul. That's a very important issue, and I want to thank all the parties in the House for supporting cities and communities—and housing specifically—and people.

We first announced back in 2001 the affordable housing initiative of \$1 billion. When I became minister in July, it became clear to me that of the \$1 billion, only something like \$670 million or \$700 million had been spent, and for a number of reasons.

One is that every province and every community is a little different, and because there is a cost-sharing arrangement between the federal and provincial governments as well as the municipalities, it became clear that there were a number of obstacles and in fact some fiscal challenges that certain provinces have.

Yes, I indicated that both Quebec and B.C., who have made it a priority, managed to find the moneys in their own budget to move forward, and I applaud them. But the first thing I set out to do was to consult with my colleagues, to consult bilaterally with every minister of housing in the provinces and territories, to find out what the barriers and the impediments were. And so bilaterally, and at our November federal-provincial-territorial ministers meeting, I introduced a number of flexibilities as to how we count their share—in other words, their 50%. If they were investing unilaterally in other programs, if they wanted to convert existing buildings, if they wanted to use home ownership, if they wanted to use.... There were about 10 or 15 or 20 flexibilities that they required of me and I also required of them.

I'm happy to say that all of those flexibilities have been put in place that they wanted and that I wanted, and now a number of provinces—i.e. Nova Scotia, Saskatchewan, I believe New Brunswick, Ontario, and Alberta, and Manitoba—are coming very close. With the \$640 million I've indicated to you this morning, I hope that on a bilateral basis we can start to move that money as quickly as possible into the marketplace, so that we can help the thousands and thousands of people who are looking for affordable housing.

So all of the flexibilities are in place, and if you want me to table such flexibilities, I'd be happy to do that with the committee, to show exactly the kind of cooperation that both the provinces and I have been able to build, along with the cities and the communities that in fact are very much part of the solution.

**Mr. Paul Forseth:** Yes, I think it would be very nice if you tabled those details so we could read them. What you're talking about is still a fulfillment of the billion-dollar commitment. Once it really gets on track and begins to come down the stream, what is the commitment on where we go from here for new funds?

**Hon. Joe Fontana:** Thank you, Paul.

As you know, in the budget there was a commitment made by the finance minister, albeit there wasn't a number attached to it in the budget. We have a commitment of an additional \$1.5 billion in new dollars that will be part of the new affordable housing initiatives we are working on with the provinces; that is part of the Canadian housing framework consultations.

I think for the first time you will have heard that people have indicated the federal government needs to have a national housing strategy. Housing is a provincial jurisdiction, but we believe as a federal government we need to help people. We need to help families; we need to help individuals. I think being part of the partnership, along with community stakeholder groups, not-for-profit organizations, the private sector, which really wants to come to the table—and big labour wants to come to the table—we can find solutions for the 17% of Canadians, 1.7 million households, that are still looking for affordable housing solutions and are paying, in some cases, 70% to 80% of their income towards housing.

In addition, there are two incredibly important programs that CMHC administers. There is the residential rehabilitation assistance program, RRAP, which allows low-income Canadians, especially seniors and even those who are disabled, to maintain and stay in their own homes, and those who want to can renovate rental property, so that existing buildings can be converted, especially in light of the fact that there are so many incredibly good energy-efficient new products out there.

As well, there is the homelessness initiative, which we embarked on in 1999, of a billion dollars. As you know, it sunsets in 2005, and there is a commitment that we will renew the SCPI, the homelessness initiative, within the context of the whole housing continuum. Right now we are housing a lot of people in transitional supportive and emergency housing. We never had that infrastructure before. We do now, but sometimes they can't move from there into affordable and social housing. Why? It's because we don't have enough of it.

So that's the whole plan, to put in place a new framework that will bring about the programs for homelessness and the programs CMHC has for home ownership and the market, which in fact is serving 84% of Canadians very well.

• (1125)

**Mr. Paul Forseth:** As you know, one of the criticisms of the budget was that the real impact of the plans wouldn't really be phased in until about 2009.

That gets back to my question about the \$1.5 billion. From previous experience, have you now learned how we can roll out the additional money more quickly, so we're not into a fantasy land of promises several years off, but we can deliver it quickly?

**Hon. Joe Fontana:** This is a very important question. The last thing I want is for there to be obstacles and barriers to one program or another or sunsetting in the new program. There are provinces and communities today that are sitting with incredible affordable housing initiatives that will in fact help the most vulnerable in our society—low-income Canadians, seniors, and the disabled. So yes, I think that we've learned an awful lot.

I should point out to you that part of the flexibility in the existing programs is that they can now roll from phase one, even though they may not have been able to deliver all of the money in phase one, and they can move right from phase one to phase two. They don't have to wait to finish phase one and that allotment before they can go to phase two. Again, we've built in flexibility so that they can move dollars as quickly as possible, and we can too.

I think we've learned an awful lot on how to make sure the program and the pipeline can flow as freely as possible without making communities and groups—the not-for-profit organizations who are at the table or are partners and who sometimes get very frustrated that it's taking far too long to move from one program to another—deal with the incredible amount of paperwork that they have to put in place. I understand that accountability and responsibility are key. I don't have to tell this committee how important that is, but we need to make sure we can encourage and help the groups that are trying to help us all to do one thing, and that is to provide affordable housing to Canadians.

[*Translation*]

**The Chair:** Ms. Gagnon.

**Ms. Christiane Gagnon (Québec, BQ):** Thank you, Madam Chair.

Minister Fontana, I have a great deal of respect both for you and the work that you do. That being said, I am left wondering who wrote this fine speech, because, to my mind, it does not reflect reality. You spoke of a certain percentage of the population living below the poverty line; I can assure you that there is a gulf between what is being done at the grassroots level, and what is actually being achieved.

You told us that a consultation process is currently underway, and that you have met with various representatives. Personally, I feel that the time for consultation has come and gone; it is now time to act.

During the last election campaign, the Liberal Party undertook to invest new money. I do not know what good news you have in store for us at the next symposium in Vancouver. I do not know whether you will loosen the purse strings, but I do know that we are already 45,000 homes short in Quebec. We are ready to take action; yet, once again, there is no new money for building new houses.

The fact that seniors are going to retire, and will therefore have a lower income, constitutes another challenge. They will no longer have the means to afford housing, especially in the downtown areas where housing prices are highly inflated. I wonder how well we are going to be able to deal with this situation in Quebec.

Personally, I was very disappointed to learn that there is no new money for housing in the supplementary estimates. I do not want to discuss what has already been done, because it is not enough to meet our needs. Yet, in spite of this, you claim to be working effectively and getting things done. Consultation is not enough, new money is required.

We all know that there are \$3 billion idling in the CMHC. Could this money not be redirected? In Quebec, we are ready for action, we are beyond the project and consultation stage. We are being held back by a shortage of money; yet money is idling at the CMHC.

Minister Fontana, you could at least have shown some initiative on this front. I think that your words will ring hollow to all the organizations who are aware of the issues relating to social housing, they will be disappointed by your comments.

Furthermore, the supplementary estimates do not confirm a budget increase for the homeless. We know that there will be \$53 million, but we had asked for \$100 million dollars over the next three years. Nothing in the budget suggests a clear approach to this. After consultations, comes the time for action. Consultation has to lead somewhere. I do not know what you intend to say at the 2006 symposium, but I think the various groups will be very disappointed to learn that Canada considers itself to be a leader. When one is a leader, there should not be such a shortage.

I am speaking about Quebec, but the same applies to other provinces. However, the provinces that do not wish to move forward, should not be able to stand in the way of those who do. We have a shortage of 45,000 houses. In order to truly say that we are leaders, we ought to at least meet 60% or 70% of this shortage. Some say that Canada is a leader in housing, but that is not the case.

Thank you.

• (1130)

[English]

**Hon. Joe Fontana:** Christiane, thank you so much for being as passionate about housing as I am—and you all are. I've been impressed with all of the members of Parliament, MLAs, mayors, and city councillors across the country who feel that housing is a very important issue, and I know that you do too.

Let me just cover a couple of things, because I think you've raised a couple of issues.

I'm not consulting for the purposes of finding out what the problem is, because, believe me, I, and you, and everybody around this table know what the problem is with regard to housing. How we get to where we need to go with our provincial counterparts... because I know you know this very well, Christiane. Housing is a provincial jurisdiction, and therefore I have to respect provincial jurisdictions, but I also believe the federal government wants to be in partnership not only with the provinces but also with the communities as well as the not-for-profit groups and organizations, including those in Quebec that I've met with over the past number of months—FRAPRU and others—that in fact want to come to the table.

So I'm not consulting about what I believe the problems are, because I know what those are. I'm consulting so as to decide how we create the new partnerships in the way forward with regard to the Canadian housing framework.

I must tell you that I've been impressed with Quebec. We've had some very good discussions. I, for one, do not want to in fact penalize or in fact wait for a new program to assist Quebec, or B.C., for that matter, which have taken up all of the money and are prepared to invest, and so on. So I am looking at ways and flexibilities between now and the next budget as to how I can help the governments of Quebec and B.C. and other governments that in fact want to accelerate that much more.

I'm not going to let time get in the way of action, and so I am prepared to look at ways in which we can continue to help especially those that you've indicated in Quebec—45,000 people. I must tell you, though, that with regard to our homelessness initiative, as you know, in Quebec we have invested something like over \$250 million to help just with that particular aspect. We've built some incredible transition and supportive housing and homelessness initiatives. We continue to spend \$455 million each and every year for something like 136,000 households in Quebec through our social housing transfer that we continue to manage on behalf of the people of Quebec. In addition, of course, we have committed over \$200 million under our affordable housing initiative.

So, Christiane, will we do more? You'd better believe it. How quickly? As fast as I possibly can. I look forward to meeting with the

new minister in Quebec for housing, so that we can get on and plan for the future. So you and I are on the same page. I am looking at the options and flexibilities that we have within CMHC to see how it is that we can move and build more affordable housing and help a lot more people in the province of Quebec.

• (1135)

[Translation]

**Ms. Christiane Gagnon:** With respect to...

**The Chair:** Excuse me, your time is up. Your seven minutes are up.

[English]

Monsieur David Christopherson.

Welcome to this committee, Mr. Christopherson. You have seven minutes.

**Mr. David Christopherson (Hamilton Centre, NDP):** Thank you very much.

Thank you, Minister. It's good to see you again.

I have four questions. I'll start out with the friendliest and work my way through the list.

**Some hon. members:** Oh, oh!

**Mr. David Christopherson:** You mentioned the forum in Barcelona; I had a chance to join your delegation, and Karen was there too. I think all of us came away very excited about the prospects for Vancouver in 2006. I want to say in a very non-partisan fashion that I thought it was an excellent delegation and that we made a real impact there. I learned a lot. I want to congratulate you and your colleagues on heading up what was an excellent mission on behalf of Canadians on the world forum vis-à-vis cities and the future of cities.

I was particularly interested in the discussions there. Just so folks know, I'll say there are now discussions about how to formalize the role cities can play in impacting on and affecting the international agenda. I think that's a first, and it's a major maturing process for municipalities on the international stage.

So, Minister, a lob-ball question on that would just be, how are things going with the plans for Vancouver? Are we on track? Is there anything unusual or extraordinary that's jumped out that you'd maybe like to apprise us of?

The second one is a question on behalf of my colleague Peter Julian, who raises this. Apparently it's an issue coming out of B.C., although I would assume it affects all of us across Canada. It's section 95, CMHC. I don't profess to understand this thoroughly—through you, Chair, to the minister—but it's my understanding that when co-op housing mortgages are renewed at a lower rate and the amount of subsidy is greater than the difference between the old interest rate and the new, it affects the ability of a lot of co-ops to continue to provide subsidized units, forcing them to take more and more units out of the subsidized category and put them at the market level. The question would be, why does the formula have this penalty effect as opposed to just keeping the dollars constant?

My third question would be regarding the International Labour Organization, the ILO, which is an agency of the United Nations. You'll know, Minister, there's a review under way there now. Canada has been supportive of the 30 conventions the ILO has passed since 1982. We had representatives there; we voted for these, all 30 of them, yet only two of them have been ratified in Canada. It seems that when it comes to going on the international stage as a country, you the government, the Liberal Party, talk a great story about labour rights and labour issues, vote all the right way, look nice and progressive, and then come back here and basically do nothing. So the question is, why only two, what about the difference, and when are we going to get an agenda for implementation of these conventions so they're not just words?

The last one—I want to pick up on the point of my colleague from the Bloc—is about the issue of housing. I heard everything you had to say, and that's all wonderful and fine, and you're spending all kinds of bags of money. But the fact of the matter is that in the last budget you had close to \$5 billion in new tax cuts nobody except the Conservative caucus was calling for, yet one of the key areas of crisis facing our nation is housing and poverty as they affect children. We have more children in poverty now than we had when the House passed a motion making it a goal to eliminate child poverty, yet in this budget your government didn't find one new dime to put into housing.

I understand you have plans and consultations, but there are still many things that could be done with the right political will and, more importantly, with the money there. You had lots of money for tax cuts, but at the end of the day, Minister, there wasn't one new dime for the homelessness and housing affecting child poverty.

I'd like to hear your defence of that and your comments on the other questions, Minister.

Thank you, Chair.

• (1140)

**The Chair:** I just want to remind you, Mr. Christopherson, that your question as asked has taken more than half the time allotted, so the minister isn't going to have much time to answer.

**Mr. David Christopherson:** I didn't think I'd get the floor back. It's okay; I know the minister.

**The Chair:** Go ahead, Minister.

**Hon. Joe Fontana:** I can understand.

Quickly, with regard to World Urban Forum, thanks to you and others, Canada's role is a significant one, not only in housing. I think that hosting the World Urban Forum in Vancouver will be a great opportunity for Canada to showcase what it is doing and how it is working in collaboration with so many other countries to build mortgage insurance systems, building codes, and a number of things in terms of sustainable cities and urbanization. Not only is the world urbanizing very quickly, but Canada is very much an urban country. We appreciate and want to support our small towns and communities too.

Let me also indicate, on the labour side, that Paul was able to join me in Costa Rica. I would hope, and I think, that I've given all of you an opportunity to travel, when I can, to see exactly what Canada is doing. On the labour front, we've helped build labour codes. In fact,

for not much money, and having met with the supreme court justices in Costa Rica in the labour section, we were able to build their labour code for a small investment. That's how Canada is playing its role internationally.

Moving quickly to your points, yes, we go and negotiate incredible labour rights and labour issues with the ILO that we, as a country, believe in and that I believe everyone in the House of Commons believes in. Of course, my challenge is that an awful lot of the labour agreements impose certain responsibilities on the provinces.

I'm happy to tell you that when the federal, provincial, and territorial labour ministers met in January, in fact, we found a way of getting them to sign on. As the federal government having the responsibility, I can only enforce certain things. I need my provincial counterparts. There are some provinces that have signed on to those international agreements and there are other provinces who can't. I only want to tell you that we had a great meeting. I think there's a greater understanding of how the provinces and the federal government can work more cooperatively to make sure we're doing some of the things that you've indicated at the international level.

Finally, on housing, if I could, on section 95 and co-ops, I know that each and every one of you in your own communities have probably heard from co-ops. One of the interesting things is that when the economy is doing really well and interest rates are low, we offer a service to the co-ops to renew their mortgages. Financing costs are coming down for the government and also for the co-ops. You would think this would be good news, and it is. The problem is, unfortunately, there is an unintended consequence. As those financing costs are reduced, so are the subsidies. Therefore, we are reviewing the policy to make sure we are not helping fewer people. We should be helping more people in terms of subsidies and co-ops, not fewer.

I'm looking at the policy, but I can guarantee you this. If any co-op individually runs into financial problems by virtue of some of these strange quirks and things, we're prepared to work with them. The co-ops are an incredible way of providing housing. They are a way of life and they're great organizations. We're working with the CHF so that we can do it on an individual basis. Collectively, I'm looking at the policy implications that you've indicated.

Thanks, David.

**Mr. David Christopherson:** Thank you, Minister.

**The Chair:** Thank you, Minister.

We now go to Madame Bakopanos.



**Hon. Eleni Bakopanos (Ahuntsic, Lib.):** Thank you, Madam Chair.

Actually, this flows from the question that was asked by my colleague. I'll add a little parenthesis that city states were founded in ancient Greece, but we won't go there. It's a little bit of history.

Minister, I want to pick up on what you said on the co-ops, which takes off from what our colleagues said about poverty. You and I have had many discussions. It was part of the consultation process in Montreal where I participated—and I thank you for that—in terms of how to get people out of poverty. You get them out by building assets. One of the assets, as you said in your remarks and as this government has said, is housing. It's an essential asset for the stability of children to go to school, and also for the parents to have an asset to build on for the future, if they wish to sell it or whatever. So I very much favour the concept of co-op housing a lot.

Having the file on the social economy, I can also tell you there are a lot of social entrepreneurs out there who would in fact like us to get more involved in co-op housing. I do not personally believe in social housing. I'll put that on the record. I think it has created a lot of ghettos in terms of my riding. I think it responds to the need of a certain sector of society who do not wish for various reasons to acquire property or don't want to have the responsibility. I accept that.

I think the whole concept of co-op housing in terms of getting people out of poverty is important. Are you thinking of looking at a new program or enhancing the programs that are in place in order to have more co-op housing across the country? Perhaps you should also think in the future of working with social entrepreneurs who already have certain types of projects across this country that are multifaceted.

I don't want to go into debate. I'd like you to have a chance to answer the second question.

We'll pick up on what my colleague from the Bloc has said. Yes, it's true that many of the organizations in Quebec, some of which are in my riding and some of which I've worked with in terms of the co-op housing movement, feel that because other jurisdictions did not avail themselves of the money that was there, we should perhaps consider taking some of the money that isn't used and put it where there are projects already across the country. I share their view, and I'd like to know if you are thinking along those lines.

I'll stop there. Thank you.

• (1145)

**Hon. Joe Fontana:** Thank you again, Eleni, for making housing an important issue not only in your riding, but in your city.

Let me start with this belief that I think all of you share. What we need to do is create mixed-income communities. It's important not only to build the most affordable housing—and it that may very well be through co-ops or even social housing or not-for-profit—but within the context of projects, we need to make sure we have mixed-income people living there in every project. That social interaction is absolutely essential. I think that speaks to my other role in terms of discrimination, because we understand and know that sometimes rears its ugly head even in housing. Therefore, I think that in the

whole notion of not creating ghettos—because there are some examples of where that experiment has not worked very well—we want to be as creative as possible.

In terms of the options that I want to make available not only to the provinces.... You talked about city-states. It's an interesting quirk that perhaps your suggestion is that provinces actually were the creatures of city-states and not the reverse, because every city, organization, and community that I know knows what it wants and what it needs in its own community.

I don't believe Ottawa has the answer. I don't believe in this top-down model, one size fits all, because every province and every community is a little different. What I'm trying to encourage is that communities that have put together their homelessness plans, 68 of them, can put together their affordable housing initiatives also. Bearing in mind that we want to help everyone, even if it is in home ownership, let's look at creative ways to use brownfield lands, let's look at and cooperate in and build a greater partnership, but have those plans coming from the bottom up. Therefore, I'm trying to create many flexible tools that are available to communities and provinces so that they can pick and choose what they want.

There are rent supplement agreements under which you do in fact have supply but it's not affordable. Housing is either an income problem or an affordability problem, and that's where we get poverty. I believe we have to deal in both the income side and the affordability side.

There are communities and cities across this country—not necessarily in Montreal—that have a supply problem so that we need to build new, but in certain cities like Toronto, where you have 3% and 4% vacancy rates, there is housing there but it's unaffordable. How can we make it affordable? It might mean using some innovative and creative tools to see how we can make housing affordable. That helps people and families in poverty.

Listen, I understand that if you don't have a good place that you can call home, with your own address, it's all about dignity, it's all about respect, and it's all about making sure the kids, when they do go to sleep at night, can actually rest to prepare themselves for the next day in terms of education. So good housing policies, good health policies, social policies, and environmental policy are where we want to take a holistic view.

I'm prepared to work with any province. As I said, I don't want to penalize any community or province that is in fact ready and set to go and needs some money. Yes, it would have been nice to have additional money in the budget for this year, but I'm not sure it would have been used. That's why I say there's enough capital and capacity in the system now to achieve what we want. Sure, we'll need more, and as has been indicated, over the next five years we are renewing RRAP, which is about \$150 million each and every year. We will renew the SCPI and homelessness initiative. We have a commitment that we will have an additional \$1.5 billion for new affordable housing, which could include social co-op housing and innovative private sector housing, but what I want to do....

It's not only a question of money. Going forward, we have to create new partnerships. Not one level of government can build all the housing that we need to help the 1.7 million households that need it. What we need to do is make sure all of us, as partners—the provinces, the federal government, the municipalities, but more importantly the private sector, as well as big labour and the not-for-profit organizations—want to be there, building a real partnership that will help us be creative and think outside the box in terms of how we can build more units that are affordable, so that we can therefore help everyone who is in fact looking for a break in affordable housing.

• (1150)

**The Chair:** Thank you, Minister. We now go to the second round, which is five minutes.

Mr. Komarnicki, please.

**Mr. Ed Komarnicki (Souris—Moose Mountain, CPC):** Thank you, Madam Chair. I have about three areas I want to question the minister on, but I'll just narrow them down to save time. I appreciate the information that the minister has provided in this particular area. It is of interest to me.

I note that you mentioned that one of your tools in the \$1.5 billion hopefully allocated, although not in the budget, is in respect to rent assistance or rent subsidies. When I look at the existing budget of CMHC, I see they have \$71 million allocated to rental assistance.

I'd ask the minister if the rental assistance that is presently in existence is different from what the minister has in mind. Secondly, how much of the budget is he intending to allocate to rental assistance? As he mentioned, obviously it's an income issue, and he'll have a lot of takers in this area.

So do you have that specifically, and if you do have it, can you indicate that to me?

I have two other questions following that.

**Hon. Joe Fontana:** Thank you, Ed.

First, the \$71 million that you referred to speaks to the old supplementary agreements that were in place.

I should tell you that as part of the toolbox, provincial governments can use rent supplement agreements on their portion, and we would accept that. I'm not in a position to be able to say whether or not.... As you know, most of the federal money has been in phase one and phase two for capital, either \$25,000, or now \$75,000. That was to build new, recognizing that the \$25,000, which became \$75,000, was to make sure that our capital grant was going to go deep enough so that we could help the most needy in our society.

So rent supplements have always been part of something the provinces could do. It is one of those flexible tools that I was requiring for myself, so that I could move some capital to operating. Unfortunately, I can't tell you today that this authority has been granted, but I hope to be able to say in the very near future that rent supplements might be available through the use of our money, not only as capital but also as rent supplements.

**Mr. Ed Komarnicki:** The issue, in part, will be the fact that the capital cost is far greater than the rental subsidies in a lot of cases, and you may have more moneys available if you went the subsidy route.

**Hon. Joe Fontana:** Precisely.

**Mr. Ed Komarnicki:** The other question I have relates to the dual nature of CMHC, through which these projects are administered. You have, on the one side, their being the instrument for new homeowners to acquire homes by purchase through the insurance program, and then they have some social policy initiatives, such as building social housing, and doing other kinds of things along the lines you're talking about.

Part of the problem I see in this area is that you have government appropriations for funding of social projects, and then you have private insurance policies to encourage home buyers.

Are all the moneys pooled into one account, and do you have troubles distinguishing how this works? How is it affecting insurance rates?

I'll have a question flowing from that as well.

**Hon. Joe Fontana:** Ed, let me tell you that CMHC is an incredible organization.

Obviously it was started by our government way, way back. It was started because we believed then that there was a need to have a social housing agency. CMHC provides an incredible resource and administers the social housing funds that you speak of, such as the affordable housing initiative and the residential rehabilitation program, and interestingly, we do a number of public-private partnerships. So it has a social mandate, but it also has been given a commercial mandate, which was even strengthened some six years ago. It has been incredibly successful—so successful that some people are saying that it has retained earnings and that we ought to look at those, and so on and so forth.

Well, when 80% of Canadians are well housed—because that's our number—we must be doing a lot of things right. Homeownership is at an all-time high. We have in fact offered all kinds of new initiatives. In fact, if some people can afford to own a home, they don't even need a down payment; in other words, we're providing 100% financing. We're providing mortgage insurance premiums to developers and people who want to put up and built rental supply.

So we've been very successful on the commercial side, and they do an incredible job with regard to social housing.

If your next question is whether I am looking at ways of being able to marry both the commercial and the social sides, so we can be very creative and see and unleash the total capacity of CMHC, the answer to that potential question might be yes.

• (1155)

**The Chair:** Thank you very much, Mr. Komarnicki. That's five minutes.

Madame Ratansi.

**Ms. Yasmin Ratansi (Don Valley East, Lib.):** Thank you very much.

Perhaps I will ask the same question and you might get the answer.

I thank you for being here. I'm particularly struck by the statement you made that you want to avoid that potential homelessness. As you know, Ontario gets the maximum immigration, and Toronto has the bulk of it. When immigrants come, the first challenge they face is finding a job in their category.

We had Minister Chan come to my riding, and I had 30 community groups there. They all say the underlying problem is this. Despite the fact that they have international qualifications that the U. S. accepts, that Britain accepts, when they come here they are asked whether they have any Canadian experience. They think it's racism. So I'd like to know if we are addressing this issue, or how we are addressing this issue.

Number two, because they are underemployed, their economic situation becomes such that they cannot afford housing. When you talk about affordable housing...and I understand when you distinguish between affordable housing and social housing, affordability is a private-public partnership.

I used to do a review of the Ontario Housing Corporation. When I did the review in the early nineties, basically the people who came into that housing were people who could afford to buy houses. The questions I'm being asked are: what is the income level, how is it going to be equitable, how can I participate in that housing, and what are some of the parameters that you've given to help me get into the housing?

I went through the ghettoization and everything else and I did a review, and 33 of my recommendations were taken. But I still think that investment in social housing stopped before we came in. To create another stock, to help build up that stock while our population is increasing, becomes an intense task for the government.

If you could answer some of my questions, I would appreciate it.

**Hon. Joe Fontana:** Thank you, Yasmin.

Was that your question too, Ed? If it was, I was very impressed.

**Mr. Ed Komarnicki:** Mine was better.

**Hon. Joe Fontana:** That is a very comprehensive question, but let me just say this. There's no doubt, and I think David started to talk a little about income...and therefore, the reason people can't afford the housing that they want or they need is that they have not achieved their true potential. Obviously the sooner we can integrate new immigrants, with their credentials and education, into Canadian society, the sooner they can earn the income that they can make, and then they will have a number of choices. My whole objective as Minister of Housing is to give everyone some choices. The fact is that if you're in 84% of the population, you now do have some choices. You have choices to buy, you have choices to rent, you have choices to live in life leases, you have choices to do a whole bunch of things. Unfortunately, the 1.7 million households don't have an awful lot of choice, especially if you look at the most vulnerable and those who are in fact homeless or at risk of being homeless.

Do you know what? There are a thousand faces to homelessness, and it's not the people you see on the streets; in fact, it's our neighbours, it's our families, it's our friends who are in fact even

couch-jumping. We don't see them. They're one month away from being homeless because of the income they're having to put towards their housing. And we see it in aboriginals, we see it in new immigrants, we see it in women, we see it in youth and in single-parent families. In fact, I can tell you that some of our shelters have the working poor. Some 40% to 50% of the people in our shelters are the working poor, and why are they there? Because there's no place for them to go. That's why we're making sure that the affordable housing pipeline and all those other programs that we have work, because the whole continuum of housing needs to work. If all the other things in society that we need to do for people start to work, then people can move from a shelter to transitional supportive housing—especially if they're mentally ill, especially if in fact they have a number of different challenges—to social housing, to affordable housing, to the marketplace.

That is the system. That is the toolbox that I want to create to make sure people can move from one to another, as they will hopefully progress in life, and that's why the whole pipeline has to in fact work, or it all comes crashing down. My biggest preoccupation has been to make sure this pipeline of billions of dollars that we have committed, by all levels of government, actually works and functions as efficiently and effectively as possible. I think that was the very first question that Paul asked: how can we make sure it does function for everyone?

Thank you.

● (1200)

[*Translation*]

**The Chair:** Thank you, Minister.

There will be one last question. Mr. Lessard, I must advise you that you have three minutes for the question and the answer.

**Mr. Yves Lessard (Chambly—Borduas, BQ):** Thank you, Madam Chair.

Minister, before you leave, I'd like to raise the issue of labour relations. In your opening presentation, you reminded us that since the last time you saw us, you've been pursuing the modernization and improvement of federal labour legislation. In that connection, Minister, you know that in April, a bill on replacement workers, an anti-strikebreaker bill, will probably go to a vote at third reading. That bill has already been debated twice in the House in previous sessions and was rejected each time by only a few votes, especially the last time.

I'd like to know whether you intend to introduce legislation on that. If so, do you intend to join with us in supporting the anti-strikebreaker bill when the House votes on it in April?

**Ms. Christiane Gagnon:** Yes or no, not a long answer.

**Mr. Yves Lessard:** Incidentally, may I remind you that the nature of the federal legislation has caused major cases of prolonged conflict, which hasn't happened in Quebec.

[*English*]

**Hon. Joe Fontana:** I want to work with all parties and all people in Parliament who want to do a couple of things.

One, with regard to workers, in my role as labour minister I want to make sure that workers are protected. The human capital for workers and in business needs to be taken into account. I don't have to tell this committee, because you've done an awful lot of studies, that this country faces incredible challenges in the years to come in terms of a declining workforce. We have to make sure the workforce is well trained and that our new immigrants come to help us out if we want to achieve and maintain the quality of life that we need.

Second, we need to make sure workers' rights are protected. Now, whether it's having replacement workers or it's making sure that workers' wages or pensions are protected, I am prepared to work with anyone in the House of Commons who will further the agenda with regard to how we protect working men and women.

Now, with regard to the replacement workers, Yves, let me tell you, back in 1999 this committee and an independent commission looked at part 1, which is the collective bargaining rights. Business and labour came to a consensus and in fact put forward a number of recommendations that included the issue of replacement workers. You know, we do have in our legislation today, part 1 of the Canada Labour Code, that replacement workers cannot be used in the event of a strike or a lockout if it undermines the collective bargaining system.

So I want to be clear. Canada does have replacement worker legislation.

Can we go as far as the private member's bill? I would like to take more of a comprehensive review of that. I know it worked in Quebec, I know that B.C. has it, but I think the balance—making sure employers can manage their affairs, but workers need the assurance that their work is taken very seriously—has to be right, and we need to get it right. I'm just saying that perhaps the private member's bill will not do what I want to do, and perhaps what this committee may want to do next year, and that is to review part 1 again to see how, in a comprehensive way, we can make sure the balance between the rights of workers and the rights of employers to manage their affairs is right.

I think that's the important key word: balance.

• (1205)

**The Chair:** Thank you, Minister.

[*Translation*]

**Mr. Yves Lessard:** I didn't get an answer.

**The Chair:** Excuse me, the time is up.

**Ms. Christiane Gagnon:** But we're not in the House.

**Mr. Yves Lessard:** No.

[*English*]

**The Chair:** Minister, I would like to thank you for having given us a very good idea of where you're going and where your department is going. I would like to also thank Madame Flumian, Mr. Hearn, and Madame Kinsley.

Thank you again for coming.

We'll suspend for four minutes. Minister Dryden is waiting outside, so he'll come in right away.

• (1205)

\_\_\_\_\_ (Pause) \_\_\_\_\_

• (1209)

**The Chair:** Thank you, colleagues. We'll continue with the second part of our meeting.

I'd like to welcome once again Minister Dryden, Minister of Social Development. Thank you once again, Mr. Dryden, for coming to talk to us about supplementary estimates.

I remind the members of this committee that there will be no vote on this part of the supplementary estimates either, for the same reasons that we had not voted in the first part.

I'd just like to remind you also that Minister Dryden has a cabinet meeting immediately afterwards, and so he would like to end at about five minutes to one, if that is at all possible. Please make sure the first question you ask is the one you really want to ask the minister, because he is going to have to run afterwards.

Minister Dryden, thank you for coming. Perhaps you'd like to introduce the persons who are accompanying you.

[*Translation*]

**Hon. Ken Dryden (Minister of Social Development):** Thank you, Madam Chair.

[*English*]

I would like to introduce Nicole Jauvin, who is the Deputy Minister of Social Development Canada; David Baxter, who is the comptroller; Susan Scotti, assistant deputy minister for social development sectors branch; Christian Dea, acting director general, knowledge and research; and Donna Achimov, acting assistant deputy minister.

• (1210)

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

Perhaps you want to make a presentation to us.

**Hon. Ken Dryden:** Yes.

**The Chair:** Thank you. Go ahead.

[*Translation*]

**Hon. Ken Dryden:** I would like to thank the committee for this opportunity to address my department's final supplementary estimates for the 2004-2005 fiscal year.

[*English*]

I appreciated very much the exchanges we had in November when I appeared before you to answer questions on the 2004-05 main estimates. I shared with you at the time that this was a year of transition for us as we moved to become one of two new departments out of the former HRDC. That fact is reflected in a number of the adjustments you see in the final supplementary estimates you are considering here today.

I also spoke about shared services and how we continue to work with HRSD to support its program activities as well as our own, ensuring as a result of the December 2003 restructuring that we do not duplicate such supporting services as systems, finance, and human resources. The many services we continue to provide HRSD are reflected in these supplementary estimates.

Most importantly, I also spoke about the future and about the exciting mandate we have at Social Development, and of some of our early initiatives on early learning and child care, persons with disabilities, and communities. Final spending requests related to these initiatives are now being sought through these supplementary estimates to ensure that this important work continues.

I know we will have an opportunity to speak again in the near future to address the department's plans for the coming 2005-06 fiscal year and I very much look forward to discussing these plans with you.

On the specifics in these final supplementary estimates, Social Development Canada is seeking additional funding of \$57.1 million, comprised of \$38.5 million for non-statutory spending and \$18.6 million for statutory spending. We are also reporting a decrease in statutory spending of \$119.4 million due to revised forecasts for specific programs.

It is important to note that the increase of \$38.5 million in operating and grants and contributions resources reflected in these supplementary estimates includes \$30.3 million in transfers from other departments to support work the responsibility for which had already been transferred to Social Development Canada. In other words, it should be clearly understood that these transfers do not represent an increase to government-wide spending.

[*Translation*]

In addition, the department is seeking spending authority to fulfil previously announced commitments within its mandate related to the Understanding the Early Years and Voluntary Sector initiatives, and to support social development partnership programs for francophone minority-language communities.

The department's ongoing role in providing shared corporate services to the Department of Human Resources and Skills Development is reflected through specific requests to support HRSDC initiatives.

[*English*]

The funds requested are to fulfill SDC's role in providing financial, administrative, human resources, and information technology support to HRSDC. These requests are required to provide the necessary resources to our department that supports the administration of such initiatives of HRSDC as Canada student loans, the Canada learning bond, and the Canada education savings grant programs.

I refer you to Minister Robillard and HRSDC to provide any further background you require on the policies and programs related to these initiatives. As you know, Minister Robillard is also the lead minister with responsibility for the Service Canada initiative announced in the recent budget. As our current experience with service delivery and shared services between the two departments of SDC and HRSDC has already demonstrated, we can and will continue to work together to ensure that each of the essential programs for which we are responsible and accountable continues to be delivered in an efficient and effective manner.

My department, through its service delivery functions, will play a role in bringing about the vision of citizen-centred service that is the

real promise of the Service Canada initiative. Service Canada will ensure that Canadians can receive the help they need from the Government of Canada when they need it, without having to weave through the various departments mandated with the programs they seek to access.

Finally, the estimate documents reflect, for information purposes, a number of adjustments to statutory spending. It could be noted that the statutory item for payments to private collection agencies of \$18.6 million is also a transfer of responsibility from HRSDC, which has been included in HRSDC's main estimates for \$12.5 million. The increase of \$6.1 million is because of the amount and age of the outstanding loans. The revised forecast for income security payments, a decrease in planned spending of \$138 million, is based on updated average rate and population information.

I will continue to report and account to you on the important programs on which many Canadians rely, most notably the Canada Pension Plan and old age security.

● (1215)

[*Translation*]

I look forward to appearing again before you in the coming months on the 2005-2006 estimates and to share with you Social Development Canada's plans for the forthcoming year, as laid out in our report on plans and priorities which will be tabled in Parliament shortly.

I would be pleased to answer your questions.

**The Chair:** Thank you, Minister.

We will now go directly to the first round of questions.

[*English*]

Mr. Devolin is next for seven minutes

**Mr. Barry Devolin (Haliburton—Kawartha Lakes—Brock, CPC):** Thank you.

I have two questions, Minister Dryden, that I'd like to ask you. The first has to do with ministerial accountability, and the second has to do with the early childhood development program for first nations and other aboriginal children in the broader context of the national child care program.

Over the past few years, the notion of ministerial accountability has taken a bit of a beating in this country, both in your predecessor ministry at HRDC—scandals three or four years ago in that ministry—and more recently with other programs. As you know, our system rests on the notion of ministerial accountability, in that the minister is responsible for whatever goes on within their ministry whether they know about it or not. Ultimately, the minister must take responsibility for it.

I have a concern about the new structure between your ministry and the ministry of Human Resources and Skills Development. They're not two separate ministries, but a single organization with two different ministers. My concern is that if something goes wrong, a program isn't being delivered properly, money is going where it ought not to, and the program is being operated by staff from HRSD but it's a program you are responsible for, how will you and your colleague, the Minister of Human Resources and Skills Development, manage that? Will you be responsible for a program that's under your ministry's mandate, or will it be the minister the staff report to?

How are you going to manage that issue?

• (1220)

**Hon. Ken Dryden:** First of all, it is two different departments, two different ministries. As I think I said the last time, the essential rationale was a policy rationale, not a service rationale. In separating the two departments, there was a need to separate the policy rationales and the policy priorities and focus; there wasn't the same need in terms of separating the service part of it. That's why we carry on whereby we, as SDC, deliver services for HRSDC, and at the same time each of us has our policy focuses and priorities.

But they are two different departments. We each have our responsibilities under that, and included under that is our responsibility at SDC to deliver the service. If we don't deliver the service, we haven't fulfilled our mandate.

**Mr. Barry Devolin:** Thank you.

My second question has to do with the item in the supplementary estimates about the early childhood development program for first nations and other aboriginal children, at an additional \$200,000. More broadly, in terms of the national child care program, in the budget it was announced that the commitment of \$5 billion over five years would be kept, that it would be \$700 million in each of the first two years and \$1.2 billion in the last three years. There was an unusual structure—I think the money was kind of set aside, almost in a trust or something—given that the program has not yet been developed.

It's my understanding, and correct me if I'm wrong, that we can foresee over the next few months a series of bilateral agreements between the federal and provincial governments on the distribution of this money rather than legislation, or rather than a single announcement that would divide that money up. It's also my understanding that a portion of the \$700 million would be allocated to aboriginal people.

First of all, is that correct, what I've stated? Should we anticipate not legislation but a series of bilateral deals?

Secondly, what if all the provinces don't come to the table? This issue just came up with Minister Fontana a few minutes ago. We announced \$700 million for deals, and I guess we could think it might be done on a per capita basis, but what if all the provinces don't come to the table? If one or two provinces don't sign something in the next year, will that money be set aside for them in the future, or will the money be distributed amongst those who are prepared to negotiate? How will you know that as you work your way through this year, and how will you do a series of one-off deals unless you

have a formula ahead of time in terms of how the money will be distributed amongst the different provinces and amongst first nations?

As well, will the work on first nations be done through your ministry, or will that be done through Indian and Northern Affairs?

**Hon. Ken Dryden:** There will not be legislation. Under our proposed draft agreement, we will have a review of this program after four years, before the five years is up. This would be one of the questions that at that time we would be looking at, so there won't be legislation at this point.

In terms of what the final agreement will look like, we're still proceeding on the basis of a multilateral agreement. It is what we would like to achieve. We are fairly close to achieving that, and we would like to see whether we can achieve that. In the event that we don't, then it would be a series of bilateral agreements. But we will keep proceeding on the multilateral basis as far as we can take it. Again, we're not that far away.

In terms of the \$700 million in the first year as part of a trust, effectively what this means is that when the budget legislation is passed, that \$700 million would then pass into a trust indenture for each of the provinces and territories. For each of those provinces and territories—

• (1225)

**Mr. Barry Devolin:** But based on a per capita formula?

**Hon. Ken Dryden:** Roughly. That's what we've been talking about; it would essentially be that. The question is whether there will be some adjustments for the smaller jurisdictions in addition to that; that's still part of the conversation. But the essential formula would be per capita.

Effectively that money flows almost immediately and really is a representation of good faith that we get going, that we get on the ground with it while we are still negotiating this agreement, but knowing we're quite close to an agreement on it.

In terms of the aboriginal part of it, the reference in the budget, as you might recall, was to \$5 billion over five years. It's \$4.8 billion over five years and then \$100 million for aboriginals on reserve and for self-managed communities, or wording like that. And then another \$100 million had to do with an accountability package in it. The \$100 million for aboriginals is for years two, three, four, and five, with \$25 million for each year. In terms of this year, there is money announced already that will be provided this year for aboriginals on reserve, and also for the self-managed communities. The \$100 million would start to kick in the second year, at \$25 million a year.

**The Vice-Chair (Mr. Paul Forseth):** Thank you.

We'll now have to move to the Bloc.

[*Translation*]

**Ms. Christiane Gagnon:** Good afternoon, Mr. Minister.

I would like you to give us a little bit more information on the old age security system. Why has it been reduced to such an extent, by \$168 million? Perhaps the expenditures were overestimated but you are saying that they are currently in the supplementary estimates.

Do you not tend to overestimate old age security expenditures, and then transfer the money saying that it is an additional amount that is left over? I wonder about that. We are well aware of the shortfalls in old age security and the Guaranteed Income Supplement. People who were entitled to it no longer are, and you have put an end to retroactive payments.

Shouldn't you take a broader look at all of the requirements linked to old age security? What about indexing the old age security pension to the real cost of living, for example? As we know, the cost of living for people with health problems increases when they reach age 65. These people incur medical costs that are not always covered by medicare. They must also travel to the hospital. They are often on their own and need affordable housing. I am a bit skeptical about the procedure that appears to have been adopted at the department with respect to expenditures. Then we see these amounts show up in the supplementary estimates.

• (1230)

[English]

**Hon. Ken Dryden:** I have just a few comments that way. Just as a general comment, in terms of our pensions, when we look at international comparisons between our pension system and others, we do pretty well. We do quite well. There are, as you mentioned, lots of different areas where we would like to do better, but put in the context of how others do as well, we stand up quite solidly—and better than solidly—in that way.

In terms of the \$168 million, as you know, at the start of each year, as a department you try to estimate the amount of the OAS payments, as well as other benefits. While you attempt to do that, lots of variables happen in the course of a year. On a system as large as that, even though \$168 million is a lot of money, the context is that whole very large system, so the variables are understandable variables. They are things that do happen.

As you know, they would include the consumer price index or rate of inflation, which is used to increase the benefit over the course of a year; the projected number of recipients, which is itself affected by the number of persons who die during the year or who become eligible by age; and other factors, including a person's income in a particular year, which can change from year to year, as well as the years of residency in Canada of new beneficiaries. So the amount and that kind of difference are not particularly surprising, given the variables and given the scale of the system.

[Translation]

**Ms. Christiane Gagnon:** I am thinking about a case linked to retroactive old age pension payments. I know of a person who would like to receive retroactivity from the date when he became eligible for it, but the department appears to be saying that the retroactivity in this case will be granted for an 11-month period, for example, and not from the date when the person became eligible for the pension.

If there are additional amounts available, why is your department not being more conciliatory towards this type of request, which is very justifiable? The request may come in for many reasons. There are people who do not even know that they are eligible for the old age pension. When a person in good faith realizes that money is available, why not be more conciliatory and try to understand the reality of a person you say you want to help? You say that the old

age security pension system is one of the best in the world. You should be in a position to do that.

• (1235)

[English]

**Hon. Ken Dryden:** As you know, in the kinds of discussions we've had before, the rationale does have to do with.... We have looked at the way in which other similar programs, provincial programs, do things across the country, and 11 months is pretty much standard in it. Within that, what you also are aware of is the kinds of efforts taken in order to find people. So it isn't just the initial letter, it's follow-up, and further follow-up, in the attempt to find people. Really, that's the rationale; that's the approach taken in it.

I don't know whether anybody has any additional comment.

**Ms. Nicole Jauvin (Deputy Minister, Department of Social Development):** I would just add that the take-up rate for OAS is 96%. Of course we want 100%, but it is 96%.

[Translation]

**Ms. Christiane Gagnon:** Fourteen per cent is a lot. You say that you send out an initial letter, a second letter, and a third letter. Often, people cannot be contacted that way. Have you used other ways of trying to contact them? For example, I am thinking about conducting awareness campaigns. That is how the Bloc Québécois discovered the problem. Some people were eligible, but did not know they were and did not know where to find the information. Networks could provide better outreach to the people who are at the very heart of this problem.

[English]

**Hon. Ken Dryden:** It is, and it's the right question.

Our intention is to find people and to try to find ways of finding people. As you point out, at a certain point chances are that if a couple of letters aren't responded to, the next letter won't be responded to. What are the alternate ways of trying to reach people? We do engage in alternate ways now, and if there are other better ideas of how to try to find people, we would like to pursue them.

**The Vice-Chair (Mr. Paul Forseth):** Thank you.

We'll now go to the NDP, and Mr. Julian.

**Mr. Peter Julian (Burnaby—New Westminster, NDP):** Thank you, Mr. Minister.

I know you're aware that people with disabilities in this country have been getting a pretty raw deal over the past ten years, that 50% of those who are homeless across the country have either disabilities or long-term illnesses, and that about 40% of those who have to line up for food banks to make ends meet are people with disabilities. Given those facts, I find it incomprehensible that the program Navigating the Waters, which as you know is the Canadian Association of Independent Living Centres program, is being cut by your ministry as of March 31, as of the end of this estimates period.

About 6,000 people with disabilities have gone through the program. There are hundreds who are currently in the program. They're basically thrown on the street, and the layout notices are going out for this program across the country. My first question to you is how you can justify or how your ministry can justify cutting this valuable program at a time when people with disabilities need employment programs more than ever?

**Hon. Ken Dryden:** As I mentioned in response to that question two weeks ago in the House, we have a fairly long relationship with the Canadian Association of Independent Living Centres. It has been a good relationship. They're very good at what they do, and we know they're good at what they do. That has been reflected in the funding that they have received over time. It's also reflected in the fact that when the call for proposals came, their application was judged by an independent review body to not be up to the standard of the call.

We have been attempting to work with them in a temporary way to try to help them deal with a current problem. At the same time, we have continued working with them and encouraging them, so that when the next call for proposals comes, they can make sure they are part of that and that their application is to the standard that is theirs.

Really, we would look on this again as a temporary experience within a process. They have done good work and will continue to do good work, but they didn't qualify at this time. If they continue to do the work they have done in the past, they will qualify in the future.

• (1240)

**Mr. Peter Julian:** Yes, they have done tremendous work.

We've seen this from your ministry over the last six months. A number of times, notification that the funding was being brought to an end was received by the organization. Each time, we had to push to get the funding renewed. Finally, we were able to obtain an extension through to March 31. It just does not explain why this program is being cut, is being ended.

**Hon. Ken Dryden:** What I attempted to say in the first instance was that with the call for proposals—and those proposals are reviewed by an independent group—as they reviewed the proposal made by the Canadian Association, their recommendation was that it wasn't to the standard of other proposals. It was no more complicated than that.

It's certainly not a reflection on them. It's a reflection on the application that was made according to the priorities that were set out in the call for proposals. As you would know and as I have said, from our relationship of before, from our ongoing relationship, we clearly have a very high regard for what they do, as we should, because they have earned it.

**Mr. Peter Julian:** But ultimately in any RFP process, the minister has the last word. Is that not true?

**Hon. Ken Dryden:** I guess so.

**Mr. Peter Julian:** Okay. In this case, the RFP went out. Could you tell us how many for-profit organizations are receiving or will receive moneys from the minister?

**Hon. Ken Dryden:** I have no idea. I can get that information to you, but I wouldn't know the answer here.

**Mr. Peter Julian:** Do you know if any of the organizations that were accepted through the RFP process have the reach that the

Canadian Association of Independent Living Centres has, with 26 centres across the country, basically from coast to coast to coast?

**Hon. Ken Dryden:** Again, I don't know the answer to that. But I'm not sure that question is relevant to the other questions you've posed, in that I'm not sure.... While reach may be part of the ambition for the call for proposals, clearly other things were more central to it, and that independent panel decided otherwise.

Again, one of the other things I would go back to is that while I would assume—and I haven't been in the position of making the final call on something like that—I would certainly look very strongly to the recommendation made by that independent panel. They are put in place for a reason, and they are independent for a reason.

**Mr. Peter Julian:** Would you be able to release to us the criteria that were used for the evaluation as well as the list of organizations across the country that were awarded contracts?

**Hon. Ken Dryden:** Yes.

**Mr. Peter Julian:** Okay.

I'd like to move on now if I still have a couple of minutes.

**The Vice-Chair (Mr. Paul Forseth):** Go ahead.

• (1245)

**Mr. Peter Julian:** Generally speaking, what do you see? I've mentioned to you the increasing poverty of people with disabilities across the country. We've seen the lack of access, particularly in the transportation field, that going to voluntary standards has meant in the last few years, that there is less accessibility rather than more accessibility, and that's been a real problem for people with disabilities.

So we're talking about increasing poverty, less employment, less access to transportation. It's a crisis. How is your ministry going to respond to this crisis? There was nothing in the budget that addressed poor people with disabilities. I'm not talking about working people with disabilities, but as we know, two-thirds of women with disabilities are unemployed, and the majority of men with disabilities are unemployed.

What is your ministry going to do to address this crisis?

**Hon. Ken Dryden:** One of the things that I announced last fall, which wasn't part of the budget but is part of what we are doing, is a series of round tables, and they've started. I had one in St. John's and another one recently in Vancouver. I've had other consultations—one in Whitehorse last week—as well. What I want to get at through this is an approach to people with disabilities. How can we do better?

We talk about individual programs, and they can have their impact in specific ways, but I think we're all looking to see if there's a breakthrough approach where we can do substantially better than we have done in the last number of years.

I think probably the last big breakthrough in this area was the Charter of Rights. It triggered a lot of things in its wake. There were many improvements that happened, many healthier understandings, and many healthier circumstances for people with disabilities. As challenging as it is, things are better than they were 10 years ago, and significantly better than 20 years ago.



**Mr. Peter Julian:** I think a lot of people with disabilities would disagree, and they would have a sound basis for thinking this way, as well.

**Hon. Ken Dryden:** I understand that. But I think also that day to day, as you know very well, for anybody who has a disability, nothing seems to happen. When you do think back to the state of your life 10 years ago or 15 years ago, you will recall that there weren't ramps here then and there are now, or something like that, which will change the moment-to-moment, day-to-day reality of somebody's life. None of this do I say as any expression of comfort or complacency. All I'm suggesting is that there are those possibilities, there is the encouragement that comes from making significant things happen over a period of time, and we have seen some of this in the past.

The question is, how do we do it now? What do we do next? How do we make that significant breakthrough for the next five or ten years? That's very much the focus of these discussions. Whatever your current experience is, take yourself as best you can out of that experience and imagine yourself five or ten years from now; where can we all be at that time? What is it that we would need to do in the next few years in order to trigger us in that direction?

**The Vice-Chair (Mr. Paul Forseth):** Thank you.

We're going to need to go on to the Liberals now.

Mr. D'Amours.

[Translation]

**Mr. Jean-Claude D'Amours (Madawaska—Restigouche, Lib.):** Thank you, Mr. Chairman.

Thank you, Mr. Minister, for coming. I would like to examine the Canada Learning Bond program that you mentioned in your opening remarks, as well as the Canada Education Savings Grant program.

I would like to know where you are at, especially as regards the Canada Education Savings Grant program. The committee examined that bill, and the work in the House has progressed.

I have discussed the matter. The comments that we have received from witnesses who appeared before us seem to be quite negative. However, for some time now, I have been asking students some questions. Without realizing it, I raised the matter with students who have young children, and they expressed quite an interest in the program. They would like to know more about the Canada Education Savings Grant program.

Could you update us on follow-up to the program since this committee and the House worked on it?

• (1250)

[English]

**Hon. Ken Dryden:** As you know, the policy part of all this is the responsibility of HRSD. HRSD is also the program delivery part of it; we are the shared services support part of it. So your question might be better asked to HRSD than to us, in that way.

[Translation]

**Mr. Jean-Claude D'Amours:** That's fine. I would like to come back to your opening statement. You talked about the social

development partnership for francophones living in a minority situation.

As you know, I am from New Brunswick. As such, the issue of francophones living in a minority situation is of great interest to me.

Could you elaborate by giving details on the final objective of the partnership that would foster the social development of francophones living in a minority situation?

[English]

**Hon. Ken Dryden:** The early learning and child care system that we are looking to help implement needs to reflect our experience and the rest of our learning, which show us that it is very likely that the language of first instruction for a child will be the ongoing language of instruction for that child. If you went back 20 years or so, when for the majority of kids that first learning experience was in elementary school, that's where these determinations were made. As for where we are now and where we will be in the future, very likely that first experience in early learning will be in child care.

So if a francophone child in a minority circumstance doesn't have that experience, there's a pretty good chance that same child will go to elementary school and high school in English. So the stakes are pretty high, and the question is, how best do we deliver to those stakes?

Part of it really has to do with the past experiences between the provinces and the federal government in matters like this. I think both parties would say that often the experience has not been ideal. That said, in this particular regard a lot of those experiences would have been in the education system. The challenge for an education system is that it works on a big scale. In order to meet the particular needs of an official language minority, you need a big response, you need 150 kids, you need a school, you need a couple of million dollars to build a school, you need big responses. Oftentimes there aren't quite that number of kids in a particular area. Then the fights begin.

One of the optimistic and interesting circumstances under early learning and child care is that most of the responses are little ones. They are in centres of five, of eight, of three, of twelve or fifteen kids who don't require that threshold of 100 or 125, or the threshold of bricks and mortar that cost a couple of million dollars.

So the challenge for a province or a territory should be much less. The experience should be much easier to deliver, too. The additional expenses should be minimal, if existent at all. The application that is made by anglophone group A for a centre of eight kids, or francophone group B for a centre of eight kids shouldn't be any different in that particular way.

At the base of things it's a whole lot more promising. The question is, do we need to do more to shore up that base as well? I think the circumstance of needing those high thresholds is a big part of the reason things haven't worked very well in the past. The question now with significantly lower thresholds and greater flexibilities is whether in fact with different circumstances we can deliver a significantly different result—but always against the standard and the understanding that we talked about before, of how that first language of instruction is very important, and knowing we need to find an answer for that.

•(1255)

**The Vice-Chair (Mr. Paul Forseth):** Thank you.

I'm going to go to one-minute questions to the Conservatives. Then we're going to go to the Bloc, and that will be it for this session because we'll be out of time. The NDP did previously have 11 minutes.

Mr. Devolin, go ahead, please.

**Mr. Barry Devolin:** Thanks for your answers in my first round. There is one question that wasn't answered.

I appreciate that you're trying to get a multilateral deal with the provinces on national child care, part of which will be a formula to allocate the dollars for this year. If you're doing a series of bilateral deals, and a province gets, let's say, \$50 million as their share of the money, but they do not sign a bilateral deal, does that money remain in the account so that in future when a deal is signed it's there for them, or would that money come back to general revenue, or be distributed amongst the other provinces and territories?

**The Vice-Chair (Mr. Paul Forseth):** Please give a brief answer.

**Hon. Ken Dryden:** We certainly intend for that not to be the case. One of the advantages of the trust at this point is that we have essentially 13 months to come to a deal, because that money will be flowing under the trust, deal or no deal. So we will continue to work. We want to make a deal.

**Mr. Barry Devolin:** But if there is no deal, will the money still be there for the province or not?

**Hon. Ken Dryden:** It is hypothetical at this point. We are looking to make a deal.

**The Vice-Chair (Mr. Paul Forseth):** Okay, Mr. Lessard. Let's go to the Bloc. The clock is running down, so ask just a short question, please.

[*Translation*]

**Ms. Christiane Gagnon:** On page 4 of your document, you say that payments to private collection agencies amount to \$18.6 million, and also that this corresponds to a transfer of responsibility from HRSDC to your new department.

I would like to know if you have any control on the practices of these collection agencies. How does that impact their work and is it possible to claw back money on loans? I would like some information on the impact of this collection initiative. How much money do you intend to claw back? Under which program is this done?

[*English*]

**Hon. Ken Dryden:** As you mentioned, and as I mentioned before, the total amount is \$18.6 million. The amount we expect will be

collected as a consequence of spending this \$18.6 million is \$101 million.

The government has been using private collection agencies for over 20 years, and SDC uses these agencies mainly to assist in the collection of defaulted loans under the Canada student loans program, which is HRSD.

•(1300)

**The Vice-Chair (Mr. Paul Forseth):** Thank you.

[*Translation*]

**Ms. Christiane Gagnon:** What about the practices and customs of these collection agencies? Do you have any control over them when they collect money?

[*English*]

**Hon. Ken Dryden:** Yes.

[*Translation*]

**Ms. Christiane Gagnon:** Have you received any complaints?

**Mr. Yves Lessard:** Some agencies have used usurious practices.

**Ms. Christiane Gagnon:** Have you received any complaints on abuses committed by these collection agencies, for instance?

[*English*]

**Hon. Ken Dryden:** We can check on that. We don't believe so, but we'll get that information to you.

**The Vice-Chair (Mr. Paul Forseth):** Thank you, Mr. Minister, for coming.

That's the end of our testimony today. We will be meeting here next Thursday at 11 a.m. for a study of the new Human Resources and Skills Development Canada call for proposals criteria for funding community programs.

Mr. Van Loan.

**Mr. Peter Van Loan (York—Simcoe, CPC):** I have a question about Minister Robillard and if and when she will appear. When the issue of estimates came up, I was the one who spoke up and said I would like to have the minister here. That has not yet happened, although we've had two other ministers kindly appear.

**The Vice-Chair (Mr. Paul Forseth):** We are scheduling it as quickly as we can. Perhaps at the steering committee we can talk privately after we've adjourned.

**Mr. Peter Van Loan:** Thank you.

**The Vice-Chair (Mr. Paul Forseth):** Thank you.

The meeting is adjourned.







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