



House of Commons
CANADA

Standing Committee on Finance

FINA • NUMBER 020 • 1st SESSION • 39th PARLIAMENT

EVIDENCE

Monday, September 25, 2006

—
Chair

Mr. Brian Pallister

Also available on the Parliament of Canada Web Site at the following address:

<http://www.parl.gc.ca>

Standing Committee on Finance

Monday, September 25, 2006

•(1210)

[English]

The Chair (Mr. Brian Pallister (Portage—Lisgar, CPC)): We're recommencing our pre-budget consultative process. I will invite our witnesses to come forward and to take their places at the end of this table. We look forward to your presentations.

Please proceed.

Mr. Trevor Lewis (Chair, National Association of Indigenous Institutes of Higher Learning): Thank you.

Good afternoon, honourable members of Parliament. I'd like to thank you for giving me the opportunity to address the committee today.

I'll start off by introducing myself. My name is Trevor Lewis, and I'm here representing the National Association of Indigenous Institutes of Higher Learning. That's an advocacy organization made up of members from indigenous-controlled post-secondary and training institutes across Canada. I'm the chair of that organization.

Perhaps I can give you just a little bit of personal information. I come from a place called Tyendinaga Mohawk Territory, which is about two and a half hours southwest of here, between Belleville and Kingston. I work there at an organization called the First Nations Technical Institute, which is itself an aboriginal-controlled post-secondary and training institute. It has been offering educational opportunities for over 21 years. Further to that, provincially we have an organization in Ontario called the Aboriginal Institutes' Consortium, of which I'm also the chair. So I'm a both provincial and national chair for these organizations that are moving issues forward for aboriginal-controlled post-secondary and training institutes.

In the interest of time, I'll give you just some brief background. Nationally we have institutes in Ontario that, as I said, have been in existence for over 20 years. There are institutes in Alberta; right now there's an institute celebrating its twentieth anniversary, and some older ones exist there. In B.C. a number of institutes are doing similar things in education and training, and they have been in existence for quite some time. Of course, everybody has probably heard of First Nations University in Saskatchewan, formerly the SIFC, provincially recognized in Saskatchewan in partnership with the University of Regina.

Our institutes exist to provide learning opportunities to aboriginal people and first nations communities by being in the communities, by being community-based, close to the learners, implementing alternative delivery scenarios, creating unique cultural learning

environments, and making content relevant to the culture, history, and lived experiences of the learners. Our primary business is to create educational opportunities for first nations and aboriginal learners. It's not simply an outreach program for our institutes; they are actual, real post-secondary educational organizations. We specialize in providing successful opportunities for aboriginal people, and should not be considered an add-on or a stepping stone to mainstream.

When it comes to some of our struggles, if I had a lot more time I could go on and on about them. The federal government has taken the position that support for post-secondary education is a matter of social policy rather than legal responsibility. As a consequence, federal support has not evolved with the reality of the growth of our institutes or the growth of our student population.

I understand that the Assembly of First Nations made a presentation to you last week noting that the INAC education budget has essentially been frozen since 1996, subject to an annual 2% cap. That creates a major gap when our young population and students wish to go on to post-secondary. The number is growing, but the funding to allow the students to go has been frozen.

The lack of evolution in federal policy and funding has meant a lack of the government operating and capital grants normally accessible to the mainstream, to colleges and universities, and therefore a lack of security for our institutes, which are doing basically the same thing. A lack of recognition for the granting of diplomas, degrees, and certificates means that our institutes are faced with establishing partnerships with the mainstream to issue the academic credentials. Often these are economically unjust, because the mainstream partners are able to get operating costs, using the normal way of getting funding for student grants, for our students, since our students are registered in their programs. Our organizations then have to find funding elsewhere to pay for a program's operating costs.

The Chair: I'm sorry, we're going to have to wrap up the presentation.

Mr. Trevor Lewis: I'll get right to the recommendations then.

•(1215)

What we would like to see immediately is a cost-volume adjustment to the overall PSE program, which can be funnelled through our institutes, to ensure that the spending power is consistent with 1996 levels. I would also like to encourage the standing committee to accept the policy recommendations of the Chignecto/Katenies report from *A New Approach* to support and recognize indigenous institutes of higher learning. That can be done now. Over the course of the next year, I'd like to see the standing committee work in cooperation with the Assembly of First Nations and the Association of Indigenous Institutes of Higher Learning on the implementation of that Chignecto/Katenies report and establish a process to recognize and legitimize our institutes and the role they fulfill in post-secondary education. The report I'm referring to is within the information that was submitted.

The Chair: Thank you very much, Mr. Lewis.

To all witnesses, we will review the materials that you've provided us with, of course, as well.

Thank you, Mr. Lewis.

We'll continue with Nathalie Bull, executive director of the Heritage Canada Foundation.

Welcome. You have five minutes.

Mrs. Nathalie Bull (Executive Director, Heritage Canada Foundation): Thank you.

Mr. Chair, members of the committee, thank you for this opportunity to appear. The Heritage Canada Foundation is an independent charitable organization with a public mandate created to promote the rehabilitation and sustainable use of historic buildings. I'm sure you would all agree that historic places fundamentally define the character of our country. If you think about places in your own ridings, the streets and shops in Quebec City, grain elevators on the prairies, early office buildings in Montreal, Toronto, Winnipeg's exchange district, rural and agricultural buildings across the country, they really are public art. They create our identity. They're the icons that we use to sell ourselves to cultural tourists. They are the containers for our businesses, our leisure activities, and our lives, yet every day historic buildings are demolished all across this country and bulldozed into landfill sites.

Why is this happening despite all of our talk about sustainable development and reducing, reusing, and recycling? It's because there are lots of sticks out there that control how we deal with our buildings—the National Building Code, property standards, by-laws—but there are really very few fiscal incentives to encourage or incite use of these buildings.

Among G8 countries, Canada alone lacks a system of funding, policies, and programs to preserve its historic infrastructure. By contrast, in the United States developers are actively seeking out heritage buildings to invest in them, and there are architecture firms, engineering firms, and construction companies that exist solely to deal with historic buildings. There are heritage training programs in every state. It's a booming industry, and that booming industry exists because thirty years ago the U.S. established a 20% tax credit for rehabilitation. The entire country has benefited from that program.

The U.S. tax credit program is internationally recognized for its success in preserving buildings, stimulating private investment—to the tune of \$25 billion over the last 25 years—and revitalizing communities.

In Canada, by contrast, current federal tax policy does not encourage investment and rehabilitation, even though it provides significant incentives in many other industries, and I'm sure you're aware of those. The provinces and the municipalities are doing their part. They all have protective legislation and a range of tax incentives, tax forgiveness measures, and grant programs in recognition of the role that historic places play in their economy and in Canadian identity. But that's not enough, and the federal government is long overdue to show leadership and commitment in this area.

So we bring two recommendations to you today. The first is to establish a federal tax incentive to encourage investment in the rehabilitation of revenue-producing buildings. The tools are already in place to administer such a program. The historic places initiative, an extraordinary example of cooperative federalism, created a register of historic places and standards and guidelines to assess the quality of work for which we are promoting a tax incentive.

There is a commercial heritage property incentive fund that you may be aware of. The contribution program ends in 2007. It's been very successful, but it's not enough. Really for the commercial sector, a tax incentive is much more predictable and less administratively burdensome to administer and really helps ensure that projects will move forward successfully. So that's our first recommendation.

Our second is that you introduce direct funding to assist in the preservation of historic places owned by non-profit organizations, registered charities, institutions, and individuals. We need to recognize that approximately 70% of heritage buildings in Canada would not benefit from a tax measure because they are not used for commercial or revenue-generating purposes. These include places of worship, farm buildings, city halls, residences, and other historic places.

Both of the recommendations we've brought before you will stimulate investment in Canadian projects, infrastructure and communities, create new employment in the construction trades and professions, enhance cultural tourism, which is a huge source of revenue for our country, and keep historic buildings, some of our largest consumer goods, out of landfill sites.

If we do nothing, the rate of loss will continue. We have lost 20% of our historic buildings to demolition over the last thirty years, and that's not acceptable.

Thank you very much for your time.

● (1220)

The Chair: Thank you very much for an excellent presentation.

We'll proceed now with the representative from the Canadian Centre for Policy Alternatives, Ellen Russell. Welcome. It is nice to see you again.

Please proceed. You have five minutes.

Ms. Ellen Russell (Economist, Canadian Centre for Policy Alternatives): Good morning.

The committee faces some new challenges at the moment.

Your first challenge: you don't know the state of the finances. As of budget 2006, the Harper government spent the great majority of all budget surpluses that we can expect in upcoming years, so there is precious little money to fund new tax cuts or spending. This was confirmed in a TD Bank report entitled "The Status Quo Federal Fiscal Outlook: Not Much Room Here", which indicated there's very little fiscal capacity for several years into the future.

At the moment there's great speculation about whether there is a little more or a little less fiscal room than was projected, but we really just don't know. We don't have any up-to-date outlook from the finance department, and your committee is undergoing no independent forecasting exercise that would give you some independent perspective on this. So you have no choice but to assume there is very little money to work with.

Your second big challenge: the big pressure you will be under to institute more tax cuts. The Harper government promised one further point reduction in GST, which the government cannot afford without chopping something somewhere else. As well, there is intense lobbying for corporate or personal income tax cuts, which of course we can't afford either, so they will be trying to persuade you that tax cuts will enhance competitiveness. They will tell you that corporations will be more likely to invest in Canada if we reduce corporate taxes.

This is a huge leap of faith. Corporations invest for a host of reasons, only one of which is tax considerations. We have been cutting corporate taxes for some time now, and this has not produced any upswing in investment. In fact, fixed capital investment is virtually stagnant.

Corporations have been given tax cuts for some time now. They have been enjoying record corporate profitability. They have plenty of cash to invest if they wish to, but their investment record has been very poor for some time. Why would we cut taxes now based on no proof that it actually stimulates the investment that is supposed to increase our competitiveness? It is irresponsible to empty the treasury for a tax cut agenda that can't prove it will deliver the desired results.

If you give in to tax cut pressure, you are setting the stage for big spending cuts, or else the government will fall into deficit, quite likely, and as the Conservative election platform indicated, we

should expect \$22.5 billion in spending cuts over the next five years in order to pay for Harper's election promises. If government spending is cut on this scale, we won't be able to do the things that actually would help competitiveness—

● (1225)

Hon. Garth Turner (Halton, CPC): I have a point of order, Mr. Chairman.

The Chair: I am hesitant to recognize a point of order during the presentation, but if you would hold that thought, we'll let her finish her time. Madam Russell has only about two minutes to go, and then I'll entertain the point of order after the presentation.

Hon. Garth Turner: Thank you.

The Chair: Proceed.

Ms. Ellen Russell: If you are to give in to the tax cut pressure, you are setting the stage for big spending cuts later, or else the government will fall into deficit, quite likely. As the Conservative election platform indicates, we should expect \$22.5 billion in spending cuts over the next five years in order to pay for Harper's election promises. If government spending is cut on this scale, we will not be able to do the things that actually would help competitiveness—making investments in infrastructure, post-secondary education, safeguarding the health care system, and so forth.

The alternative federal budget that my organization puts out sets forth the priorities we would like the government to follow. You can access this online, if you would like to see our more detailed plans. But the bottom line here is that, at minimum, you must resist the pressure to cut taxes further. If you give in to the tax cut lobby, it is game over for any constructive policy response to competitiveness.

Thank you.

The Chair: Thank you, Madam Russell.

Before we move on to the next presentation, Mr. Turner, you had a point of order.

Hon. Garth Turner: Simply, Mr. Chair, I would very much like it if you would remind the witnesses to refer to the Prime Minister, the Leader of the Opposition, or the leader of any party with the respect that their office really dictates. I think in talking about the Harper government tax cuts we should be referring to the Prime Minister with respect equal to that we provide to any member around this table. We're not here to pursue a political agenda; we're here in the Houses of Parliament, and I think it is appropriate that we refer to people by their proper titles.

The Chair: Thank you, Mr. Turner, for that point. The witnesses are not subject to the same rules of conduct as the members of this committee.

Madam Wasylycia-Leis.

Ms. Judy Wasylycia-Leis (Winnipeg North, NDP): On a point of order, Mr. Chairperson, I think it's worth pointing out for the record that in fact the witness was quoting from sources—

The Chair: You don't have a point of order, Madam Wasylycia-Leis.

Ms. Judy Wasylycia-Leis: —that had talked about the tax cuts—

The Chair: Order.

Madam Wasylycia-Leis, you don't have a point of order. I'm going to move on with the presentations.

I'd like to move to the Community Foundations of Canada and welcome Monica Patten, president and CEO.

Ms. Patten, you have five minutes. I will give you an indication when you have one minute remaining.

Ms. Monica Patten (President and Chief Executive Officer, Community Foundations of Canada): I hope you won't need to do that, but we'll see.

It's a pleasure to be back here and to see some familiar faces, and to engage, I hope, with some people I haven't met yet.

I'm here today on behalf of community foundations across the country. They have asked me to present an idea or a recommendation that we think plays to the strengths of governments and to the strengths of communities, of community foundations, and of not-for-profits.

Let me start by reminding you very quickly about community foundations. There are over 150 of us across the country. We reach about 89% of the Canadian population. We exist in numerous very small communities and of course in our largest urban areas. I dare say that every one of you has a community foundation in your neighbourhood.

We have three roles. First, we build permanent endowed funds for our communities. We also gather those funds from many donors, individuals, and businesses, and we invest those funds very wisely and turn the investment earnings back into the community in the form of grants, for a very wide range of priorities identified by those communities. The third thing we do is provide community leadership along with many others, working in partnership with other organizations, and with governments, as a matter of fact.

Collectively, we hold more than \$2.3 billion under investments across the country. I expect it will be \$2.6 billion by the end of this year. We return to our communities over \$120 million through grants every year. Our huge financial success has been in large part—not only, but in part—because of the government's generous capital gains tax measures first introduced in 1997. I think you are all very well aware of the story that ended very happily and with great appreciation by our organization, and of course by many in the sector.

Community foundations are local, we're flexible, we're efficient, and we know our communities deeply and broadly. We're able to make very effective grants based on what the community thinks is important. Our ability to do that is actually second to none. Community foundations have repeatedly demonstrated their ability to work in partnerships. Their funds are permanent; they are there forever for the benefit of the community.

Let me go right to working in partnership. A platform commitment of Canada's new government really caught our eye because of our significant experience in the area of funding programs for children and youth. In fact, community foundations give over \$8 million every year to programs for children and youth. Keeping in mind that over a third of Canada's population fits in this age group of children and youth, and that this is the population that Canada will count on for our future workforce, for our leadership, for our reputation, we think the recommendation we bring to you is very important.

We know that fewer than half of Canada's children and youth meet the minimum physical activity requirements for healthy growth and development. The commitment to spend 1% of federal health funding on fitness and well-being goes some way to address that issue and that need. We laud that, and we know that there are actions already under way. But we come with a different proposal.

We come with a proposal to leverage this commitment through bringing private donors in local communities to direct their charitable dollars to this issue. The proposal we put before you has been tested with members of the new Government of Canada, with those members in other parties, and with others working in the sector and organizations serving children and youth. It has been universally well received and encouraged.

In its very simplest form, it is this: an opportunity for community foundations to raise money for permanent funds that will then be matched by funds from the Government of Canada as part of the commitment to improve the fitness and well-being of youth and children. The investment earnings will be turned over to grants to registered charities working on fitness and health and on sport and recreation, especially for those families for whom it is difficult because they're newcomers or are poor, or for a variety of reasons.

If the Government of Canada puts \$100 million on the table, we will match that penny for penny. Our communities will then have over \$200 million in new dollars. Our local organizations will be able then to put \$15 million to \$20 million a year into grants right across this country. The grants will be efficient. They will be close to the ground so that we will be able to be accountable and monitor those grants.

To get the program rolling and to demonstrate that this is a win-win for everyone, we ask that an amount of \$15 million be made available for immediate granting. It would not be endowed; the other funds would be endowed.

• (1230)

This partnership between the Government of Canada and community foundations will help prepare Canada's children and youth for the future. Investing in our children and youth is the wisest investment we can make. Community foundations offer an effective, accountable, locally led, efficient, and very simple way to move that investment forward.

Thank you.

The Chair: Thank you, Ms. Patten.

We'll continue with a representative from the Canadian Centre for Emergency Preparedness, Adrian Gordon. Welcome, sir. You have five minutes.

Mr. Adrian Gordon (President, Canadian Centre for Emergency Preparedness): Good afternoon, Mr. Chair, members of the committee. I will be brief.

Canadian communities are increasingly at risk from both natural and human-induced disasters, and we recommend that the Government of Canada must support the ongoing development of disaster-resilient communities by providing funding for disaster mitigation programs and activities.

International studies have shown that a federal investment in mitigation programs saves federal funds in the long term. Stakeholders are looking for federal leadership, and successive governments have committed publicly to developing a national disaster mitigation strategy. In 2005, the federal-provincial-territorial ministers' eight-point action plan highlighted national disaster mitigation as a priority.

In the United States, the Multihazard Mitigation Council released an independent study to assess the future savings from mitigation activities. This study concluded that mitigation activities and programs have benefited society by reducing direct property damage, direct business interruption, indirect business interruption, non-market damage, human losses, and the cost of emergency response.

In the United States it is estimated that a dollar spent on mitigation saves society an average of four dollars. Despite its apparent value, however, mitigation remains the least developed component of Canadian disaster management policy. Fortunately, mitigation is widely accepted within Canada's disaster management policy community, and there has been strong endorsement by academics, public officials, and private sector actors. There has already been extensive consultation with stakeholders and interested parties, and these have revealed a broad base of support for a national disaster mitigation strategy.

The Government of Canada is positioned to play a pivotal role in promoting, coordinating, and supporting disaster mitigation.

The Canadian Centre for Emergency Preparedness, after extensive consultation and research into this subject matter, makes the

following two recommendations, which are consistent with the Multihazard Mitigation Council study. The recommendations are that the federal government first financially invest in mitigation activities and programs as a matter of policy on an ongoing basis, both before a disaster occurs and through federally funded disaster recovery and rebuilding activities and programs; and secondly, financially support mitigation activities and programs that will increase the resilience of communities by increasing knowledge and promoting institutional commitments to mitigation at the local level.

In closing, I'd like to quote from the late President John F. Kennedy:

There are risks and costs to a program of action. But they are far less than the long-range risks and costs of comfortable inaction.

Thank you for the opportunity to present.

• (1235)

The Chair: Thank you very much, Mr. Gordon.

We continue now with a representative from Citizens for Public Justice, Mr. Greg deGroot-Maggetti, for five minutes.

Mr. Greg deGroot-Maggetti (Analyst, Socio-Economic Policy, Citizens for Public Justice): Thank you, Mr. Chair and members of the committee.

I'm glad to be here representing Citizens for Public Justice. We're a national organization primarily of Christians concerned about promoting public justice in Canadian public life. In my presentation I'll briefly summarize the main recommendations, and then I'd like to focus on one facet: our call for the need for a Canadian poverty reduction strategy. Then I'll welcome questions from committee members on why we need a poverty reduction strategy and more details about what that needs to be.

Let me start by telling you some of the key recommendations we see. Canada's poverty reduction strategy needs to include several things. It needs to include timelines and targets for reducing poverty in Canada. It needs to include specific measures of progress. We have many different measures of low income in Canada. We just need to decide on one or another by which we're going to measure our progress in reducing poverty.

We need to produce social forecasts and social audits, as well as our fiscal and economic forecast and audits. The strategy has to be an integrated strategy across departments of the federal government and across levels of government. The strategy also needs to include some focused strategies to address the causes of poverty among groups most affected by poverty—aboriginal people, recent immigrants, lone-parent families, people with disabilities, women, single adults, and young families with children.

In addition to an overall poverty reduction strategy, there are some things that can be done immediately to help reduce poverty in Canada: raising the maximum Canada child tax benefit to \$5,000 per year to reduce the rate of debt of family and child poverty; investing in early learning and child care to create spaces, to increase the number and skills and remuneration of early childhood educators, and to reduce the cost to parents of early childhood education; increase investments in affordable housing programs; make employment insurance more accessible and create ways for workers and business to tap into employment insurance during periods of training to upgrade skills. Raising the minimum wage to \$10 an hour and indexing it to inflation would be another step to help reduce poverty in Canada. The last recommendation is to split the Canada social transfer into a Canada post-secondary education transfer and a Canada social transfer, with increases in both, including strong principles for the Canada social transfer to ensure social assistance and disability programs that provide an adequate income.

Recently in the news I've seen a couple of headlines about poverty reduction strategies. The other day, the *Toronto Star* had a front-page story saying that the poor need a strategy to reduce poverty. That's true. People living in poverty in Canada need a strategy to help reduce poverty and get them out of poverty. There was another interesting headline in my own local paper. I live in Kitchener, Ontario. The *Kitchener Record* the other day printed a speech that the president of the University of Waterloo, David Johnston, gave to the Kitchener-Waterloo Chamber of Commerce.

As I look around the room, I notice a number of people have BlackBerrys. I would just remind you that BlackBerrys are a product of Research In Motion, one of the most innovative and competitive of Canada's businesses, which is a product of the University of Waterloo. The founders of the organization, and many of its employees, came from the University of Waterloo.

The other day the president of the University of Waterloo, David Johnston, laid out a blueprint for greatness for the Waterloo region. It's good to have local people laying out ambitious programs for their own communities. In this program he set forth an agenda to make the Waterloo region the knowledge capital of Canada. He laid out ten goals....

I see I have one minute left, so I'll look forward to lots of questions.

Goal number 8 is to reduce poverty in their region. He points out that even though the Waterloo region has one of the lowest rates of poverty, it still means 50,000 people in the region are living below the poverty line. It's deeper now than ever. Then he points out that the irony is that this region has the lowest rate of unemployment in the country. So we need to help working poor with support services, affordable housing, and access to training.

The insight Mr. Johnston has is that in order for the local community to achieve greatness and success, and in order for Canada to achieve greatness and success, we need a strategy to reduce poverty as well. One specific facet of that is to address this problem of the high number of low-wage jobs. We've managed to reduce unemployment, but a lot of folks are working in low-wage, low-productivity jobs, and it is not really helping them to exit poverty and it's impeding the success of Canadian businesses.

● (1240)

I'll just draw the committee's attention to two articles in a recent issue of—

The Chair: No, sir, you won't. Your time has elapsed. You may, in response to a question, certainly. I invite you to do that, but we'll continue. Thank you.

We will continue with a representative from the Canadian Dental Hygienists Association, Bonnie Blank, president.

Welcome. You have five minutes.

Ms. Bonnie Blank (President, Canadian Dental Hygienists Association): Thank you for affording us the opportunity to address you today.

Currently oral health is not recognized for its profound effect on overall health of Canadians. Periodontal disease, historically considered a localized infection, is now considered a potential risk for a number of serious health problems, such as cardiovascular and respiratory disease, diabetes, and pre-term, low-birthweight babies. These links between oral health and general health underscore the need for a health system that reintegrates the mouth with the rest of the body.

Good oral health is an important aspect of a healthy workforce. We must recognize oral health services as essential.

I will walk you through an analysis of who pays for what in the area of oral health.

In the area of public oral health spending, Canada has the second lowest per capita public oral health expenditures in all of the OECD countries. In addition, Australia, New Zealand, Denmark, and the United Kingdom all have universal national publicly funded programs for children's oral health care. However, Canada lags behind these leaders with provincial-territorial programs that vary in level of coverage, with two provinces having no children's programs at all. Furthermore, only three areas in Canada, including Alberta, Prince Edward Island, and the Northwest Territories, have oral health programs for seniors. In the area of private spending, the private insurance industry carries the lion's share; however, only 58% of individuals have private oral health insurance.

This analysis paints a picture of two large groups of citizens who have no safety net: the poor and those without oral health insurance. Canadian children with low socio-economic status suffer twice as much tooth decay as their more affluent peers. Aboriginal children have two to five times the rate of tooth decay as non-aboriginal children.

To demonstrate the consequences of limited access to oral health services, I would like to show you some examples of oral health disease that can affect individuals' overall health. The photos depict first nations people from Duncan in the Cowichan Valley of British Columbia, and the oral health issues depicted in these photos are seen in many aboriginal communities throughout Canada.

This is a middle-aged man who presents with a fistula on his gum, resulting from severe decay.

This man is in his mid-thirties and presents with severe periodontal disease. He must have a very high pain threshold to endure this.

This 20-year-old man presents with broken teeth and caries.

And this is the most severe of all for a 24-year-old.

What does the federal government need to do to improve oral health of Canadians? First, we need an investment in oral health. We are not suggesting the creation of an oral sick care system that treats disease after it arises, but an oral health promotion and disease prevention system. There is strong evidence for the effectiveness of this approach.

Second, the federal government must support the payment of dental hygienists directly. Two federal dental plans, the Canadian Public Service dental plan and the Veterans Affairs Canada dental plan, restrict access to oral hygiene services by refusing to pay dental hygienists directly. The federal government can allow competition to flourish by following the lead of two other government dental plans, the Canadian Public Service pensioners' dental plan and the Ontario children in need of treatment program. Both plans pay dental hygienists directly.

Finally, the federal government needs to strengthen human capital. Continuing education is of paramount importance in allowing health professionals to keep abreast of constantly changing research, education, and technology. It assures quality standards—standards that Canadians have learned to depend on.

In conclusion, you can make four critical changes to the federal budget to improve the oral health of Canadians: provide financial support for oral health promotion and disease prevention services; increase funding to the FNIHB non-insured health benefits program; support the direct payment of dental hygienists; and provide tax incentives for continuing education programs.

• (1245)

Details of our recommendations are available in our brief, which we've submitted to the committee.

Thank you. We are pleased to answer any questions.

The Chair: Thank you very much, Madam Blank. I appreciate that.

We'll move to the first round of questions with Mr. McCallum.

Six minutes, Mr. McCallum.

Hon. John McCallum (Markham—Unionville, Lib.): Thank you, Mr. Chair. Thank you to all of the presenters.

In a sense, it's an embarrassment of riches because one doesn't have time to deal with them all.

I would first like to ask Ms. Russell a question. I've used the phrase myself before about the fiscal cupboard being bare. My question to you is whether there really is room for further tax cuts, or indeed for anything, given the numbers you just presented. If you look at the projected surpluses, they are not more than \$2 billion a year for the rest of the decade, and that's before the government gets into anything for fiscal imbalance to the provinces and before the government spends anything on its new environment policy or the Afghanistan mission extension. Then when you go forward a few years to the second point of the GST cut, that's around \$6 billion year. We have to qualify all of this because later today the new budget numbers are coming out and those could significantly change the situation.

Based on those numbers, I would ask you whether you really think there is scope for further tax cuts or further expenditure increases or whether there isn't much room for anything given the expenditures that have already taken place. In other words, the fiscal cupboard really is bare.

• (1250)

Ms. Ellen Russell: Certainly, with the information we have at the moment, there isn't a lot of fiscal flexibility. There's definitely the opportunity to do some tax fairness work. We could do a lot to rejig the tax system so that, in my view, it would be fairer, and that could accomplish a lot, but we can't do these great GST cuts or corporate tax cuts.

Hon. John McCallum: Okay. You're saying you don't think there is the fiscal room to do significant action on either the tax side or the expenditure side. Is that what I hear you say?

Ms. Ellen Russell: Based on the assessment that we have as of this moment, there isn't very much room.

Hon. John McCallum: Okay. Thank you.

I'll then ask a question to Mr. deGroot-Maggetti, because these two issues are related.

I agree with you 100% that poverty reduction is of major importance, but it takes a lot of money, and as this witness has just confirmed, there isn't much money. Unless one raises taxes or some money materializes in some way or another, right now it appears there isn't very much.

One measure that I find quite appealing, which I didn't hear you mention, is the working income tax benefit that the previous government proposed and the current government is talking about, I believe. It helps those who are working poor, and it also helps get people out of the so-called welfare trap because it counteracts the high tax rates and the clawback rates that low-income wage earners often face. In an environment where there isn't a huge amount of money available, I guess I'd ask you, would you favour such a plan as I just described, or what do you think would be the most important areas in which to make a start?

Mr. Greg deGroot-Maggetti: Thank you for the question.

I think something like a working income tax benefit will have its place in a strategy to try to address low wages and low skills, but it's only part of the component. Really, poverty reduction needs to be seen as an integrated part of economic development as well as social development.

Let me give you an example. What needs to happen is not just to raise the incomes of low-wage working poor but also to raise the skill content of the work they do and the actual pay they get. In fact, you build the right kinds of incentives for Canadian business so that they will pursue a high-scale, high-productivity track that provides good jobs for folks. So things like ongoing training and stuff like that would be an important part of that.

I say the working income tax benefit has a place because if that becomes the only tool we have, it can, in effect, subsidize a low-wage, low-cost strategy.

A recent study by the Canadian Policy Research Network points out that one of the most troubling aspects of Canada's economy is that the competitive human resource strategy of too many Canadian firms is based on a low-cost, low-value-added approach and that this approach perpetuates a low-skill, low-wage equilibrium in which neither employees nor employers demand higher levels of skills. What I'm suggesting is that we need a mix to raise the wages of low-skilled workers, and we don't want to just keep them in low-skill jobs.

An example is among hotel workers in Toronto. The Unite Here union and the Royal York Hotel have teamed up and negotiated an agreement where the chambermaids, the janitors, etc., can receive training from local community colleges to upgrade their skills and actually move up the career scale. We're not just supplementing their wages but actually increasing the skill and productivity of their jobs so that they can sustain higher wages. Some of that can be funded using EI funds for training and things like that. It will cost money, but there may be some less costly ways to implement that.

Hon. John McCallum: If you want to take twenty seconds to make the point that you were unable to make in your opening statement, be my guest.

Mr. Greg deGroot-Maggetti: This is where I wanted to go. In a recent issue of the *International Productivity Monitor* there were two articles, one by Pierre Fortin, a Quebec economist, and one by Andrew Jackson, from the Canadian Labour Congress, that make this point: that part of the strategy Canada needs is to boost productivity and wages at the bottom end, and that's where we're going to see a lot of gains in productivity.

That's why I say the poverty reduction strategy has to be an integral part of our economic strategy as well. In a nutshell, that's the point I wanted to make.

• (1255)

The Chair: Thank you, sir.

[*Translation*]

The next questioner will be Mr. Paquette.

Mr. Pierre Paquette (Joliette, BQ): Thank you, Mr. Chairman.

Thank you for your presentations. Unfortunately, it simply isn't possible to put questions to each and every one of you; it's a shame.

Ms. Russell, we are used to seeing the Canadian Centre for Policy Alternatives produce its own estimates with respect to government finances. I am not entirely convinced that Mr. Drummond's are accurate, because I have noted in the past that he was often a conduit for the views of the then Minister of Finance, Mr. Martin.

To begin with, I'd like to know if you intend to do your own analysis. Although I agree with the general approach set out in your brief, to the effect that the Conservatives are reducing the tax base and that we will eventually be short of money, the fact is that between April and June, the recorded surplus was \$5.5 billion, which is much higher than forecasted. Still, the GST had not yet gone down at that point; it went down starting on July 1. So, I want to know whether you intend to carry out this analysis and, if so, whether you could pass on your conclusions to the Committee.

Second, I fully agree with you as regards tax competitiveness. People always talk only about the different taxes, but never about the services and programs that go along with them. In Quebec, for example, we have opted for more public services and more social programs; as a result, we pay more taxes. So, if we're only talking about the level of taxation, there is clearly no comparison between Quebec and Alberta, or even Ontario. However, we have studies showing that a middle class family with two children realizes a net gain of about \$2,000 or \$3,000 compared to Ontario. And compared to the northeastern United States, that gain rises to \$6,000 or \$7,000, because university tuition is lower, we have a \$7-a-day daycare system, and so.

Would it not be a good idea to do this analysis in order to show that even though the tax rate is higher in Canada, we deliver a whole host of more important social programs that have repercussions — you're right about that — in terms of our competitiveness?

The Bridgestone/Firestone company invested some \$50 million in Joliette. According to the company's president for North America, there are two reasons for that. First of all, our public medicare system means that the cost of insurance is more competitive in Canada and Quebec. Second, labour relations are very good with employees, who are unionized members of the CNTU.

Could you comment on that?

[*English*]

Ms. Ellen Russell: On your first point, we will be delighted to do our own forecast. Because the committee hasn't been doing the independent forecasting exercises, we don't have one ready at the moment, but we intend to.

Secondly, absolutely, we're very interested in studying the question of the benefits in terms of competitiveness that flow from a well-targeted spending that the government can do to invest in the various things that support competitiveness. We are thinking about pursuing exactly such a study.

[*Translation*]

Mr. Pierre Paquette: Thank you.

My next question is for the representative of Community Foundations of Canada. What you are proposing, in essence, is that for every dollar collected by foundations in their communities, the federal government contribute one dollar, up to about \$200 million, which means \$100 million each.

Of course, no one can be against doing the right thing. However, I am concerned that richer communities will have an easier time collecting that money and that they will benefit more from government investments, even though they already have an advantage.

So, how can you ensure that this initiative is equitable, in terms of its financial benefits?

[*English*]

Ms. Monica Patten: That's a question we have asked ourselves as we've been developing the program. We have support for this program from our members right across the country, and part of that support is based on an agreement that we will develop a formula that will determine the way those funds will be allocated. The formula will include quite a bit of emphasis on not only the capacity to raise the money—we realize that varies from community to community—but it will also take into consideration the kind of need that exists in communities. So what's the capacity to deliver the programs and services and what kinds of needs are there in that community.

We've been able to do this before. We ran a program a few years ago where the Government of Ontario put some money on the table, which we matched. One of our greatest learnings from that was precisely how to address and tackle the issue that you have raised. I'm very confident that we'll be able to do that.

• (1300)

[*Translation*]

Mr. Pierre Paquette: Thank you.

Mr. deGroot-Maggetti, you are suggesting splitting the Canada Social Transfer between post-secondary education and income support programs, including social assistance.

As regards the CST, should you not be suggesting that rather than being prorated based on population, as is currently the case, these programs should be based on need? For instance, about 30 per cent of the different poverty levels in Canada are in Quebec, but it only receives 23 per cent of the CST, given that the transfer is based on population.

Should we not go back to the system that prevailed when the Canada Assistance Plan was in effect? There the federal government contributed one dollar for every dollar invested by a province.

The Chair: I'm sorry, but I'm afraid I will have to interrupt.

Mr. Pierre Paquette: You can send me your answer in writing.

[*English*]

The Chair: Our committee members do occasionally use all their time in preamble.

Again, Greg, it seems I'm having to cut you off more than the others, but fit your response into the next question if you will.

We'll proceed now with Mr. Turner for a round, sir, of six minutes.

Hon. Garth Turner: Thank you.

I have a question for a few witnesses. Obviously we're in pre-budget deliberations, and it's important for us to get a handle on exactly what the witnesses and groups are asking for.

I'll start with Trevor Lewis. Basically, the question is, what will your recommendations cost? And if you don't know, tell us that.

Mr. Trevor Lewis: Thanks for the question.

The recommendation for increased PSE funding is somewhere in the neighbourhood of \$50 million. Under the PSE program, there's a program called ISSP, which can funnel to our institutes. About \$15 million of that \$50 million would be an infusion of funding for that program.

Hon. Garth Turner: All right.

Greg deGroot-Maggetti, I have the same question to you. What is it going to cost the Government of Canada to implement the recommendations you put forward?

Mr. Greg deGroot-Maggetti: Some of the recommendations, in fact the largest one—to lay out a poverty reduction strategy—won't cost very much, but it will set the agenda for future budget decisions. Some of the specific items have been known for quite some time. For example, with respect to the needs around affordable housing, we need to spend about \$2 billion a year over a number of years to actually build up the stock of affordable housing. The kinds of needs are not insignificant.

Raising the Canada child tax benefit will partly depend on how the design of that program is maintained and whether we've put most of that funding into the national child benefit supplement or we try to spread that out to more families. So some of those costs would be spread out.

Hon. Garth Turner: All right. Yes or no, have you done a cost-benefit analysis of raising the minimum wage to \$10 and indexing it?

Mr. Greg deGroot-Maggetti: Citizens for Public Justice hasn't, but there have been a number of studies done around the impact of minimum wage projections. I can send those to you, if you like.

Hon. Garth Turner: Nathalie Bull, same question. Could you tell me the cost for Heritage Canada to implement those two recommendations, please?

Mrs. Nathalie Bull: There is no direct cost to the government to implement the tax incentive. The kinds of buildings we're looking at would not be rehabilitated without this incentive, so there would not be an increase in tax revenue if the project doesn't exist.

Hon. Garth Turner: Right, but there are lost tax revenues.

Mrs. Nathalie Bull: Yes, but it's revenue that the government wouldn't be receiving because these buildings would not be brought into—

Hon. Garth Turner: That's not how we count it, okay? If it's lost, it's lost.

Okay, thank you very much.

Ellen Russell, are you familiar with the latest surplus numbers?

Ms. Ellen Russell: What are you referring to?

Hon. Garth Turner: The announcement about the current account surplus. I think it was made on Thursday.

Ms. Ellen Russell: I think I have the material here. Are you speaking about *The Fiscal Monitor*?

Hon. Garth Turner: Do you know the surplus for the first four months of the fiscal year?

Ms. Ellen Russell: Well, yes.

Hon. Garth Turner: What is it, please?

Ms. Ellen Russell: For April to July 2006, it was—.

Hon. Garth Turner: The latest numbers, yes, for those four months. And the surplus is?

• (1305)

Ms. Ellen Russell: It was \$6.3 billion. But the results today do not include a significant proportion of \$14.3 billion in tax reductions and expenditures, though, so I would be really hesitant to count on this.

Hon. Garth Turner: Oh, you would be. Okay. But \$6.3 billion over four months, is that what you said?

Ms. Ellen Russell: There is \$14.3 billion left for various measures—that's a lot of things—but it's still early in the fiscal year. Many things can happen about the timing of—

Hon. Garth Turner: But that's where it sits, doesn't it? Why are you relying on old numbers from Don Drummond, as opposed to the new numbers that were issued on Thursday?

Ms. Ellen Russell: I'm relying on all the information I have at my fingertips, and I don't consider *The Fiscal Monitor* to be the end word on this. I think there's much more information.

Hon. Garth Turner: As opposed to Don Drummond, who doesn't work for the government and who is relying on the government's numbers?

Ms. Ellen Russell: Well, I think it's interesting; he has some very interesting insights that are worth considering—

Hon. Garth Turner: I think it's interesting too, because it's just convenient.

Now, I have a question for you. You said we can't afford income tax cuts.

Ms. Ellen Russell: Exactly.

Hon. Garth Turner: What happens when we cut taxes? Where does the money end up, the lost revenues that the government does not take in? For example, where did the \$5.2 billion from the 1% cut in the GST end up?

Ms. Ellen Russell: Well, it ends up in a variety of places. Do you have a study that shows where it ends up?

Hon. Garth Turner: Do you? You made a categorical statement that we can't afford income tax cuts and that there's no economic benefit. So I'm asking, does that money, the \$5 billion from the GST cut, for example, end up in individual savings or in individual investments, or does it go into consumption?

Ms. Ellen Russell: It goes abroad, as well, in some cases.

Hon. Garth Turner: Do you know?

Ms. Ellen Russell: I think every action you take will have costs and benefits.

Hon. Garth Turner: You have made categorical statements to us in your presentation. You can back them up or you can't back them up, one or the other. Do you know where that money went?

Ms. Ellen Russell: Well, yes, it's true that people who pay GST and entities like corporations that pay GST get money back. The question is, what do they do with it?

Hon. Garth Turner: We're not talking about corporations; they can input tax credits to counter the money they spend. We're talking about the GST as a consumption tax paid by the end-user. The end-user, when GST goes down, must have more money. Where does the money go?

Ms. Ellen Russell: Yes, indeed—

Hon. Garth Turner: If tax cuts don't work....

Ms. Ellen Russell: I think you're trying to take credit for the fact that some people do get money from the GST.

Hon. Garth Turner: I'm asking you a question. You've made a categorical statement. Back it up.

Ms. Ellen Russell: I'm sorry. I don't think we're communicating.

The Vice-Chair (Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.)): You have five seconds if you'd like to reply, Ms. Russell.

Ms. Ellen Russell: My point is that with the fiscal surplus that looks to be there, even including the recent data, I think the government is in great trouble if it cuts taxes. There may be some benefits, but there are also some drawbacks to any of those tax cut measures.

Hon. Garth Turner: So you have no evidence.

The Vice-Chair (Mr. Massimo Pacetti): Thank you, Mr. Turner.

Ms. Wasylycia-Leis, you have six minutes.

Ms. Judy Wasylycia-Leis: Well, I think Garth didn't really leave the witness the chance to answer any of those questions. I'd like to direct my questions, as well, to Ellen Russell and suggest to her that in fact she's hit a nerve with the Conservatives.

It's interesting that Garth Turner is a little upset that Ellen Russell would use the term the "Harper government" when in fact, in his own blog two days ago, he referred to the "Harper administration". Our own Minister of Finance, Jim Flaherty, has actually used the words the "Harper government" in a communiqué on several occasions. So obviously the concern is deeper than that, and it has to do, I think, with an unwillingness to accept some very direct advice from a credible source.

I might point out to Mr. Turner that it was his party that joined with us under the Martin government to express concern about inaccurate forecasting expressed through *The Fiscal Monitor*, which now suddenly becomes the bible for the Conservatives. It's an interesting about-face, Mr. Chair, which I think has to be addressed. In fact, we all recognize that we do not have an independent forecasting body in the government today. We have tried to deal with that by bringing four independent forecasters, including the Don Drummond group, including CCPA, including two other reputable sources, together to this table to give us accurate information. That has worked over the last year—the Conservatives were very happy with those results.

Now, what Ellen has suggested is that we perhaps should get back to some sort of independent advice for this committee so we can do our job. That suggestion has been made. In fact, I have a letter to the

chair asking this committee to revisit that proposal, which the Conservatives initiated with the NDP in the Parliament leading up to the last election.

So I think it's only incumbent upon us to ask Ellen Russell if she could enlighten this committee on this general issue of forecasting surpluses. What do we trust? How do we get to the real numbers? How do we do something as a committee, while we wait for Bill C-2 to be implemented, that will take us a tiny step in the direction of some sort of independent forecasting capacity?

Ellen.

• (1310)

Ms. Ellen Russell: Well, I guess if *The Fiscal Monitor* was the only thing you ever needed, there wouldn't ever have been reason for any initiative towards getting independent forecasting advice. So yes, we can't assume that problem is dealt with just because *The Fiscal Monitor* is out or because there is a different party in power.

I'm also going to share my time, because I know it's brief. While you were asking the question, my colleague was rifling through the documents to get some further information for you.

Ms. Judy Wasylycia-Leis: Go ahead.

Mr. Mathieu Dufour (Economist, Canadian Centre for Policy Alternatives): The point we are trying to make here is not that tax cuts don't give money to anybody. It's that the money it gives does not help towards some of the stated objectives, that is, increase in productivity. Corporate tax cuts don't translate into more investment. We have data on this, if you want.

On the personal tax cuts, actually, personal consumption is going down, because the tax cuts are structurally part of a system whereby spending decreases and wages decrease, as well. The tax cuts actually don't follow the decrease in wages, so ultimately, personal consumption is also going down in the process. In fact, people overall have less money, even though tax-wise they do pay a little less. They have a lot less to spend in the first place, but they spend a little less on that particular tax when they get to the counter.

Ms. Judy Wasylycia-Leis: Thank you.

As a follow-up to this whole topic, Ellen, you mentioned the importance of having some kind of judgment or assessment, when we do give tax breaks, to see whether they work.

When we raised this last week with the business tax reform group and asked them if they didn't think a cost-benefit analysis would be useful, Mr. Larson, with his group, said no, we should not have a cost-benefit analysis when it comes to corporate taxes; they should just be handed this money and we should take our chances. Yet when it comes to individual programs, we're going to see in the next little while the Conservative government outlining their \$2 billion cuts to programming for this year, and they're going to use arguments about not having cost-benefit analyses and proven results.

Why do we have this double standard? Isn't it important to have some kind of assessment of where tax breaks are going and what they're doing?

Ms. Ellen Russell: Absolutely. The treasury's dollars are precious, and you wouldn't want to be spending them without some sense of documented benefits coming out of that. You don't have a lot of room to play with. Why would you use what little room you have to do something when you're really not sure what the outcome will be?

Ms. Judy Wasylycia-Leis: Do I have any more time?

The Vice-Chair (Mr. Massimo Pacetti): No. Thank you, Ms. Wasylycia-Leis.

[Translation]

Mr. Paquette, you have five minutes.

Mr. Pierre Paquette: Thank you.

I'd like to go back to my previous question.

As you know, the Canada Social Transfer is distributed on the basis of population, rather than need, unlike the system used for the Canada Assistance Plan.

If it came to the point where we decided to split the transfer in two, between post-secondary education on the one hand, and social programs on the other, would it not be advisable to ensure that that part of the transfer is based on need, rather than population?

[English]

Mr. Greg deGroot-Maggetti: That's a very good question.

I think, as you pointed out, part of the justification for splitting the two is for accountability purposes: to know how much money is going for post-secondary, how much is going through the Canada social transfer.

One of the advantages of the dollar-for-dollar or the matching funding, which addressed the issue of paying in proportion to need, was that it gave a clear accounting for how much money is spent on social welfare issues. The other benefit of going that approach is that it actually helped to encourage the development of Canada's social system.

Can I say definitively what's the best? No, I can't. But I think these are the kinds of questions that we need to be talking about when we talk about splitting up the Canada social transfer: how do we make sure it works to actually deliver to the needs across Canada to improve well-being and assure there are adequate social services?

• (1315)

[Translation]

Mr. Pierre Paquette: Have you assessed what part of the current transfer would go to post-secondary education and to social programs?

[English]

Mr. Greg deGroot-Maggetti: That one I'll have to get back to you on. We had done a little bit of research on that a few years ago, and I don't have the numbers right on the tip of my head. I'd have to update that a little bit.

[Translation]

Mr. Pierre Paquette: If I have any time remaining, Mr. Chairman, I would like to know what is meant by "Include strong principles [...]". Do you mean the federal government would impose standards? Once again, I would remind you that we have a Canada Health Act and that it did not prevent the federal government, back in the 1990s, from deciding unilaterally to no longer fund health care; at this time, the federal contribution is not even 25 per cent, which is what was proposed by Romanow. So, if you're talking about strong principles, we would need to ensure that the federal government will be providing funding, and that there will be no disengagement on its part once we have decided on a program.

I would just cite the example of the daycare program. Two years later, the federal government withdrew entirely from the program. Imagine if it had done that five, six or seven years after the program had been put in place: daycares would already have been built, staff would already have been hired and children would have been using these facilities when the government decided to wash its hands of the whole affair.

So, I think you really need to ensure that those strong principles include responsibilities on the part of the federal government.

[English]

Mr. Greg deGroot-Maggetti: That's a very good point, and a real dilemma.

One of the benefits of the conditions that existed for the Canada social transfer in the past was, again, to help build that system, but it does involve mutual accountability across both levels of government.

When we look at something like a poverty reduction strategy, which I really believe needs to be an important part of answering these questions about the Canada social transfer, we take the example of Quebec, with the law to eliminate poverty. To get something like that in place, to get all-party support, helps to keep the pressure on. This needs to be a social commitment as well as a government commitment.

Part of government's responsibility is to make sure that those who are most vulnerable to poverty are protected and are helped to move out of poverty. Those principles, whether they're conditions or whether they're strong principles of solidarity across multiple levels of government, need to be worked out.

[*Translation*]

Mr. Pierre Paquette: My question now is for the Heritage Canada Foundation. You did not attach any numbers to your demands. You talk about creating tax incentives, which is certainly understandable, and then you talk about implementing a program of direct funding to assist non-profit organizations, public agencies and private individuals in the stewardship of heritage buildings.

How big a program are we talking about? Have you an idea of the order of magnitude that would be involved?

Mrs. Nathalie Bull: As regards direct funding, we are proposing an amount of between \$5 and \$10 million annually. Those amounts are based on the results of the program established for commercial properties.

Mr. Pierre Paquette: So, it would be between \$5 and \$10 million. Thank you.

Mrs. Nathalie Bull: Every year.

Le vice-président (M. Massimo Pacetti): Thank you, Mr. Paquette.

[*English*]

Mr. Dykstra, I'll take the five minutes that were allocated to.... I have a couple of quick questions.

Ms. Bull, since you've just been addressed, it's sort of along the same lines. I understand that you don't have any numbers in your presentation. But even if we give an additional incentive for people to donate to heritage foundations or for heritage buildings, which is exactly what you're asking for in your brief, as far as the types of people who will donate to heritage buildings are concerned, how will that change? Isn't the foundation already a charitable organization? Doesn't it already offer some type of incentive? Won't you be giving an additional incentive to the same people who are now giving?

Mrs. Nathalie Bull: We're not asking for donations to be made to the foundation; we're asking for a tax incentive to provide an incentive for investment in projects. The owner of a building investing in a rehabilitation would receive a tax credit directly from the government, and that would be administered through the Parks Canada Agency, for example.

The second part of our request is—

The Vice-Chair (Mr. Massimo Pacetti): Can I ask who owns the majority of the heritage buildings, private owners or public institutions?

Mrs. Nathalie Bull: There are buildings owned by many different types of owners: privately owned buildings, commercially owned buildings.

The Vice-Chair (Mr. Massimo Pacetti): So you wouldn't discriminate between private or public?

Mrs. Nathalie Bull: The tax incentive obviously would be applied only to buildings that are revenue producing.

The Vice-Chair (Mr. Massimo Pacetti): I just want to understand who the primary owners of the buildings are.

Mrs. Nathalie Bull: For the tax incentive, the ownership type would typically be Canadian corporations, revenue-producing corporations.

The second part of our recommendation is making available direct funding for owners of properties that are not revenue producing, for example, places of worship owned by non-profit corporations, museums—buildings that are operated for not-for-profit purposes.

● (1320)

The Vice-Chair (Mr. Massimo Pacetti): How would you implement this type of program?

Tax incentives can mean a lot of things for the private sector and the public sector...whether it's a religious institution that owns a heritage building. How do you put the programs in place so that you can say it's going to depend on the value of the property, or is it going to be dependent on how much this typical organization has in its coffers?

How are you going to determine how the program is going to be structured? That's the complexity of establishing a program.

Mrs. Nathalie Bull: Right. It would be administered as two separate programs because of two very different administration types. The tax incentive would be administered on the basis of the dollar value of construction, and the direct funding would more likely be a contribution program.

The Vice-Chair (Mr. Massimo Pacetti): Thank you.

Mr. Gordon, for your Canadian Centre for Emergency Preparedness, in your recommendation you say, “financially invest in mitigation activities and programs”. Who do we invest with? How are the programs going to be structured? Who do we invite, who are the stakeholders? Are we talking about emergency workers, firemen, policemen, social workers?

Mr. Adrian Gordon: The stakeholders are really all levels of government, as well as particularly the communities, the municipalities across Canada, because depending on which province and territory we're dealing with, the onus is on the community to maintain and develop an effective emergency plan, and that is where the mitigation has the most impact.

The Vice-Chair (Mr. Massimo Pacetti): But don't most municipalities already have some type of emergency preparedness plan?

Mr. Adrian Gordon: I think that varies greatly across the country. In Ontario, for example, there is legislation that requires each municipality to maintain a plan. I am not so familiar with the wording in each particular province. Having a plan is quite different from actually maintaining a plan.

The Vice-Chair (Mr. Massimo Pacetti): So you would be looking at a national type of plan, but administered or run locally.

Mr. Adrian Gordon: I think what we're asking for is for the federal government to support mitigation programs, particularly done at the municipal level. I forget the full name for it, but there is the JEPP program, which enables municipalities to apply, through the provinces, to the federal government for funding. That is one way that the federal government currently supports such programs.

The Vice-Chair (Mr. Massimo Pacetti): Thank you, Mr. Gordon. I think my time is up.

Mr. Dykstra, are you ready? Thank you.

Mr. Rick Dykstra (St. Catharines, CPC): Thanks.

My first question is actually for the CPJ, and that just relates to the comment Mr. Gordon made, in response to Mr. Turner's question, about the \$2 billion investment in affordable housing. I wonder how the \$800 million investment that we made in this budget will have an impact, obviously in the short term, but on the longer-term solutions as well. I would think that based on the fact that it almost gets to half of what you're suggesting, we've done a reasonably good job of committing ourselves in this budget to affordable housing in our country.

Mr. Greg deGroot-Maggetti: I would agree that for the year that the money was allocated for it, that's a helpful sum of money. The need, then, on an ongoing basis is to build the stock of affordable housing. So it would be really welcome if that kind of funding were continued on in the next budget. It would get us part of the way.

Mr. Rick Dykstra: I'd love to get into the discussions around the minimum wage, but I think we're going to have to take a whole day to do that.

One of the comments I have is for Mr. Gordon, which would obviously lead into a question. First, I was interested in the Canadian Centre for Emergency Preparedness quote you used from the former president. It certainly makes me think about what we're doing in Afghanistan right now. I know we're not here to talk about that, but I certainly will keep that in mind in terms of the debate around emergency preparedness and what we need to do to prevent things like that from happening in our country.

One of the earliest pieces of legislation this government moved was Bill C-5, which actually implemented, under the direction of Dr. David Butler-Jones, the Canadian Public Health Association. A big part of their responsibilities—and he reports directly to the Minister of Health—is emergency preparedness, prevention, and being proactive with respect to any type of pandemic that might hit the country, as it did somewhat with the SARS outbreak.

I wonder what your relationship is with the CPHO and if that relationship actually has a strength that can be bonded.

• (1325)

Mr. Adrian Gordon: We are a pretty small non-profit organization, and our relationships with the federal government are primarily through the offices of PSEPC. We do have contacts with Public Health Agency of Canada, and the committee may be aware that we run an annual conference, the World Conference on Disaster Management. The Minister of Health actually opened the conference this year, and Dr. Butler-Jones was a speaker.

So through the conference we have connections with other government departments, but primarily we deal with PSEPC.

Mr. Rick Dykstra: Thank you. I did have a couple of questions. I am going to be quick here for Ms. Russell. They deal with a couple of portions of the report. I'm not here to get into the discussion. I certainly listen and appreciate that we may have a disagreement in

terms of opinion, but I respect the fact that you have an opinion and a position that you'd like to hold.

One thing that concerns me is when I see part of your report talking about how government spending can be a powerful source to enhance Canada's competitiveness and that the slashing of transfer payments has led to the undermining of post-secondary education.

Could you comment on the fact that according to Stats Canada—which you use later in your report—from 1991 to 2000, the proportion of adult Canadians with university credentials actually grew from 15% to 20%, and basically 49% of the folks who did the census in 1991 were between 25 and 34 years of age and now have advanced post-secondary credentials?

So I'm finding an inconsistency in terms of what you state is happening, versus what Stats Canada has actually stated.

Ms. Ellen Russell: Sorry, I'm struggling with the question.

Mr. Rick Dykstra: You're actually educating more people in post-secondary education than you claim to do in your report. You're suggesting it has had a negative impact, when we've educated more people in the last 10 years at the post-secondary level than we did in the late 1980s and early 1990s.

Ms. Ellen Russell: So are you having a cause and effect relationship there, that you cut the transfer and therefore more people get educated?

Mr. Rick Dykstra: No, I'm just trying to clarify that you suggest we're going to be worse off, when we actually improved the number of people getting post-secondary education in the last ten years.

Ms. Ellen Russell: I think we need—

The Chair: I'm sorry to cut you off, Madam Russell, but the time has elapsed, and the time for this round has elapsed as well.

I want to thank all of you very much for participating in our pre-budget consultative process. We appreciate the time you put into preparing your reports and your briefs, and in participating today. Thank you again on behalf of the committee.

Committee members, we just had a notice of a point of order from Madam Ablonczy.

Feel free, panel, to be comfortable in your departure, and we'll continue with some internal committee business at this point. Thank you again.

Madam Ablonczy, did you have a point of order?

Ms. Diane Ablonczy (Calgary—Nose Hill, CPC): Yes. Thank you, Mr. Chairman. This is just a scheduling item. I notice that the National Arts Centre has a function tomorrow night that will conflict somewhat with our committee meeting. I wonder how many members this might affect and whether we need to make a scheduling change because of it.

The Chair: I believe it's Wednesday evening.

Ms. Diane Ablonczy: Sorry, it's not tomorrow night; it's Wednesday night.

The Chair: Of course, this will be relevant to our sitting times, because as you know, we're scheduled to sit from 3:30 to 6:30 p.m. on Wednesday and apparently this has a starting time of 6:30 p.m.

How many members are affected by the National Arts Centre gala event on Wednesday evening? Raise your hand if you are. There are two. So getting a substitute or leaving early without one is the alternative.

Yes, Mr. Turner.

•(1330)

Hon. Garth Turner: I'd like clarification from the clerk on a point that we've been trying to figure out about scheduling. We've run into some problems because my office was unaware of the meeting this afternoon until 12:18 or 12:20 p.m. today—Mr. Del Mastro also and, Diane, you had the same problem.

I checked with the clerk who informed us that a notice of meetings for today went out at 4:47 p.m. on Friday.

None of us can find that notice; it doesn't seem to have existed. I have a number of commitments this afternoon. I'll try to break them, but it's very difficult for us to schedule meetings on the day of. I'm wondering if we can get some clarification as to whether we had a communications problem, or exactly what was the genesis of this. What did go wrong?

The Chair: First of all, the notice that went out at 4:47 Friday was to say they can't technically tell you about the meeting this afternoon because there has to be a chair elected before they can technically tell you.

But I did address the committee at our first meeting, last Monday, and said this is the schedule that we'll be following for meetings. So no one should be confused by that. You were all notified and your offices were all notified that we were going to be meeting today at 3:30.

Hon. Garth Turner: My office was not notified of that. I know the clerk showed me the e-mail, but we did not receive it. We've done an audit of our computer; it's not there.

The Chair: Okay. We'll have to—

Hon. Garth Turner: And I'm not the only member of the committee for whom it's not there.

The Chair: Okay. The clerk informs me that she'll be addressing the technical issue before the next meeting begins at 3:30 so that it doesn't recur. We do want to make sure as much as possible, given the unpredictability around here, that you all know of meetings well in advance, as much as is possible.

So we'll adjourn unless—

Hon. Garth Turner: I know some of us have some pretty substantial conflicts this afternoon.

The Chair: Well, we need one member from each side for a quorum this afternoon. Short of proceeding to notify everybody not to show up in an hour and a half or two, I think we'd best proceed this way today.

How we'll get this answer back to you I'll leave with the clerk, Garth. If you're not going to be here this afternoon, we want to get the answer.

Hon. Garth Turner: I'll try.

The Chair: Good.

Okay, we're adjourned.

Published under the authority of the Speaker of the House of Commons

Publié en conformité de l'autorité du Président de la Chambre des communes

**Also available on the Parliament of Canada Web Site at the following address:
Aussi disponible sur le site Web du Parlement du Canada à l'adresse suivante :
<http://www.parl.gc.ca>**

The Speaker of the House hereby grants permission to reproduce this document, in whole or in part, for use in schools and for other purposes such as private study, research, criticism, review or newspaper summary. Any commercial or other use or reproduction of this publication requires the express prior written authorization of the Speaker of the House of Commons.

Le Président de la Chambre des communes accorde, par la présente, l'autorisation de reproduire la totalité ou une partie de ce document à des fins éducatives et à des fins d'étude privée, de recherche, de critique, de compte rendu ou en vue d'en préparer un résumé de journal. Toute reproduction de ce document à des fins commerciales ou autres nécessite l'obtention au préalable d'une autorisation écrite du Président.