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Thursday, December 6, 2007

—
Chair

Mr. Rob Merrifield

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• (0905)

[English]

The Chair (Mr. Rob Merrifield (Yellowhead, CPC)): First of all, I want to say how great it is to be in Halifax—how great it is that the plane landed all right and the snow stayed away and there was no problem. It's great to be here. It's great that you're here to testify before the committee.

Before we get started, though, I believe it was 90 years ago that the Halifax harbour explosion occurred. We've asked Gerald Keddy, and perhaps Mike Savage, because they're locals who know a little bit of the history, to share with us this historic moment.

Mr. Gerald Keddy (South Shore—St. Margaret's, CPC): Thank you, Mr. Chair.

Good morning to our witnesses and to our colleagues from the House of Commons. I think most of us are here.

Certainly, for those of you who are not aware of the Halifax explosion, at the time it was—and still is—the second largest man-made explosion ever occurring anywhere on earth. It was a tremendous explosion caused by the collision of two ships in the Halifax harbour, the *Imo* and the *Mont Blanc*, both loaded with munitions for World War I.

If you have the opportunity while you're here, you really should go down to the Maritime Museum of the Atlantic and look at their display, because it really is quite significant.

Of course, out of all tragedies, some good things happen, and a number of good things happened after the Halifax explosion. The Halifax School for the Blind was set up for the first time here in Halifax. Unfortunately, during the explosion, many school children were looking out the windows at the two ships burning in the harbour, and when they exploded, the windows blew in on them and of course caused a lot of blindness.

The other terrible thing that happened that evening was that an extreme northeast snowstorm blew in, which slowed down the rescue operations.

The other thing I believe you really need to know about it is the ongoing relationship between Nova Scotia and the City of Boston, because the City of Boston immediately sent a relief train to Halifax, which was the first relief train to actually reach us. Of course, it was loaded with medical supplies and blankets and food. For that, the Province of Nova Scotia has given the holiday Christmas tree to Boston on an annual basis in recognition of the help received when Halifax was in dire straits.

Mike or Alexa may want to add to that.

The Chair: Alexa is here as well, so if you would like to add to that...

Mr. Michael Savage (Dartmouth—Cole Harbour, Lib.): I don't have much to say about it. I appreciate Gerald's comments.

It was a transformative event in the history of Halifax-Dartmouth, as most of our panellists here today would know.

I would add that there are many sites on the Dartmouth side as well that you can see to commemorate the Halifax explosion.

We're also commemorating the anniversary of the tragic deaths of women at École Polytechnique. That's a more recent, and equally sombre, reminder of what can happen in society, and I know we all take that seriously.

But the Halifax explosion was transformative for Halifax-Dartmouth—perhaps as much for our relationships with parts of the United States as anything else. It's taken very seriously in our schools and in our community.

The Chair: Ms. McDonough.

Ms. Alexa McDonough (Halifax, NDP): Thank you, Mr. Chair.

I might say that it is because of the very sombre event of December 6 that I am substituting today for Thomas Mulcair, who is in his city of Montreal, where the horrors of the École Polytechnique murders are being commemorated.

Just by way of reference to the other event, I will say that I, as a member of Parliament and, I am sure, Haligonians, appreciate your opening with this commemoration, and with the relationship between Boston and Halifax, which has always been very, very strong. As it happens, my grandfather had closed his medical practice in Boston to move to Truro to start up the first hospital in Colchester County when the Halifax explosion occurred, and the opening of the hospital turned out to be very fortuitous. He took the train to Bedford, and, like everyone else, he walked into the inner city because it was inaccessible in any other way, and many patients were taken to hospital in Colchester County.

From both of these very sombre events, which we properly commemorate, we hope to learn lessons. That's why we have a great deal of public attention on the horror of the December 6 École Polytechnique murders, and hopefully are learning lessons in public policy from them.

Here in Halifax there are a great many people who hope that one of the lessons learned from the Halifax explosion is that we should make our harbour a nuclear-weapons-free zone. That's an ongoing struggle that many people are very much engaged in, not just in Halifax, but worldwide. So it's an appropriate time to commemorate those events.

Thank you.

• (0910)

The Chair: Thank you very much.

I think it is appropriate that we pause for a minute of reflection. At 9:05 in the morning 90 years ago, this tragic event happened here.

[A moment of silence observed]

The Chair: With that, we will continue the meeting.

First of all, to our witnesses, you are allowed five minutes to present. Our wish is that you stay as close to five minutes as you possibly can as we go through this, and we encourage you to do so.

I'll introduce you and yield the floor to you in respective order.

We'll start with the Assembly of First Nations, with Daniel Wilson, special advisor, accountability.

The floor is yours for five minutes, please.

Mr. Daniel Wilson (Special Advisor, Accountability, Assembly of First Nations): Thank you very much, Mr. Chair and the committee, for the invitation to appear here today.

The AFN, as you may know, is the national first nations organization representing over 630 first nations governments and communities and some 800,000 citizens across the country.

The AFN has made a presentation to this committee every year for several years running, and as a result there is an archive of material that identifies and explains first nations needs. If you have questions with regard to any of those figures or any desire for additional information on the issues that have been raised in the past, please don't hesitate to ask. I'd be happy to provide those details.

What I'd like to talk about today during this short presentation reflects a slightly different approach on our part. I want to suggest two investments that could be made in the upcoming budgets, which we believe are of equal benefit to first nations and the broader Canadian economy as a whole. We like to think of these as win-win or mutually beneficial investments.

The first idea is designed to help Canada address its labour force replacement challenge. Canada's aging demographic and reducing birth rate means more workers leaving and fewer entering the workforce. Hundreds of thousands of workers will be leaving the workforce within the next several years, and the construction sector council estimates 62,000 workers will be needed to be replaced by 2015 in that industry alone.

The effect of the situation on productivity and competitiveness is significant and will only grow. Canada needs a labour force replacement strategy for the 21st century. The Canadian citizens with the highest birth rate are first nations. The Canadian average is 1.57 births per woman, compared to 2.6 births for a first nations woman.

This is also Canada's youngest demographic, with 54% of first nations citizens under 30 years old. First nations also have the highest unemployment rate, at more than twice the Canadian average. There is a young and growing population of Canadians who want to work and a need for skilled workers in a variety of sectors in the economy.

It should be a simple and straightforward proposition to suggest that Canada invest in meeting both the labour force replacement that Canada needs and the needs of first nations youth by investing in a strategy that brings these interests together. That essentially is our first recommendation. It means investing in education and skills training for first nations youth and helping employers identify suitable recruits from first nations communities. It can easily fit within the upcoming budget, and it will provide benefits to the economy of the country as a whole.

Our second recommendation has to do with resource development and investor certainty. Business needs to know that the climate for investment is reliable and predictable. When it's not, money is spent too early or invested without return. This causes a decline in investor confidence that can be very damaging to the bottom line. In the resource sector in particular, first nations interests are seen as a stumbling block and as problems that erode investor confidence, because businesses cannot know how long a process will take and what kind of interest they will run into along the way before a resolution is found.

The reasons for this uncertainty are not as complicated as they may seem. The laws of Canada, based on the Constitution and Supreme Court cases, among other sources, require that government consult with and accommodate the interests and concerns of first nations. Where treaties exist, additional commitments may apply. Where aboriginal title exists without treaty, new court cases suggest an even higher duty. I would refer people to the recent decision of the B.C. Supreme Court in *Tsilhqot'in v. B.C.* from November 21 in that regard.

The essential message is that government must address the interests of first nations before authorizing resource development projects that may affect our rights or interests. This can be done by developing agreements for resource revenue sharing with first nations that will smooth the way, insert predictability and reliability into the process, increase certainty of outcomes, and enhance investor confidence. Both of these ideas are spelled out in greater detail in our submission, of which you have copies, and they were also presented to the Council of the Federation this summer to a very good reception from the provincial premiers. They are simple, achievable, and mutually beneficial recommendations that will help Canada's economy and help first nations take their rightful place within that economy.

The final matter I'd like to address is more fundamental and is not a recommendation for an investment at all. In fact, it costs nothing to fix but has enormous costs as long as it remains unaddressed, and it will provide support to investment. That is accountability.

●(0915)

The belief exists in some circles that investment in first nations is wasted, that money now invested is without outcomes, and that more money would be lost to incompetence or corruption. The position of the Department of Finance is that change must occur before investment can be made. First nations agree and eagerly want to engage in accomplishing such change with the government.

There are problems with the accountability framework that first nations governments share with the federal government. The AFN would like to change that. We have begun work in this area and would like to see it proceed. As of now, the federal government has not agreed to continue that work with us.

This does not just impede investment in redressing poverty; it prevents progress in improving the Canadian economy. The two recommendations I have made here today are prime examples. I ask if the committee can accept that the federal government both refuses to invest and prevents progress from happening.

I'll leave you with a simple question on this point. Is it fair that first nations continue to suffer while the Government of Canada simultaneously both insists on and impedes the structural change that needs to happen to benefit both Canadians and first nations?

Thank you very much.

The Chair: Thank you very much.

We'll now move to the Association of Atlantic Universities. We have Colin Dodds, vice-chair.

The floor is yours for five minutes.

Dr. Colin Dodds (Vice-Chair, Association of Atlantic Universities): Thank you very much, Mr. Chair. I apologize for my croaky voice. I have a cold.

As mentioned, my name is Colin Dodds. I'm the president of St. Mary's University, but this morning I'm representing the Association of Atlantic Universities.

My brief has many similarities to what you've already received from AUCC, but there are some key regional differences. My remarks can be set in the context of two recent reports: *Mobilizing Science and Technology to Canada's Advantage*, in May of this year, and *Advantage Canada—Building a Strong Economy for Canadians*. In the end it comes down to people and education.

I think it's important to set a financial context for these remarks. I wish to acknowledge the success of the federal government's investment in the university sector. I don't think governments—the federal government in particular—get enough thanks over the years for their significant investment, particularly in research. But I feel a little like Oliver Twist, coming back and asking for more.

Continued investment in universities will maximize their contribution to a prosperous and competitive Canada and Atlantic Canada. But the challenge of having globally competitive taxes, in conjunction with the significant challenge of Atlantic Canada's rapidly aging and declining population, means that Atlantic Canada must grow its economy. I think you're aware that the demographics

are now hitting us in this region, and at the same time we're having a net migration, particularly to the west.

This morning I intend to address five key recommendations that will make a significant difference in Atlantic Canada's—and therefore Canada's—future competitiveness and productivity, nationally and internationally. I think you're all aware that we face challenges in global competitiveness and innovation compared to our OECD partners. This will therefore focus very much on people and knowledge and will reference back to those two reports.

First, on continued and increased investment in university research, again I want to acknowledge the many initiatives the federal government has taken over the last few years.

Second, on increased investment in young researchers and graduate scholarships, I recognize that in Budget 2007 some important initiatives were made with respect to graduate scholarships and internships. We welcome them and would like them to be extended.

Third, increased investment in the marketing of Atlantic Canada as an education destination to international students will complement the current federal-provincial initiative to develop a Canada brand for international education.

Fourth is improving university participation rates and access to higher education for traditionally underrepresented groups, which touches very much on what Danny Wilson just referred to.

Fifth is investing in university infrastructure improvements.

The AAU strongly supports cooperation and collaboration between federal and provincial governments, universities, and the private sector—in other words, a partnership—to establish objectives for increased investment in the PSE sector, with the attendant accountability for results.

I have to state at the outset that Atlantic Canada has a wide range of excellent universities that are ranked highly, whether it's by the media, citation indices, etc. They're dynamic and changing; however, it is important for you to understand that the majority of our institutions are small to medium-sized liberal arts universities, with the majority specializing in undergraduate social science and humanities education. There are exceptions, and we can perhaps discuss those later on.

Let me elaborate on the five recommendations in the time I have.

First is ensuring national and international competitiveness in research and building research capacity. Atlantic Canada's universities annually attract more than \$510 million in R and D investment and are responsible for 63% of R and D conducted in the region. So a robust university research environment is vital for the future of Atlantic Canada as well as Canada.

●(0920)

In 2005 the AAU, in partnership with ACOA, created an organization called Springboard, a regional university research commercialization network. It fosters greater collaboration between universities and the private sector in Atlantic Canada.

At the same time, I want to acknowledge the role that provincial governments, particularly here in Nova Scotia, have played in supporting research and development. The Government of Newfoundland recently announced significant investment in that area.

We recommend that the federal government continue to invest in national university research programs, but it should recognize that in this particular area sheer size does not count.

We have some handouts for you this morning, which you will receive later.

Second, increasing investment in graduate students is particularly important for master's and PhD students. We feel that is critical, and I think the AUCC brief developed that.

Third is the issue of coming east from other parts of Canada, and of course coming globally to Atlantic Canada as an education destination. We feel that's very important.

We also think that Canada could, following AUCC, develop a key scholarship program—an elite scholarship program similar to the Fulbright and Rhodes scholarships.

Am I finished?

• (0925)

The Chair: Yes, you are. You're over by quite a bit, but that's all right—well, it's not all right. We like to try to keep it as tight as we can to five minutes. It won't be your last shot at it. We'll have more time in questions and answers. It's just that we don't want to compromise the amount of questioning we can do.

Thank you very much for that.

Next, from the Canadian Electricity Association, we have Francis Bradley, vice-president.

[Translation]

Mr. Francis Bradley (Vice-President, Corporate Resources, Canadian Electricity Association): Thank you, Mr. Chairman.

The Canadian Electricity Association is the national voice of the electricity industry in Canada. Our members represent the whole value chain of the industry, from the production of electricity to the distribution to clients.

[English]

The electricity system is complex. Electricity is the most extreme example of just-in-time delivery. There's no widespread storage system for electricity, so the moment when a customer flips on a switch or turns on a machine, the power must be available from a generation station sometimes hundreds or even 1,000 kilometres away and delivered through a transmission and distribution grid, all of which are constantly balancing supply and demand.

[Translation]

A safe, secure, reliable, sustainable and competitively priced supply of electricity has been one of the key competitive advantages we have had to support our economy and our prosperity.

[English]

Canadians expect this performance to continue into the future, but to do so will require significant investment in electricity infrastructure in the years to come, estimated by the International Energy Agency to be in the order of \$190 billion by 2030.

[Translation]

To address the challenges related to demand and to the distribution of electricity, significant investment will have to be made in the construction and upgrading of our infrastructure as well as in the development and distribution of new fuels, new energy services and new technologies.

These initiatives must be taken at the time of regulatory uncertainty, environmental pressures, capital mobility and unprecedented labour shortages in our industry.

[English]

The theme of this year's consultation is “the tax system the country needs for a prosperous future”. Accordingly, in the brief we sent to the committee in August, we proposed a series of recommendations that we feel will enable the electricity sector to contribute to a prosperous future for Canada.

[Translation]

Our recommendation relating to the corporate income tax rate has been overtaken by events and we were pleased to note the announcement in the latest Economic Statement that the rate we be reduced to 15% by 2012.

[English]

We made specific recommendations with respect to the scientific research and experimental development tax incentive programs, and since the submission of the brief, CEA has taken part in the SR and ED consultations that were recently launched by the Department of Finance and the Canada Revenue Agency. We welcome the opportunity to work with the Government of Canada to improve tax incentives and to streamline the program's administration.

In our brief, we also discuss the tax treatment for smart meters and advanced metering infrastructure, or AMI. Smart meter technology and AMI are essentially information technology. They comprise telecom, electronics, and software, but they're currently treated as part of the distribution plant when calculating capital cost allowance rates. CEA believes that these rates should be reclassified at a 45% CCA rate from their current 8% rate to better reflect the high-technology nature of their components.

In addition, CEA asks the committee to consider the following recommendations. First, increase the CCA rates from 8% to 12% for investments in transmission and distribution infrastructure to encourage modernization of the grid systems. The United States has brought the depreciable life of transmission infrastructure greater than 69 kV down to 15 years, reflecting a 12% CCA rate equivalent. Electricity grid linkages between Canada and the U.S. support commerce and reliability. We must ensure that both our systems are modernizing at similar rates and must recognize that we seek funding from the same capital markets.

● (0930)

[Translation]

Furthermore, we recommend the re-enactment of Class 24 for air and Class 27 for water for the capital cost allowance, or CCA, for a period of five years in order to encourage electric utilities to implement pollution control technologies and emissions abatement in thermal power plants.

Finally, we are calling for renewed efforts to support information distribution as well as programs and offers relating to energy efficiency.

[English]

In summary, we believe that these recommendations will move us closer to a tax system for a prosperous future by helping to make electricity the critical enabler of the economy and of Canadians' expectations for an enhanced quality of life.

[Translation]

I want to thank you, Mr. Chairman as well as the members and the staff of the committee, for this opportunity.

[English]

I'd be pleased to answer any questions you may have.

Thank you.

The Chair: Thank you very much.

We'll now move on to Feed Nova Scotia.

Dianne Swinemar, executive director, the floor is yours.

Ms. Dianne Swinemar (Executive Director, Feed Nova Scotia):

Good morning, and thank you for inviting me to present and represent Feed Nova Scotia here this morning.

Feed Nova Scotia is a central collection and distribution agency supplying over 150 food banks and meal programs in the province. While our immediate goal is to feed hungry people, our ultimate goal is to alleviate chronic hunger and eliminate poverty. My presentation this morning is based on keeping those two goals in mind.

In Nova Scotia, some households are making difficult choices every day about putting food on their tables for their children. This is happening when the federal government has been posting multi-year budget surpluses. It is my hope that at the end of my statement you will be convinced that, as elected representatives in Parliament, more can be done to help citizens living in low-income situations.

Using statistics from our 2007 hunger count survey, I can inform you that at least 18,417 Nova Scotians visited a food bank for support in March 2007; 9.4% of them reported that employment was their main source of income, which is up 2.2% from last year.

Visiting a food bank once a month used to be sufficient for most households that were in trouble. This year we've noticed a 4.8% increase in the number of households that used a food bank more than once in the same month. These are hard-working people who go to work every day, have children in school, and pay their taxes. You wouldn't suspect they seek help from their local food bank.

These people are typically referred to as the working poor. I am concerned that working people are finding themselves in a financial situation whereby they need to use food banks.

Until an integrated approach to reducing poverty can be implemented in the long term, I am proposing two things for the committee to consider in the short term. If time allowed, I probably could propose many more.

I would ask the committee to first consider changing the working income tax benefit to improve the quality of life for the working poor; 9.4% of our clients access this program. Many are part-time workers who want to work full-time hours, but these are just not available to them. Their ability to take a second or even a third job is limited by the variable hours created by their first job and whether they have access to affordable day care.

This tax benefit was created to help the working poor, and as you know, if a person earns more than \$3,000 a year, they can qualify for amounts ranging from \$500 to a maximum of \$1,000 a year.

Research done in 2005 concerning the cost of food in Nova Scotia found an average family of four paid \$617 a month to purchase nutritious food. This is in addition to other necessities such as housing, heat, a telephone, and transportation, some of which have increased substantially in price over the past 10 years, as we indicated in our August 2007 brief to the committee. These costs have had a huge impact on the ability of families to provide for other necessities and to allow their children to enjoy the activities all children should be able to enjoy.

If this program is intended to improve the quality of life for the working poor, it would appear that benefit amounts are too low relative to the cost of living. I urge you to consider raising these amounts.

One of my staff recently shared a story with me that I would like to share with you. She was talking with a woman who was trying to make a fresh start after leaving an abusive relationship. She was moving from a temporary shelter into a new apartment early this past summer. She found a job, but the pay was low. From her first month, she fell further and further behind in her bills. She fell short on her rent for September and October and was given a conditional eviction notice. If she doesn't pay her rent in full by January 1 this coming year, she will be evicted.

This person is frightened, and she turned to us for support. All her money goes toward bills, and then she has to rely on food banks and goodwill to feed her children. Even if she doesn't buy any food and pays all her bills for January of 2008, she will still be \$250 short. Between working and raising her children, she has no time for a second job and cannot afford any more day care. This lady told us that if she had a little more money every month, it would go a long way to help her to provide for her children. But she does not know how to get that extra money.

●(0935)

We hear stories similar to this one every day. It seems to indicate that even a small increase, perhaps even \$100 a month, in the benefit rate would improve a family's everyday living situation. This seems an affordable and reasonable way to improve the lives of the working poor given that the economic update of October 2007 announced \$60 billion in future tax cuts.

The next item I would like to briefly—

The Chair: Actually your time has gone. We may be able to get to your other point in the questioning.

Let's move on. We have Mr. Dan English, the CAO of the Halifax Regional Municipality.

The floor is yours for five minutes.

Mr. Dan English (Chief Administrative Officer, Halifax Regional Municipality): Thank you, Mr. Chair, and good morning.

As mentioned, my name is Dan English and I'm chief administrative officer with the Halifax Regional Municipality.

Today I'm here on behalf of Mayor Peter Kelly, who's tied up with the Halifax explosion ceremonies that are taking place.

Thank you for the opportunity to discuss the priority issues facing Halifax and to highlight areas where collaboration with the federal government is needed. The four priority issues I wish to discuss today are fiscal imbalance, infrastructure funding support, environment, and public safety and crime prevention.

Under fiscal imbalance, I believe it would suffice to say that Halifax supports the position of the big city mayors' caucus and their recommendation that the federal government permanently share the equivalent of 1¢ of the GST annually with the cities. The rationale for this proposal is well documented. Most Canadian municipalities are highly dependent on property taxes. In fact, in HRM, property taxes make up approximately 76% of our total revenue.

With the recommendation of the big city mayors' caucus, along with continued federal investments such as the gas tax, GST rebate, infrastructure funding, and the development of a new national transit strategy, municipalities would be able to diversify their revenue base beyond just property taxes. This would be similar to initiatives under way in the U.S., Europe, and the U.K., where governments are providing their municipalities with new and innovative financial tools and revenue-sharing opportunities.

This topic leads right into the next issue, i.e. the ever-increasing infrastructure deficiency in Canadian municipalities. Halifax, like many Canadian municipalities, needs increased infrastructure funding support. As one of the older cities in Canada, Halifax faces significant pressures regarding the age of its infrastructure compared to much of the rest of the country.

We currently have an annual infrastructure funding gap of approximately \$50 million. Continued federal funding programs for infrastructure are of paramount importance to us. The recently announced Building Canada plan is a positive step to assist municipalities.

I'll just note a couple of areas where Halifax requires federal support. The Atlantic gateway is positioned to become to Halifax what the Pacific gateway is to Vancouver, and it will establish Canada as the bridge between Asia, Europe, and the U.S. The four key modes of transportation represented on the Halifax Gateway Council, i.e. air, sea, road, and rail, account for over \$1 billion in wages each year in Halifax and a total economic impact of \$3.7 billion. Greater investment, integration, and partnership are needed to ensure the Atlantic gateway grows and is recognized and promoted as the east coast logistics hub for North America.

Under transit, another area, the HRM has implemented a metro link, a bus rapid-transit program that reduces hundreds of car trips per day. Building on this, the planned HarbourLink fast ferry project would have further environmental and economic benefits.

Halifax urges continuation of federal funding programs such as the urban transportation showcase and the public transit fund to continue to support strategic transit usage.

Under the environment, HRM is considered a Canadian leader in environmental sustainability. We were the first major urban area to reach the 50% waste diversion targets, and we are nearing completion of the harbour solutions project, which will be the largest cleanup of a saltwater body in Canada. Next week—a week from tomorrow, in fact—we'll be celebrating, along with our provincial and federal government partners, the opening of the first of three facilities in Halifax. Enabling funding from the federal government will help boost many projects that assist in reducing greenhouse gases and meet federal, provincial, and local goals.

Under public safety and crime prevention, the mayor's round table on violence is a process that is now just basically completing a strategy that has all levels of government working together to reduce crime and improve quality of life for our residents. HRM continues to look forward to federal funding aimed at adding law enforcement officers to municipal police agencies.

In closing, I would like to mention that Halifax is the fastest growing municipality in the Atlantic region, but we are not large enough to function without strong links to the federal and provincial governments. While other major cities benefit from diverse types of taxation and greater cost sharing from their provincial governments, the Nova Scotia fiscal reality does not enable the same level of investment. Greater federal investment is much needed and appreciated.

● (0940)

For our part, we take our role and contribution to finding solutions seriously. We continue to work through implementing our region's first economic strategy, an essential component in defining our future and ensuring that future will be within our grasp. As Gerald Keddy noted earlier, the irony of this morning is that 90 years ago today, our community was devastated by the Halifax explosion, but we did recover due to the generosity of individuals, other governments, and friends from abroad. Today is an opportune time for us to remember the importance of working together to achieve positive outcomes for the good of our community.

Thank you again for the opportunity to present today.

The Chair: Thank you for your presentation.

We'll now move on to the North End Community Health Centre. We have Counsellor Paul O'Hara. The floor is yours.

Mr. Paul O'Hara (Counsellor, North End Community Health Centre): Thank you.

Good morning, and thank you for the opportunity to speak to you this morning.

The health centre is a non-profit government organization with a mission to support north end Halifax to be a healthy community by offering leadership in primary health care, education, and advocacy. We operate within a collaborative health care model, which includes attention to the social determinants of health. Poverty is a key determinant of health. The evidence is clear that reducing poverty will help to contain provincial health care expenditures.

First and foremost, we recommend to the federal government that they play a critical role in ensuring that the tax system benefits all Canadians, and we recommend the establishment of a federal government poverty reduction strategy. Canada needs a long-term plan with clear goals to prevent and reduce poverty and inequality. To be effective, it must have indicators and targets so that governments and leaders can be held accountable for the distribution of resources.

Canada has a \$1.3 trillion economy, which has doubled in real terms over the past 25 years, making it the ninth largest in the world. Despite this growth, we have forgotten those who are challenged in their ability to participate in our economy.

For reasons including racism, Nova Scotians of aboriginal and African descent are excluded in large numbers from the economy. Our business community is challenged in providing newcomers with work experience. People who are permanently disabled, single-parent mothers with young children, and other marginalized groups depend on social assistance rates that are lower today than they were 10 years ago. These individuals and families with small children are left to survive with incomes significantly below designated poverty lines.

The Organization for Economic Co-operation and Development suggests that the idea that "the best social policy is a job" does not necessarily apply in Canada, when wages don't cover the cost of shelter, child care, and basic necessities and when 60% of workers are ineligible for unemployment. Policy is needed that brings down the cost of housing and child care to a level that low-income parents

can afford or brings up their incomes to a level that allows them to support their families.

There is lots of evidence suggested through organizations like the Canada Mortgage and Housing Corporation that rents in Halifax are not affordable.

We spoke this morning about the Halifax explosion. I think something that's not commonly understood is that the first social housing in Canada was a result of the Halifax explosion, the Hydrostone project. It's private housing at this time. However, it was a response to that crisis, and we are in a housing crisis in our community.

Mulgrave Park is another social housing development from the 1960s in the same area as the Halifax explosion. It is hurting hard today. It's not a place where people want to live and it's because it is a place where we throw the absolute homeless. It's not mixed housing, as social housing should be, and it's not an attractive place to live.

We have a large number of condos in the area of the Halifax explosion now. The value of people's property over the last 10 years or so has increased at least 50%, so it's not affordable for people with low income or low wages. We need our government to address this.

In 2006, the child poverty report card for Nova Scotia reported that the proportion of child poverty in Nova Scotian households where one adult has a full-time job is increasing. In 2004, 10.4% of children in families where one adult was working for a full year lived in poverty, up from 1998.

In 2004, the Government of Nova Scotia had a surplus of \$165 million. The surplus all went to the debt. Like the federal government, we don't have a poverty reduction strategy in our province. The reality of people who are marginalized is not acknowledged. They're excluded. They're forgotten about.

In 2006, the Ontario-based task force on modernizing income security for working-age adults, which was an unprecedented coalition of business people, labour groups, academics, not-for-profit groups, and think tank leaders, released their report, "Time for a Fair Deal". The report called for a fundamental reform of Canada's income security programs for working-age adults, particularly for those with low incomes and the disabled.

These findings are similar to the observations made in 2006 by the United Nations covenant on economic, social and cultural rights on the status of Canada. This report reveals that the levels of food insecurity and food bank use, which are at an all-time high, point to the need for a national poverty reduction strategy in our country.

● (0945)

Health Canada's office of nutrition policy and promotion reported in 2004 that 2.7 million Canadians, or almost 9% of the population, lived in food-insecure households. The rate of household food insecurity in Nova Scotia at that time was almost 15%, the highest in our country.

In 2006 the majority of food bank recipients in Nova Scotia were single adults and single parents, mostly on social assistance. A large percentage of those people were either disabled or working in low-paying jobs.

Solutions to address food insecurity require public policy change. We need a poverty reduction strategy in both our province and our country.

Minimum wage must be increased to reflect a living wage. American economists, some of whom were recognized with the Nobel Peace Prize, have recommended gradual increases to the minimum wage. They concluded that, "While controversy about the precise employment effects of the minimum wage continues, research has shown that most of the beneficiaries are adults, most are female, and the vast majority are members of low-income working families."

Tax reforms are needed to support low-income families. In March 2006 the Canadian Centre for Policy Alternatives released a report indicating that the present government's tax cuts disproportionately benefit high-income families. The analysis found that high-income families receive a disproportionate share of—

The Chair: Mr. O'Hara, your time has gone. How much material do you have left?

Mr. Paul O'Hara: No, I'm good. I'll finish there.

Thank you very much.

The Chair: Thank you very much.

We'll now move on to SpeciaLink: the National Centre for Child Care Inclusion, with Sharon Hope Irwin, senior researcher.

The floor is yours for five minutes.

Ms. Sharon Hope Irwin (Senior Researcher, SpeciaLink - The National Centre for Child Care Inclusion): Thank you very much.

SpeciaLink's mission is to expand the quality and quantity of opportunities for inclusion in child care, recreation, and other community settings for young children with special support needs and their families. I think this is our third year presenting to the finance committee, and we thank you for giving us this time to speak.

When we talk about children with special needs, we're mainly talking about children with disabilities, children in rural and isolated communities, and children with ethnocultural challenges. But what I'm going to address today is children with special needs and the discrepancy between current government policy and what these children, other children, and their families need.

Research has said, people's values have said, and anecdotal information has said that children with special needs fare much better if they are in child care situations with typically developing kids. The research is really strong on that. When you speak with parents and people in the child care community, they say, "The law doesn't say so, but we know it's right". The community itself has made heroic efforts to make sure that children with disabilities are included in child care, even though they need more support to do it well than they really have.

Research is also beginning to show the effects of what we call "inclusive child care" on typically developing kids. If you think about it, the opportunity to learn from kids who are differently abled—that's our expression this year—both as friends and as children who may need extra help, is a marvellous thing to start when children are very young. If it starts in the earliest years, in the preschool years, the difficulties of dealing with classroom situations haven't happened yet and kids go off to school as friends—both typically developing kids and kids with disabilities.

Finally, though—and I'm glad three of the other speakers have talked about it—we have a ghettoized workforce, or non-workforce really, of mothers, in particular, of children with special needs, who cannot work because child care simply isn't available, at any price, for their children with disabilities.

Back in 1993, when the social security reform parliamentary task force was making its way across the country, parents of kids with disabilities and a lot of caregivers spoke at every city that this committee was able to go to. And that committee was able to go to I think about 13 cities, from Whitehorse to St. John's. I still remember the mother who was a doctor, a physician, in the Yukon who said, "I used to be a physician, but neither money nor advocacy can get a space for my child in a child care centre in Whitehorse. So I'm no longer a practising physician, and I wish I could be one."

There are workforce issues—you bet.

By the time the committee got to the Prairies, one of the parents who spoke there was a mother who appeared with her twin girls with cerebral palsy, in their wheelchairs. She talked about how she managed to be in the workforce, but only just. The child care was fragile, and so was the van that the rotary club in her community had bought so that the girls could be transported to child care. She had the job, but the fragility of the situation was very, very difficult for her.

One parent talked about feeling ghettoized. The social security reform initiatives from then until now have often been about encouraging people on social assistance to get back into the workforce, but they don't address the extra challenges of parents who have kids with special needs.

● (0950)

Each of you will get copies of these two books that SpeciaLink has produced, along with recommendations as to what finance and the other committees can address in terms of helping children with disabilities, the general community, and parents of kids with special needs in particular.

The six recommendations are on the first page of the executive summary, and I hope we'll address those later.

Thank you very much.

● (0955)

The Chair: Thank you very much.

We'll now move to the question and answer portion of our meeting, and we'll start with Mike Savage.

The floor is yours. You have seven minutes.

Mr. Michael Savage: Thank you, Chair.

It's a pleasure to see you all today. It's also a pleasure to be out of Ottawa on a Thursday and to be here in Halifax.

I used to sit on this committee. The last time this committee did its cross-country consultations, I travelled with Mr. Dykstra and Monsieur St-Cyr and the wonderful staff this committee has, and I'm pleased to be here again today.

I have questions for everybody, but I'm going to start with Dr. Dodds. I want to talk a little bit about the unique nature of the Atlantic Canadian university system.

You mentioned Springboard. There isn't any other place in Canada where the universities have actually gotten together in such a collegial way to partner with government and business. Can you just take a moment and talk about Springboard and how it's worked out through the universities?

Dr. Colin Dodds: Sure. Thanks very much for that.

Springboard, as you mentioned, is a partnership of universities, and it's been able to support industrial liaison offices on our campuses in terms of commercialization, because that's one of the key aspects. As I mentioned, it's funded through ACOA, so again, it has that regional assistance. It has been going for several years now. We have provided members of the committee with some material so you can see the exact details. We are working together, because as I mentioned, many of our universities are fairly small. On that basis, we have to work together, and we need that assistance. So this is very much a partnership with the federal government, with industry, and with the universities.

Mr. Michael Savage: In terms of Atlantic Canadian universities, you mentioned that they tend to be—but not all of them—smaller liberal arts universities.

Congratulations, by the way, on the football team this year that almost won the Vanier Cup and that defeated Laval in the Utech Bowl. That just shows what smaller universities can do.

I wanted to ask you if there is a schism or any tension between the AAU, which, with you and your executive director, Peter Halpin, does a very good job representing Atlantic universities, and the AUCC when it comes to...?

We all agree that Canada needs more graduate scholarships and more graduate students. We're well behind other nations, including the United States. We need more graduate students, but are you concerned that we will see a concentration of funding in the larger universities—U of T, UBC—as we saw to some extent with the research dollars that went to the larger institutions as opposed to the smaller liberal arts universities?

Dr. Colin Dodds: Certainly there is some concern, and I appreciate the arguments put forward by U of T. I was at a dinner a couple of months ago at which the president of U of T made the same remark that they needed to concentrate research funding. I, in my closing remarks, also mentioned that we need some special assistance to build up research capacity.

I don't see the two as being mutually exclusive. I think we can have that research excellence across the board. At the same time, I think we have to recognize that in this area, in particular, in the social sciences—not just the R and D, but in the social sciences and

humanities—we need to build research capacity. Therefore, in terms, for example, of the indirect costs of research, I think that is a good model. We might vary a little bit with AUCC with respect to that.

Mr. Michael Savage: Okay.

The Canadian Federation for the Humanities and Social Sciences and SSHRC argue, in my view quite rightly, that they need more funding for the humanities and social sciences, and I think as a parliamentarian that's something I support considerably. I think in Atlantic Canada not a lot of people would know—Mr. Keddy, who's the Parliamentary Secretary to the Minister of ACOA, would know—how important the Atlantic Innovation Fund was. It was set up largely to compensate for the fact that in Atlantic Canada we don't have a lot of private venture capital, a lot of organizations that can partner with universities. That's been a pretty successful venture I think from the Government of Canada.

Dr. Colin Dodds: It certainly has been. We at St. Mary's have funding from that, actually. It's for a time-use study linked with HRM, which is the basis to develop how people get from A to B and what they do on a certain day. At the same time, then, that can produce policy action with respect to transportation. So that's one example of that.

We would argue, fundamentally, that research is important, but it's not just R and D. That is critical, yes, but there's a lot of other research in entrepreneurship and in policy-making that is very important. The creativity aspect—the arts, for example, and culture—again, is very important.

• (1000)

Mr. Michael Savage: The federal government has to make a decision shortly on the Canada Millennium Scholarship Foundation. The Millennium Scholarship Foundation was set up in 1998 with an endowment to the federal government. There were some initial concerns with the millennium scholarship, i.e., clawback concerns and relationships with some provinces, including Nova Scotia, that have now been ironed out. It kicks out about \$350 million a year for almost entirely needs-based grants for universities and colleges.

There are some who are not dead keen on that, such as the Canadian Federation of Students, but they would say that we need to have needs-based grants in any event. It seems to me that most organizations...certainly your students, who are represented by CASA, I think, at St. Mary's, and ANSSA, the Alliance of Nova Scotia Student Associations, did a paper that came out recommending strongly for the replenishment of the millennium scholarship. Do you have any views on that?

Dr. Colin Dodds: Certainly the funding that was provided has been absolutely critical. If you look at the figures for Atlantic Canada, a very significant share of that money has come in over the period of the foundation. In terms of the structure, of course, there was a sunset element to it, because it was a trust fund, as I understand it, paying out for capital and the interest on that. In terms of a go-forward basis, that level of funding is absolutely critical. A lot of it, as you mentioned, is needs-based. I feel the government should in fact increase needs-based funding for underrepresented groups. Whether you want to keep the same name, whether you want to keep the same structure, I'm not sure. But certainly the level of funding is critical.

Mr. Michael Savage: Thank you very much.

The Chair: Your time is gone.

We'll have to move to Thierry St-Cyr.

[*Translation*]

Mr. Thierry St-Cyr (Jeanne-Le Ber, BQ): Thank you very much for being here today.

My first questions are for Mr. Bradley.

You have made several recommendations, particularly on the accelerated rate of depreciation of electric equipment. Depreciation issues in general are taxation matters that are very often raised in this committee, mainly to recommend an accelerated rate. Generally, we try to take account of the objective useful life of the equipment. Sometimes, we will recommend an accelerated rate specifically to encourage investment in a given type of equipment. It is a useful step because it provides cash flow to companies and does not cost much to the government because it consists of deferring some taxes to allow corporations to accelerate some investment.

Your third recommendation relates to smart meters and advanced metering infrastructure for which you want the rate of depreciation to be raised from 8% to 45% which, I believe, is a huge difference. You say that this is required to stimulate energy conservation among consumers.

I would like you to explain how this type of equipment would really allow consumers to save energy.

[*English*]

Mr. Francis Bradley: Thank you very much for the question.

We have been asking about CCA rates for smart meters and for advanced metering infrastructure for a couple of years. And while on the surface it appears to be an incentive rate, the more I've looked at these specific issues, the more it's looking like a 45% rate is a lot more like the useful life of some of this equipment.

I spent last week with metering specialists from across the country to discuss a whole series of issues, and among them was how long these meters and this infrastructure are going to last. The responses I've been getting from the people in the field is that these are essentially computers. They're currently being treated like poles from the CCA rate perspective, but these are essentially IT devices and IT computers, which, depending on your particular computer, will last you a couple of years. But there are some portions on these devices that require upgrading even more frequently than that, software and the firmware sometimes as frequently as six months to one year. So while we are positioning this as an incentive rate, I think it also more accurately reflects the useful life of the equipment.

In terms of how these devices are important in the area of energy efficiency, one of the things many companies—and not just the companies themselves, but many people—would like to be able to do is to have time of use rates, variable rates on electricity depending on the demand curve. To do that, you need this sort of electronic infrastructure to send those signals back so that when the peak is particularly high, and therefore the power is more expensive, the customer can opt to economize during those periods of time and use the power when the price is lower.

So it acts as a peak shaver and a valley filler in terms of a demand curve. It gives the customer greater control over what they're paying, and then ultimately, as a result, it gives them the tools to be able to use their energy more efficiently and more wisely.

• (1005)

[*Translation*]

Mr. Thierry St-Cyr: All right.

If I understand correctly—in your brief, you talk about energy savings, not only about money—this is what allows to level electricity demand by moving demand from peak hours to other periods of the day.

Did I understand correctly the benefits of this equipment?

[*English*]

Mr. Francis Bradley: Yes, that's one very important thing and that reduces the overall cost to the system and the cost to the customer. When you're able to shave that peak and fill the valley, that's one piece. The second piece is because there's a greater interaction with the customer, the customer becomes more aware of the price, the customer becomes more aware of their consumption, and studies have shown there is a net reduction, a net energy efficiency, as a result of the installation of these sorts of devices.

[*Translation*]

Mr. Thierry St-Cyr: I will move to another topic.

This is not in your brief but, in the past, there have been energy saving programs for individuals, for people wanting to improve the energy efficiency of their home, as well as for businesses. The program—the name of which escapes me—has been cancelled by the present government and then reestablished under a new name and a new structure.

What is the opinion of your members on the ground about this program which has been in place for some time now? Is it as effective? Is it in demand? Does it have a real impact in terms of energy savings?

[*English*]

Mr. Francis Bradley: Regardless of what the government of the day opts to call its energy efficiency program—because we have seen some changes in that—the fact that those programs are in place is important. It's something we feel is significant for the customer and that the customer expects. We do a lot of research in terms of the customer's expectations, and they expect to be helped to use energy more efficiently. A lot of these programs target areas where assistance really is required when you're talking about pretty significant outlays of capital, so assistance being provided in those areas.

Everything we've seen over the years suggests all these energy efficiency programs have very significant net benefits to the customer and to the system overall.

The Chair: Thank you very much. The time has gone.

We'll move to Mr. Keddy for seven minutes.

Mr. Gerald Keddy: Thank you, Mr. Chair.

Welcome to our witnesses this morning.

I don't know what is the most challenging here, to try to deliver your message in five minutes or for us to try to ask you questions in seven minutes.

I will go first to Mr. Wilson.

Mr. Wilson, actually this week I met with John Paul and Chief Lawrence Paul from Millbrook, and the main issue we discussed was trying to utilize the talents of those 500 to 600 first nations children who are at university, in post-secondary education, in community college in Atlantic Canada, in Nova Scotia. I don't know if you could just briefly comment on the importance of that group to be the role model and the mentors for opening up the jobs and the marketplace to first nations. There is a huge workforce there that is desperately needed, especially in Atlantic Canada, and it has great potential to pay tremendous dividends to first nations.

• (1010)

Mr. Daniel Wilson: Thanks very much.

Your point is absolutely correct. There is a very large workforce available. It is, as a whole, increasingly better educated. There have been continual improvements in the area of education outcomes regardless of some limitations on spending.

The question you specifically asked has to do with the importance of the role modelling, the mentorship, and generally, one might say, the leadership this shows to others. What you have in terms of many of our communities is a lack of hope, a lack of direction, because of the undercutting of a way of life, and the fact that it has not yet found roots in pursuing a new way of life. What needs to happen for many of those communities is for new ways of life to be modelled to the young.

I can think of another Nova Scotian community, in Membertou, on Cape Breton, where in 1993 or perhaps 1994 they were about \$1 million in debt. They were under third-party management because the debt exceeded 8%, which is the rule. They turned that around so that community is now producing a GNP of about \$60 million a year. They did that through the leadership of the chief, through the leadership of certain members of their business community who were able to provide the direction, who were able to get people involved and generate the economies. All of those things were essential in terms of turning that situation around, and the same applies elsewhere. Millbrook is in the process of doing much the same thing, and the growth there has been quite impressive.

What we see around the country are areas of educational attainment, and activity afterward, and employment being pursued on almost a sectoral basis. The awakening that occurred in the seventies led to a number of lawyers being employed. There are a lot of people pushing for leadership in the business community, and they are learning how to do that better, and that is going to keep replicating.

Mr. Gerald Keddy: I hesitate to cut you off because I know you have a message there, but I do have some more questions.

I will just go back to this one more time. I guess the challenge, the tip of the iceberg, or the thin edge of the wedge that's in the educational system now with that immediate group of students who are there is how to best utilize that talent.

Perhaps I could go very quickly to Dianne Swinemar with Feed Nova Scotia.

Without question, you face a tremendous challenge. I'm just trying to look at what the federal government has done in the last two years, in particular, in consecutive budgets that should help what you're doing. One is the child benefit for children under six, which goes directly to the family. It doesn't feed through another organization. The other one, which is something you talked about, and I will give you a chance to expound on that a little more, is the working income tax benefit. We increased that last year from \$500 to \$1,000, and those should show some immediate results on the ground, especially among the working poor.

• (1015)

Ms. Dianne Swinemar: We certainly do appreciate what the federal government has done to improve the lives of the families we're seeing. As well, the child tax credit, since that has been sorted out, has made an impact.

Regarding the working income tax benefit, the families are finding that while it certainly is bringing in extra income, it's still just not enough to keep them from having to use food banks. That certainly would be our ultimate goal. Our recommendation, as well as that of our national partner, the Canadian Association of Food Banks, would be that if there could be a gradual increase up to about \$2,400 a month, that would be sufficient to assist the individuals and families so they would not have to use food banks.

We've looked at the cost of living in our province. In Halifax, for example, there's been a huge increase in the cost of living in the last 10 years, and in the cost of gasoline, so we need to make sure the families are getting adequate income so they're able to keep up with that increase in living.

Mr. Gerald Keddy: Do I have more time?

The Chair: Yes, but go very quickly.

Mr. Gerald Keddy: For a member of Parliament, quick is not always easy.

The Chair: Actually, to get into a question and get an answer would probably be very difficult, so let's move on to Alexa.

Ms. Alexa McDonough: Thanks very much.

I'm very struck by the similarities in the presentations. I think that as the member of Parliament for Halifax, what I'm acutely aware of—and I know Mike Savage will agree—is that the Halifax metropolitan area has a thriving economy in which the prosperity is very evident, but what is also illustrated by your presentations, which are very accurate portrayals, is the fact that we have a growing gap between those who have and those who have not. Secondly, the poverty is actually deepening, particularly for people who have special challenges of one kind or another.

I want to just quickly start with Dan Wilson. I had an opportunity to attend a really marvellous kick-off of an economic development strategy by the Mi'kmaq first nation just a few weeks ago. The point was very clearly illustrated that we do have a good many new young graduates from various programs. Colin Dodds has spoken about the need to do more to support the Afro-Nova Scotian, the Mi'kmaq, the aboriginal Nova Scotian, and other special target groups, in terms of access to education and so on.

What was very clearly stated at that breakfast is that it appears the business community is at the table, the educational institutions are at the table, but the federal government is not. I'm wondering if you can speak specifically about that, in terms of what kinds of support the federal government needs to make in order to do exactly what Gerald Keddy has recognized as very important, and that is to take advantage of the newly educated, highly motivated young people to open up opportunities for first nations people in general.

Mr. Daniel Wilson: Sure. Thank you for the question.

We've spoken a great deal with educational institutions and with business in order to encourage that partnership. The national chief launched a corporate challenge, which has led to the signing of a number of MOUs with large corporations throughout Canada.

We're doing a lot of work with the educational institutions. Actually, we have begun conversations on this very topic with members of the Conservative caucus as well. We have yet to see a firm plan, a strategy for moving this forward, both in the short and the longer term.

In the short term, which I think I failed to respond to Mr. Keddy about, there is actually one area of education in which first nations are overrepresented, and that is skilled trades certificate and diplomas areas. In every other area of education we're underrepresented. So certainly the needs in those sectors of the economy can be met more quickly by first nations youth.

What we need are investments in the fundamental education programs that underlie that and in some of our skills development programs above that, in order to continue that growth in the medium and longer term.

The investment by the government, which was announced in the Speech from the Throne, with regard to the ASEP program, which is the aboriginal skills and employment partnership program, will mostly go to businesses in order to attract people.

The aboriginal human resources and skills development strategy, which expires in March 2009, is under examination at this very moment. So the importance of addressing what you're talking about for a medium- and longer-term strategy to continue the growth we are engaged in now is absolutely essential at that date.

• (1020)

Ms. Alexa McDonough: Thank you.

It seems to me that a common thread in at least four if not five of the presentations was the desperate need for a national anti-poverty strategy, a comprehensive strategy. I wonder if any of you might want to speak in quite specific terms about how this should be approached.

We've recognized from time to time that there is a need for a major federal push around a particular public policy area. This just keeps recurring, becoming even more serious and more urgent because of the erosion of federal support over a period of over a decade now, closer to a decade and a half, for many of the programs that would make up such a national anti-poverty strategy.

Does anybody want to kick in on that question? One of the difficulties here is to collapse so many different presentations, which

are each in their own right very important, and try to get a common thread to really get some impetus for the finance committee to carry forward your recommendations.

I'm wondering if you might comment on that need for an anti-poverty strategy and how we might go about it.

Sharon, I see you're ready.

Ms. Sharon Hope Irwin: Having been last before, I'll be first now.

At least four of us have talked about child care as an essential component to a national anti-poverty strategy. We would endorse that, and support and applaud the action on Bill C-303, which is currently before the House. That is a child care bill that will move us forward.

Mr. Paul O'Hara: I had a conversation with Wayne McNaughton, who's here with me this morning and who has experience in all of this, and he said the time for consultation is over. How many reports does government need before it acts? We all know, and we look to what's happening in Newfoundland and Quebec, and look at the Irish experience. Stop insulting us with consults and start acting. Government knows what to do, and it's doing the opposite.

There are lots of benchmarks in child care and early childhood education, in affordable housing and minimum wage. There doesn't seem to be any real integrity in the government approach to....

We respect everything the federal government does, we really do, and we're grateful for programs like the national child tax benefit. However, it's so minimal. Housing is a really good example of what this province does with the federal money. It's basically nothing.

Ms. Alexa McDonough: Thank you.

The Chair: Thank you very much.

We'll now move on to Mr. Dykstra.

Mr. Rick Dykstra (St. Catharines, CPC): Thank you, Mr. Chair. I appreciate the time allocated.

I was interested in listening to all the presentations this morning.

I shared finance committee responsibilities with Mr. Savage last year, and he did a good job hosting us.

I also want to comment on my colleague Mr. Keddy, who's done a pretty good job. I don't come here and speak about him as a cabinet minister; I come here and speak about him as a member of the finance committee. When it comes to Atlantic issues, he does an amazing job representing all of you there in making sure that we're as aware as we need to be about the issues that face both Nova Scotia and obviously Atlantic provinces.

So it's good to have him sitting next to me, because at least when it comes to some local issues, he's been able to feed me with the information and knowledge necessary.

I want to touch on a couple of things with you, Sharon. You mentioned some of the things that the group had requested over the last year in the last budget. I certainly saw the organization when I was here in Halifax last year. Again, under the work of Mr. Keddy, we saw that you had forwarded six applications to the federal government and in partnership were provided with \$552,000 in funding for those six applications.

I wonder if you would comment on a couple of those that you were able to implement and how they were able to benefit the community.

• (1025)

Ms. Sharon Hope Irwin: First of all, we are not they—that is to say, the applications that were forwarded were not from SpecialLink. They were part of a broader effort of people who are trying to bring forward research, development, and help directly for centres providing care across the country and needing funding to do those things. Parents of very young children are generally at the beginning of the trajectory of their income and don't have the money to make those things happen. We keep trying to remind you that these things cannot be solved by the market alone. Think of the fairly well off physician who had to leave the workforce because her dollars couldn't do the job.

Child care has been on the agenda since late 1960s. There was almost federal involvement in 1988 and 1993 and then under the bilateral agreements of the Liberal government. Now government is going in a completely different direction, and it seems to think that child care will mystically appear—

Mr. Rick Dykstra: No, I wasn't necessarily getting into the philosophy of it. You did a very good job articulating that position earlier.

I was more interested in finding out.... The broader organizations that you fall under in terms of an umbrella group did receive \$550,000 from the federal government. I was interested in finding out how you were able to parlay that into action on the street and action in the community.

Ms. Sharon Hope Irwin: Thanks.

A lot of that went into work on what in this field is called best practices. That material on what to do about physical education in preschool, about nutrition, about support for kids with language issues, and about all those things would not have happened—and therefore would not have been transmitted to the little day care centre around the corner—had it not been for that support though the \$500,000 you're talking about.

Mr. Rick Dykstra: Thank you very much.

Mr. Bradley, among the things your organization requested last year were three things that we were able to move on. One was to lower corporate tax rates—to cut tax rates to 19% immediately and eventually to 17% in the next five years. I have to apologize that we're actually going to go to 15% by 2011, so we had to take your recommendation and go 2% lower.

Mr. Francis Bradley: I just want to show there are two thumbs up.

Mr. Rick Dykstra: I appreciate that.

The other point you made was around the accelerated capital cost allowance, especially in your industry, and the commitment the government made in the 2007 budget to move forward. There was over \$1.3 billion in uptake from community businesses and from larger corporations that saw the benefits in making investments to increase productivity and also to help the environment in terms of sustainability and to advance that cause.

We have been across the country listening to presentations, and one of the common themes we've been hearing is that we should be extending that program for up to an additional five years and certainly extending the current program from the two-year allocation. I wanted to get your thoughts on the positive aspects of that and whether we should be expanding it. How successful has it been out here in the east?

The Chair: Could we have a very tight answer, please?

Mr. Francis Bradley: A tight answer would be that there is a huge challenge. Whether it's through changes to the capital cost allowance or otherwise, anything that will allow us to put in the infrastructure that's going to be required to make sure we're able to support the economy is welcome.

• (1030)

The Chair: Thank you very much.

We are going to ask for a couple of quick questions. We have two burning ones over here, so we'll go with Mr. Savage first.

Go ahead, sir.

Mr. Michael Savage: Thank you, Chair.

I had wanted to ask a couple of questions, but I don't actually have time. As I respect the time concerns of the committee, let me just say—and I'm sure Alexa would agree with me, having grown up in this community of Halifax—that we have great panellists here this morning, in particular Dianne and Paul and Sharon, who are among the people who have worked so hard in this community to make it better. They've been fighting a tough fight, frankly.

There's Dianne and the work she's done with Feed Nova Scotia, which is remarkable. It's a tough time of year for you. I wish you all the best. I'd like to ask you questions, but I don't have time.

Paul, the work you've done with your community is very significant. I know that.

Sharon's been working in child care going back to the days when my father was doing it, many, many years ago. And there are Sue Wolstenholme, Pat Hogan, and Margo Kirk, and the people who really blazed a trail and saw some hope with the child care plan of the Liberal government. I don't want to get terribly political, but I do think the people in the community who are working at community level, who understand the need, who see the need every single day, have more to offer government than probably any other single group. I want to thank you for the work you do. If I had time...but I don't, apparently.

I think Paul perhaps mentioned the child tax benefit. The Caledon Institute of Social Policy indicated that although we haven't done anywhere near enough for child poverty, the child tax benefit that was introduced in I think 1997 was one of the things that has actually had an impact on reducing child poverty. I think it was Paul, or perhaps it was Sharon, who recommended an increase in the child tax benefit. I've heard about that from a lot of anti-poverty groups, and I wonder if you have any comment on that.

Ms. Dianne Swinemar: An increase in any benefit would be welcome, because as I said, families are vulnerable. Their level of poverty has deepened over the years because of the cost of living and their incomes have not increased accordingly. So if there is a recommendation for an increase in the child tax benefit, we would certainly welcome that.

The Chair: Monsieur St-Cyr.

[*Translation*]

Mr. Thierry St-Cyr: Thank you.

Mrs. Swinemar, one of your two recommendations relates to employment insurance.

Recently, the House of Commons voted on a Bill tabled by the Bloc québécois to set up an independent fund so that the money be left to the workers. Unfortunately, the Bill was defeated because of the opposition of the Conservatives, strangely enough since they had been in favor of such a fund when they were the Official Opposition, and of the Liberals, which is also surprising since they have just released their anti-poverty program.

Had this Bill been approved and had a fund been created to allow workers to keep their money instead of putting it in general revenues to be spent for something else, do you believe this would have been helpful in the fight against poverty?

[*English*]

Ms. Dianne Swinemar: Perhaps so, because the people who are finding themselves unemployed are finding it very difficult to access EI benefits, and the weeks of EI they're given are not long enough for them to either get retrained or to find another job.

So that sounds as if it would be something that would work quite nicely.

Thank you.

The Chair: Thank you very much.

Mr. Keddy, very quickly.

Mr. Gerald Keddy: "Very quickly" is hard to do!

I think one of the things we struggle with here—and this is just a general statement—are our jurisdictional bounds. We have federal jurisdiction and provincial jurisdiction. Dan English is also here from HRM, so we have municipal jurisdiction too. The federal government transfers dollars; the provinces have the right to use those dollars where they see fit, even though we target them towards certain areas; and the municipalities have another agenda and another responsibility. Quite frankly, it's very difficult.

I hear the request to have this federal oversight and federal body that, for instance, might bring in child care, but it is a provincial

responsibility, not a federal responsibility. So there are some serious jurisdictional challenges here.

The Chair: Do you have a question? Just point the question and fire it. That would be great.

Mr. Gerald Keddy: I have a quick question for Colin Dodds.

Mr. Dodds, regarding the challenges of the universities in Nova Scotia, I think we have 11 or 12 degree-granting universities in the province of Nova Scotia, with our population of 900,000 people. Most of our students, quite frankly, are coming here from other places. The provinces those students come from get those transfer dollars, not the Province of Nova Scotia.

Is there a way we can access those dollars?

• (1035)

Dr. Colin Dodds: That's an argument we've been making for some time, on the basis, as we understand it, of the transfers from the federal government to the provincial government. But these in fact are based on residency. Some of our universities have 30% to 40% of out-of-province students—not at my own, but across the system.

We've been arguing for some time that if we want to do the things we want to do at our universities, there should be a change in how the transfer payments are in fact made.

The Chair: Thank you very much.

That ends our question and answer portion and this segment of our committee meeting. We want to thank the witnesses for coming forward and presenting your presentations. We have them in written form as well, so we'll take them under due consideration.

I thank the committee for their questions. We will suspend while we bring forward the next panel.

• _____ (Pause) _____

•

• (1040)

The Chair: We'll now proceed with the second portion of our meeting. We want to thank our witnesses for being here. I see we have a couple of vacancies, but I think they're coming to the table. As they do, we will proceed.

We'll introduce you and yield you the floor for five minutes. If you can possibly keep it to five minutes, we will certainly appreciate it.

We have Canada's Association for the Fifty-Plus. We have with us William Gleberzon. The floor is yours for five minutes, please, and we thank you for your presentation.

Mr. William Gleberzon (Director, Government Relations, Canada's Association for the Fifty-Plus): Thank you very much. I appreciate the invitation to make a presentation.

The brief we presented reflected what we'd been asked, and that is what tax reforms we suggest that will benefit the government as well as fifty-plus Canadians. These recommendations will benefit the government by enhancing its income tax and sales tax revenues and benefit the quality of life, independence, and dignity of seniors.

Because I only have five minutes, I'm not going to read what I had intended to read. I'll just read the executive summary. I trust either you've read the brief or will do so, because in it I've set the context, which is very important for understanding why I am making this presentation the way I am. I will just make one comment, and that is that the wave of the future is aging. I think when you take that as your starting point, then you'll understand everything else.

Ottawa should promote the image of retirees as taxpayers rather than just people who are on the receiving end of a pension.

Ottawa should increase all pensions in accordance with the actual CPI increases over the past five years rather than those submitted by StatsCan, which has admitted they've underestimated them.

The current withholding tax or clawback on old age security should be made optional.

The CPP survivor benefit should be reformed so that the total amount received by a couple should continue for the lifetime after the death of one partner. That usually impacts more on women than men who survive their partners. This will also compensate for the fact that splitting a pension, adopted by the government as policy, does not impact single people or per a couple. The benefit should be extended to include blood relatives.

The CPP death benefit should be returned to its pre-1997 level, with increases for inflation since then.

The blending of CPP with corporate and occupational pensions upon retirement should cease and each pension received in its entirety.

CPP disability pensions should be restored to their pre-1997 levels.

People eligible for CPP should be able to apply for it before 65 without having to stop work or reduce their earnings in the month before the month in which they apply. That way you can encourage older workers to continue working.

The retroactivity policy related to CPP should be changed. Currently it's 11 months. It should be for the entire period after the age of 70, retroactive to the age at which the person applies, with interest.

Federally regulated LIFs, locked in funds, and LIRAs should be unlocked 100% at age 65 rather than at age 90, which is the current federal policy. In the meantime, commuted LIFs should be rolled into LRIFs to avoid excessively unfair taxation. While this is a very truncated version of what I have in mind, the way in which people are taxed who commute their corporate or occupational pension into a LIF is totally unfair because all of the cash that's left over after money has been put in the LIF is taxed as if it was one year's income rather than income accumulated over a period of time.

The income tax rate of low-income Canadians should be reduced to 15%—which I'm happy to say has happened—and lower.

Tax credits should be instituted for seniors who provide proof of healthy and active living activities. A recent study has demonstrated that it's lifestyle even more than weight that can help people live longer and healthier lives.

I don't know if you're following me, but the ninth executive summary item I want to amend. I was unable to do it, so I will be sending in an amendment to the committee.

Finally, the federal, provincial, and territorial governments should collaborate in providing subsidies and tax credits for improving insulation and reducing the use of energy in homes.

The other issue I would like to raise is funding. Next spring the government will be reviewing the health accord. Part of that is the national home care program, which we understand is not going to be reviewed, and we urge this committee to urge the government to review it and to extend funding for chronic or continuing care and community care, as well as care for unpaid caregivers, who are the backbone of the health care system.

As I said before, mandatory retirement should be abolished in federally regulated industries and not replaced by mandatory employment.

• (1045)

Thank you very much.

The Chair: Thank you.

Now we'll hear from Mr. Art Sinclair, director of economic development, from the Greater Kitchener Waterloo Chamber of Commerce.

The floor is yours.

• (1050)

Mr. Art Sinclair (Director, Economic Development, Greater Kitchener Waterloo Chamber of Commerce): Thank you very much, Mr. Chair and members of the committee, for the invitation to present our pre-budget submission to you this morning.

As the largest accredited chamber of commerce in Ontario, the Greater Kitchener Waterloo Chamber of Commerce serves over 1,900 members, representing all sectors of the local business community. Our membership includes small, medium-sized, and large employers that provide 70,000 jobs in one of Canada's most progressive and economically diverse regions.

The recommendations we are proposing today reflect the priorities of our membership and are focused on job creation, economic growth, and investment in infrastructure.

Our chamber's mission is to serve the local business sector and to be their advocate on the advancement of our region. We believe the prosperity of our community originates from the productivity of our membership.

Firstly, our chamber commends Minister Flaherty for the proposals outlined in the October 30, 2007, economic statement. The reduction in the general corporate income tax rate to the level recommended by the Canadian Chamber of Commerce will significantly strengthen our ability to attract business and compete effectively. Similarly, the reduction of the lowest marginal personal income tax rate to 15% will initiate work effort, savings, and investment, all critical factors that escalate our national productivity, competitiveness, and prosperity.

Approximately 25% of our local workforce in the Waterloo region is employed in the manufacturing sector, providing Canada's second most manufacturing-intensive economy after Windsor, Ontario. A report issued by Canada's Technology Triangle notes that the value added by manufacturing in the Waterloo region totalled \$7.2 billion in 2003. Value added, in this context, is a measure of how much value workers generate using land and capital equipment employed in production, essentially including wages and the return on capital on equipment utilized. This is the measure on which global investment decisions are made.

Despite the relative strength and importance of the Waterloo region manufacturing sector, issues such as competition from abroad and an unstable Canadian dollar are providing significant challenges. In response, our chamber has established our manufacturing action group network, or MAGNet, to advance sector concerns.

This group has developed a series of recommendations that, if implemented, will assist in maintaining jobs and investment in the Waterloo region. Our primary recommendation today to further assist our manufacturers in addition to the corporate tax reductions outlined in the October economic statement is the extension in the 2008 budget of the accelerated capital cost allowance beyond the current two-year timeframe.

As noted by Canadian Manufacturers and Exporters, extending this provision will address the short-term cashflow issues that are challenging manufacturers and exporters across Canada. The extension will allow investment in technologies that are critical for boosting productivity, innovating product lines, and remaining competitive under very challenging global conditions.

The Waterloo region business sector and our partners in economic and social development have been active advocates for investment in the necessary infrastructure to accommodate our growing population and economy. In our brief, we have cited some recent studies that have noted the deteriorating conditions of roads, bridges, and other structures and the urgent requirement for repairs and replacements.

At this time, we support the position advanced by the Federation of Canadian Municipalities that a national plan be developed for eliminating the municipal infrastructure deficit and to prepare the groundwork for protective management of our infrastructure in the future.

The first step in this strategy must be a comprehensive national study to measure the scope and geographic characteristics of the current infrastructure deficit. From a local perspective, we recommend that the federal government provide one-third of the funding costs for the planned rapid transit system in the Waterloo region. In June of this year, the Ontario government committed to funding two-thirds of the project cost, at the same time indicating that the province and our local regional government would collaborate to secure additional funding from the federal government. We are very supportive of receiving the funding so that this project can advance.

Finally, CBC/Radio-Canada has proposed the expansion of local Radio One service, including fully staffed morning and afternoon shows, to the Waterloo region and 11 other communities across Canada. Our chamber supports this plan, as it will provide

significant local content related to regional political issues, business development, and cultural initiatives. A report on the expansion will be tabled with the Standing Committee on Canadian Heritage and eventually move forward for full consideration by the House of Commons. We seek the support of all members for this important initiative.

Thank you, and I would be pleased to answer any further questions from the committee.

The Chair: Thank you very much.

We'll now move on to the Heritage Trust of Nova Scotia. We have Philip Pacey, president.

The floor is yours.

Mr. Philip Pacey (President, Heritage Trust of Nova Scotia): Thank you, Mr. Chair and members of the Standing Committee on Finance. I appreciate the opportunity to make this presentation. I'd like to welcome the members of the committee to Nova Scotia. I hope you may have the opportunity to explore Halifax while you are here.

If you leave the hotel and turn right, you can walk up Hollis Street. Here you will find many sturdy homes built by early Scottish and Irish settlers of Nova Scotia. Some of these are built of wood and some of stone. Many have five-sided Scottish or oriel dormers, which are characteristic of Halifax. The oldest documented house in Halifax is just about a block and a half up the street on Hollis.

You will also come to the Brewery Market. This complex was built as a brewery, starting in the 1800s. About 30 years ago it was converted into a commercial complex. This is a good example of the rehabilitation of a building for a new use. Here you will find some excellent restaurants where you can have lunch or supper.

As you walk, you may see tourists, even in this weather. Certainly yesterday I saw tourists carrying cameras and taking pictures of our historic buildings. Tourists bring \$1.3 billion to the Nova Scotia economy each year. Other than walking and shopping, visiting historic buildings and sites is the biggest activity of tourists in Nova Scotia. Our heritage buildings are major contributors to the economy and to our way of life.

As you walk, you may also see vacant sites. These were once the sites of fine buildings. They are demolition sites. They do not contribute to the economy. This is December, a big month for demolitions. Often demolitions occur in December because the owner of a building is trying to record a loss on paper in order to be able to deduct it from the income for the year and reduce their taxes. One of our recommendations is to remove this deduction.

As you walk, you may see plaques on the faces of the buildings. These plaques have been placed by municipal and provincial governments to recognize the historic and architectural importance of the buildings. The municipal government makes financial commitments to the owners of buildings to assist with repair. I'm pleased to see Bob Harvey, councillor in the Halifax Regional Municipality and member of the heritage advisory committee, here today to indicate that commitment.

If you were to walk down a similar street in New England you would also see federal plaques on the buildings. These plaques state that the owner of the building received funds under a program established by President Ronald Reagan. This program provides a tax credit for the restoration and rehabilitation of heritage buildings. The program has been very successful.

We need a similar program in Canada. We need to see the federal government acknowledge the great importance of heritage buildings as tourist attractions, as economic generators, as contributors to our quality of life, and as an essential part of our legacy to future generations. The owners of the heritage buildings accept substantial restrictions in their use of those buildings. We invite the federal government to join with the owners of heritage buildings in providing financial support to keep those buildings standing.

In our brief, the Heritage Trust has made five recommendations, which I'll just briefly read.

Canada should establish a tax credit for the commercial rehabilitation of heritage buildings.

Canada should establish an individual income tax credit for the repair of heritage buildings.

GST and HST on the cost of qualified repairs to heritage buildings should be rebated.

An owner who demolishes a heritage property should not be allowed to write off its value in order to reduce the taxes payable.

Volunteers should be allowed a deduction for the expenses entailed in their volunteer work.

Please forward these recommendations to the Minister of Finance.

Thank you for your attention.

•(1055)

The Chair: Thank you very much for your presentation.

We'll now move on to the National Association of Friendship Centres. We have Sean Vanderklis, president, Aboriginal Youth Council.

The floor is yours for five minutes.

Mr. Sean Vanderklis (President, Aboriginal Youth Council, National Association of Friendship Centres): Thank you, Mr. Chairman.

I'd like to thank the members of the committee for allowing me to make my presentation to them.

As you mentioned, my name is Sean Vanderklis. I'm the president of the National Association of Friendship Centres, Aboriginal Youth Council.

The National Association of Friendship Centres, or NAFC, was established in 1972 and is the national representative body for 117 local friendship centres and seven provincial-territorial associations across Canada.

Friendship centres are aboriginal community centres that offer a wide range of programming in urban off-reserve settings. Programming includes prenatal nutrition, employment and training, youth

centres, elder care, day care, cultural programs, and many more. We have friendship centres in every province, with the exception of P.E. I.

The Aboriginal Youth Council, or AYC, is a youth branch of NAFC. We have our own staff and priorities. We represent youth who access friendship centres, and we strive to create opportunities for them to be able to participate in friendship centres and communities.

The AYC has regional representatives from every region in Canada. At our annual youth forum, the membership selects the AYC executive members. The AYC meets quarterly and hosts an annual youth forum in conjunction with the NAFC's AGM.

The NAFC has been very active, but not yet successful, in its lobbying efforts to increase the aboriginal friendship centre program. The aboriginal friendship centre program requires more funding in order to be able to maintain and increase the quality of programming, accountability, and effectiveness of friendship centres and the NAFC.

The NAFC has been working with the Department of Canadian Heritage to outline a four-year investment in order to provide new funding at local, regional, and national levels. In addition, the NAFC will be able to build more capacity in existing centres, open new centres, and take advantage of the best technologies in order to build sustainability.

The AYC recommends that the next federal government budget include increases for the aboriginal friendship centre program.

The friendship centre movement has always shown a commitment to young people, and in 1994 the AYC was established. Since then, youth have had the opportunity to have direct input into the AYC via two youth representatives at the national board and many other initiatives.

According to the most recent census, aboriginal youth under the age of 25 are 50% of the aboriginal population and are the fastest growing segment of the Canadian population. Friendship centres serve a great number of this population; however, they are having difficulties in some areas due to lack of capacity and support for this ever-growing population.

The Aboriginal Youth Council's vision is to create positive change in order to realize the vision, and in order to realize the vision, the aboriginal youth must be active, educated, skilled, and be informed.

Active aboriginal youth participation means effective youth councils that train the young leaders in their communities and regions to provide direction at national levels, to provide support at the regional level for peer aboriginal youth councils—strong regional representation means strong national representation—and to involve 13- to 17-year-olds and introduce them to leadership opportunities.

The AYC recommends that the next federal government budget include funds for youth council development, not just youth programming.

As to the skills aboriginal youth require and the necessary training to be effective, skill training includes development of a “train the trainer” curriculum for aboriginal youth, and implementation of the curriculum at the regional level and local levels.

The AYC recommends that the next federal government budget include training for aboriginal youth.

Educated youth, once engaged, are encouraged to continue their learning when they are both rewarded for attending post-secondary and also recognized for their volunteer achievements.

The AYC recommends that the next federal budget include funds for specific off-reserve student funding and a volunteer recognition initiative.

Informed aboriginal youth have access to information. That information requires staff support to create communication, and hardware and software to be able to create communication materials and disperse them among networks.

The AYC recommends that the next federal budget include support for communication and activities for aboriginal youth.

Aboriginal youth activities require sustained funding that is coordinated by aboriginal youth with assistance from mentors and experienced professionals.

The AYC recommends that the next federal government budget include assisting the AYC in establishing a national aboriginal youth foundation.

The issues facing aboriginal youth in Canada, and more specifically urban aboriginal youth, are complex and multi-generational. To begin addressing them, we'll need to undertake a number of strategic and unified efforts from a wide variety of resources.

• (1100)

The NAFC and AYC are committed to the well-being and development of young leaders in urban settings. The NAFC has a history of excellence in youth engagement, and we continue to practise and promote the fact that the program initiatives that work best for aboriginal youth are those that are developed, delivered, evaluated, and accountable to aboriginal youth. Most important, the initiatives proposed are about facilitating aboriginal youth to have meaningful participation and input in the decisions that affect their lives and provide them with the opportunity to truly show that great leaders start young.

Thank you.

• (1105)

The Chair: Thank you very much.

We'll now move on the Nova Scotia Association of Social Workers. Executive Director Susan Nasser, the floor is yours.

Mrs. Susan Nasser (Executive Director, Nova Scotia Association of Social Workers): Thank you very much for the opportunity to appear before the standing committee today on your pre-budget consultations.

The Nova Scotia Association of Social Workers is the professional association for 1,600 social workers in the province. We regulate and strengthen the profession and we also have a mandate to pursue social justice. Indeed, our code of ethics calls upon us to engage in social action. Social workers are well positioned to see the devastating impact of poverty on people's lives, and our collective experience as front-line workers has reinforced our resolve to push for changes that would create a more just and equitable society.

The theme of the committee's consultations this year is the tax system the country needs for a prosperous future. It is certainly a daunting focus for those of us who don't consider ourselves too well versed in economics; however, we believe we understand enough to be able to contribute to this discussion.

Certainly we understand the government has a vital role to play, both in mustering resources and, just as important, in providing leadership in building a political will to eradicate poverty so that prosperity is within reach of everybody in Canada.

In our remarks today we'll be focusing on five things. The first is poverty as exclusion. We believe Canada is already a prosperous country. In 2007 Canada recorded a surplus for the ninth consecutive year. In this context we believe there is plenty for everyone, and it's disgraceful that people are being excluded from the good life we all know is possible here.

Let's be clear: poverty isn't just about money; it's about a cycle that denies access to aspects of life that those of us who are well off take for granted, things like good health, a safe and affordable home, and a good education. The resulting inequalities are destructive. As the Canadian Policy Research Networks points out, they erode social cohesion. They lead to worse health and personal security outcomes. They lead to the withdrawal of the haves from the life of the community and the exclusion of the have-nots, and generally, inequality diminishes the richness and flourishing of a society.

To accomplish our vision of a prosperous future for all Canadians, it is essential to direct our efforts toward eliminating these inequalities so that everyone has an opportunity to fulfill their dreams.

Second is what it means to be poor. In Canada we also envision a need to recognize our collective responsibilities and to treat each other with respect. In this regard, we must be vigilant about the exclusionary impact of callous, negative, and dismissive attitudes toward people living in poverty. The Fraser Institute states in one of its reports that poverty means that people cannot afford all the basic necessities of life and must go to extraordinary lengths or do without. The extraordinary lengths they then go on to mention include borrowing or getting assistance from family and friends. Actually, it is important to understand that the extraordinary lengths people go to when they're living in poverty include using food banks, choosing between heating and eating, not taking medications because they're too expensive, living in substandard housing, eating poorly or not at all, and becoming homeless.

Another example of a negative innuendo about poverty can be found in some of the arguments in support of a flat tax because of the enormous positive incentives for hard work, savings, and investment. This notion implies that if you are poor it is because you do not work hard enough. In fact, living in poverty is really hard work, and this kind of negative stereotype is symptomatic of the unforgiving societal attitudes poor people have to endure along with their material hardship.

Third is what taxes are for. What has all this got to do with the tax system, you might ask. Essentially, we think the tax system provides a way to pay for public goods and services, including those that will alleviate poverty. This includes a whole range of things from public schools, universities, health care, libraries, safe communities, and the list goes on and on. Many of us think taxes are onerous. We celebrate tax freedom day with a mixture of resignation and glee, and yet we don't complain about the public services available to us as citizens of Canada, or if we complain, it's because we want to have more and better services.

An American author critical of the whole idea of tax freedom day commented that we have no moral claim to our pre-tax income, as that very income is made possible not simply by our personal efforts but by our participation in a broader system of social cooperation, the economy, which itself is made possible in part by taxes and the public actions they facilitate.

Fourth is how the tax system does not address poverty. The tax system provides ways for taxpayers to save—RESPs and RRSBs, for example. This is another area where poverty is exclusive, since those struggling to survive on low incomes cannot take advantage of these mechanisms. Other aspects of the tax system that disadvantage the poor include disincentives for saving and other forms of asset accumulation, retirement savings that render people ineligible for social programs, and tax credits that low-income earners cannot access. The Organisation for Economic Co-operation and Development highlights the benefits of structuring programs that allow poor people to accumulate assets, thus addressing what another author has dubbed the double standard in public policy: providing large asset subsidies for the wealthy but discouraging asset accumulation by the poor.

• (1110)

Finally, our recommendations.

The first one is to make poverty reduction an interim step and, ultimately, the elimination of poverty as a top priority for the federal government.

The second one is to understand poverty in its broadest sense of exclusion from the prosperity experienced by most Canadians. Devise poverty reduction and poverty elimination strategies that create an inclusive society.

The third one is to recognize that taxes have a purpose: the creation of financial resources that make inclusiveness and prosperity possible, and clearly articulate this purpose so that taxes are not just considered to be a burden.

The fourth one is to maintain a progressive income tax and do not institute a flat tax.

The fifth one is not to cut taxes unless this can be done without cutbacks to the social programs that were funded through tax revenues.

The sixth one is to revise tax structures that advantage wealthy people and disadvantage low-income people. Possible revisions would be refundable tax credits that are not clawed back, tax pre-paid savings plans, and social investments that make it possible for low-income people to accumulate savings.

We believe that collectively, as Canadians, we can all work to bring about a prosperous future, which we think was one of your goals in your pre-budget hearings this year.

Thank you.

The Chair: Thank you for your presentation.

Now we'll move on to our last presenter. We have the Union of Environment Workers, Mark Power, regional vice-president, Newfoundland and Labrador region.

The floor is yours for five minutes.

Mr. Mark Power (Regional Vice-President, Newfoundland and Labrador Region, Union of Environment Workers): Thank you, Mr. Chair.

Good morning, everybody.

By way of a further introduction, the Union of Environment Workers is a component union of PSAC, the Public Service Alliance of Canada.

By way of opening remarks, I'm going to read from an earlier touchstone document of ours that should complement our submission that's already been sent in.

Canada's fisheries and oceans sector makes a number of important contributions to Canadian life. It represents an important economic engine, employing hundreds and thousands of Canadians and injecting billions of dollars into the national economy. Fisheries and fish stocks are a significant part of our culture of national heritage. They continue to be the backbone of sustainable communities throughout the country. The marine biological abundance of British Columbia—9,600 salmon stocks—sustained some of North America's most complex aboriginal societies for thousands of years.

Fisheries and Oceans Canada plays a number of crucial roles in Canada's fisheries and oceans: rebuilding, conserving, and managing our fisheries resources and habitats on a sustainable level, building on our scientific understanding of oceans and waterways, but also sustaining the hundreds of coastal communities where fishing is the only available source of employment, where only a very few economic alternatives exist.

Fishery resources are a common public asset belonging to all Canadians. Public opinion polls consistently show that the great majority of Canadians care about how the fishery is managed. There is a great deal of pressure from large corporations to privatize the fisheries. Taxpayers, in particular, should be wary of the claims of proponents of privatized fisheries. In the end, it is the taxpayer who foots the bill when coastal communities lose access to the fishery and economic benefits from the resource. The closure of the east coast cod fishery, for example, cost \$3 billion initially in payments, and tax revenue and income losses continue.

Of the world's 200 major fisheries, two-thirds are in decline and threatened. In Canada we only have to look at the east coast cod fishery to see the disastrous situation facing Canada's fisheries. Fisheries across the countries are in steep decline, including salmon, herring, halibut, scallops, shrimp, and crab stocks, which are threatened. Tragically, Fisheries and Oceans Canada's ability to perform its mandate has been diminished and compromised over the years.

There is a growing concern among DFO employees about the inability to meet their legal requirements under the Fisheries Act and other attendant legislation, such as the recently enacted SARA, Species at Risk Act. The government's capacity to conserve and scientifically manage the salmon resource continues to be eroded by inadequate funding, according to the report of the Pacific Fisheries Conservation Resource Council. The 2005 report from the Senate Standing Committee on Fisheries and Oceans stated as their number one recommendation that "The Government of Canada provide the Department of Fisheries and Oceans with adequate funding in order to fulfill its Fisheries mandate."

It's not too late to save our fisheries. With sound management based on good science, with conservation as the priority, we can restore our fish stocks to healthy sustainable levels. The fish stocks of Canada belong to all Canadians. They are a public resource and require deft management by a skilled and dedicated public service. To achieve this goal for the benefit of all Canadians, we need to pressure the government to reinvest tax dollars in the department's budget.

Thank you.

•(1115)

The Chair: Thank you very much.

We'll now move to the question and answer portion of our meeting.

We'll start with Mr. Savage.

The floor is yours. We'll have a first round of seven minutes and then we'll go to a five-minute round, and I think that'll fit everybody in.

Mr. Michael Savage: Thank you, Chair, and welcome to the witnesses today, the panellists who have come here to talk to us.

Mr. Sinclair, rather than a question, I have a comment. It may seem odd to have a member from Kitchener-Waterloo here in Halifax, but welcome. It's great to have you here. I want to tell you that we're going to be helping your community in January. The Liberal caucus is having our national winter caucus in Kitchener-

Waterloo. I don't know if you know that, but it has something to do with the fact that our whip is from Kitchener, I suspect.

Mr. Art Sinclair: That might have some relationship to it. We look forward to seeing your caucus members.

Mr. Michael Savage: I look forward to being there.

Mr. Pacey, thank you for your presentation. You pointed out quite well, for those who may not be from Halifax, some of the important heritage that we do preserve here, and, frankly, some that we don't very well. I would add—and you understand why I would add this—that if you walked down Water Street to the Dartmouth ferry and you took the boat across, you would find some very significant heritage on the Dartmouth side—Quaker House, the Starr manufacturing property, the Shubenacadie Canal.

I remember growing up in Dartmouth, and my father used to drop us off—seven kids—at the Dartmouth Museum quite often when he would come over to Halifax to deliver a baby or something like that. We spent a lot of time in that museum. It's a shame, frankly, that right now most of the artifacts from the Dartmouth Museum are in a warehouse in Burnside because we don't have an appropriate place to put them. We have Evergreen House. So we simply don't invest enough in heritage in Canada, I would suggest, and certainly here, I don't think. We have some good examples of what you can do when you preserve heritage.

I'm interested in your recommendations. I'm wondering if you have any kind of idea of the costing of them. Have you been able to put any sort of financial numbers to what any of these recommendations would cost?

Mr. Philip Pacey: No, I haven't. There would be limits on the costs, because if you look at the details of the recommendation, the benefits would be limited to those buildings that are on the national register of historic properties. Basically, any building that has been recognized by a municipal or provincial government in the country is eligible for inclusion in that registry. I'm not sure how many buildings there are, but it would probably be in the tens of thousands. So if one were looking at maybe 1% or 2% of those buildings applying in any given year, then one might be looking at a few hundred applications. If one were looking at, say, \$100,000 as a typical amount, then one might be looking at maybe \$10 million or \$20 million a year, or something in that frame.

There was a program that existed until about a year and a half ago, the so-called CHPIF program, which enabled commercial heritage property owners to apply for assistance. I think it was budgeted at about \$25 million or \$30 million, and that money was spent in a couple of years.

Mr. Michael Savage: Thank you very much.

Ms. Nasser, it's nice to see you again at our parliamentary hearing.

I want to raise an issue you spoke about, and that is flat tax versus progressive tax. One of the things we hear a lot from government members is that the GST reduction really helps those who need it, because they don't pay income tax in some cases, but they do pay GST. In your brief, you talk about the HST as a flat tax, and the fact that, if I'm understanding your argument, it is not a very good way to go about reducing the burden on the poorest people. The two percentage points dropped in the GST that we have seen so far takes something in the order of \$12 billion out of the economy. Is there any better way this money could be spent to help those who need help the most?

Mrs. Susan Nasser: I think, rather than mentioning all the specific ideas that people come up with for reducing poverty—and there are many—we would join those who are asking for a national strategy and provincial strategies for reducing poverty. Certainly, we hear all the time that we need more housing, and we need higher social assistance rates, which I realize is under provincial jurisdiction. There are supports for education, and we've heard about child care. Those are all things that money could be spent on to help alleviate poverty.

• (1120)

Mr. Michael Savage: If you were making a list of things to help alleviate poverty, where would reducing the GST fall on that list?

Mrs. Susan Nasser: Do you mean in terms of people paying it, or what you do with the revenues from it?

Mr. Michael Savage: We're talking largely about reducing the incidence of poverty—that's what your brief is about. There are government members who honestly believe that reducing the GST is a very good thing for those most in need, because they may not pay income tax but they buy stuff.

As you point out, they pay the same for a passport as somebody who makes \$200,000 a year. So it is a regressive tax in every sense.

I'm just trying to point out that it's my belief—and I want to see if you concur with this—that reducing the GST is not a very effective way of assisting those who are most in need.

Mrs. Susan Nasser: I think that's correct, because when you purchase anything on which the GST is charged, you pay the amount, whatever it is. It gets reduced a little, and that's a small help, but across the board it's much more difficult for people living in poverty. The tax they pay is a much greater percentage of what they actually have to spend than when you make a better income.

I think reducing the GST is certainly helpful. Anything that makes things cost less is useful, but in the grand scheme of things it's not going to make a huge difference. It certainly doesn't substitute for a strategy to reduce poverty by bringing all these large trends together.

The Chair: Thank you very much.

Monsieur St-Cyr.

[*Translation*]

Mr. Thierry St-Cyr: Thank you.

I want to thank you all for being here. My first question is for Mr. Gleberzon.

As you know, seniors' issues have always been a concern of the Bloc québécois. We have several proposals about that.

I would like you to explain your ninth recommendation which I do not really understand. You talk of raising from 3% to 10% the threshold for non-refundable tax credits for medical expenses. In your executive summary, you mention 10% but, later on, in the brief and in the explanations, you mention 6%.

Whatever the case may be, I do not understand the point of this recommendation. Unless I am mistaken, it seems to me that this threshold is the minimum amount from which one is entitled to claim tax credits. If, at this time, people spend 5% of their income on medical expenses, they cannot claim the first three percentage points but they can claim the next two. If the threshold was raised to 6%, they could not claim anything in terms of tax credits. So, I do not understand how such a step would benefit seniors.

[*English*]

Mr. William Gleberzon: As I said in my presentation, we amended the one you're referring to. Unfortunately, time did not permit that to be incorporated. I'll send the amendment to the clerk so it can be translated and sent to the members of the committee.

[*Translation*]

Mr. Thierry St-Cyr: As far as old-age pensions are concerned, you want them to be increased according to the Consumer Price Index. If I am not mistaken, the last increase based on the CPI was \$18. Let me underline that, at the Bloc québécois, we believe that it should have been \$130. Had it been so, at least the low-income cutoff would have been reached.

Furthermore, there have been lots of debates in Quebec—and I wonder if that is also the case in other regions—about the fact that the price of the average basket of consumer goods is higher for seniors than for a typical family since it includes products the prices of which increase more rapidly, such as medicines, health products, special items and so on. Some groups in Quebec claim that we should make establish a specific CPI for seniors and that their pensions should be increased on that basis.

Have you looked at this type of suggestion?

• (1125)

[*English*]

Mr. William Gleberzon: Yes, we have. We contacted Statistics Canada and met with them. They dismissed the idea, although we agree with what you've said that the basket for older people is quite different. Often, for example, they don't have to worry about mortgages, which is part of the basket, simply because they've lived in a house for 30 to 40 years and paid off their mortgage.

We agree with you entirely. We'd be very happy to work with you to approach Statistics Canada once again.

[Translation]

Mr. Thierry St-Cyr: I want to tell you immediately that, even if the figures do not exist, you have the right to ask the government to calculate them. Statistics Canada is controlled by the government. If the old-age pensions have to be adjusted on the basis of real needs, it is up to the government to ask Statistics Canada to produce the required figures.

Thirdly, I would like to talk about the guaranteed income supplement which you referred to in your presentation. In particular, you talked about refunding the amounts due to people who have been shortchanged by the GIS. Indeed, some people who had been entitled to this supplement for many years did not claim it, either because they did not know about it, or because they lived in isolated areas, without external contacts, or because the forms were too complicated. We have launched a big campaign to let people know that they can claim those amounts which they are entitled to. We have also put pressure on the government to simplify the forms and to make the program more accessible. This has been done.

However, now that the time has come to pay people who had been entitled to this supplements for many years, the government has decided to make the payments retroactive for 11 months. This limit had been set up by the Liberals and now the Conservatives, who had promised full retroactivity, are going back on their promise. Do you find that acceptable?

If it was seniors who owed money to the government, because they had not paid their income tax for five years, for example, the government would certainly ask them to pay back with interest for those five years.

[English]

Mr. William Gleberzon: I think if you haven't paid your taxes for one year they'll come after you too, anyway they have to.

We agree entirely. We believe the 11-month retroactive payments that apply to CPP and GIS should both be done away with. We think people should be given the full amount, plus interest, at whatever age they apply. In the case of CPP, it would be back to age 70, because you can apply legitimately, if you will, without forgetting, up to age 70, with benefits. After age 70, a lot of people, for a variety of reasons, don't apply until they're much older. It's the same thing with GIS.

These are the most vulnerable people. These are the ones who need the money the most. We think they should be reimbursed entirely, with interest; however, there should be no penalties applied to the reimbursement. Of course, what would happen is if they were to suddenly get a windfall, they'd either lose most of the GIS and/or pay taxes on it. So I think you have to be very careful.

One other point I'd like to make is that we have written to the Minister of Finance and the Prime Minister, both in the current government and previous governments, about the issue you raised regarding the clawback issue, and also the basket of goods that make up LICO, and in both cases they've said no.

The Chair: Thank you very much. The time has gone.

Over to Mr. Keddy. You have seven minutes.

Mr. Gerald Keddy: Thank you, Mr. Chairman, and welcome to our witnesses here this morning.

I have half a dozen questions, and I'm trying to figure out how to ask them all in seven minutes.

I'll simply put my first two questions in the way of a comment and someone may want to enlarge on those later.

To the gentleman from CARP, one of the things I see you asked for last year was income splitting. That's one of the things the government introduced. It was the same with the chambers of commerce. We've lowered the personal income tax to 15%; we've lowered the corporate income tax to 21% by January 1, and it's to go to 15% by 2012, which will give us the second-lowest corporate income tax in the G-7.

Those are carefully targeted tax breaks put in to help individuals, families, and Canadians. They're also meant to help corporations, quite frankly, to do more business, to hire more people, and to supply more jobs. That's one end of the spectrum here.

On the other end of the spectrum we have groups that are trying to find more revenues, such as those represented, for instance, by Ms. Nasser. There is always a balance between revenue generation and revenue output. That's something we shouldn't take lightly, and it is a difficult balance to find.

My first question will go to Phil Pacey. Mr. Pacey, it's nice to see you here this morning, and I appreciate the work you and your group do for Nova Scotians.

One of the challenges, again, is finding the dollars to do a number of the things you've asked, but you made one point that really intrigued me. It was about the Scottish concept of the five-sided dormers. In Lunenburg County we would call that a Lunenburg bump, and we generally attribute them more to a Dutch or German ancestry and not to a Scottish ancestry. It's interesting, and I'll follow that up another time when we have time to chat about it.

I'll just try to explain some of the obstacles we face as parliamentarians. Under the heritage lighthouse protection bill that I sponsored in the House of Commons, what we attempted to do was to actually begin a concept to make lighthouses into heritage buildings and allow community groups to take responsibility for them, especially if they were adjacent to that lighthouse. Those groups would then preserve them and protect them.

Then you get into what I talked about earlier—some of these other jurisdictional and not necessarily financial issues. Heritage buildings are actually under Environment Canada because they fall under Parks Canada. Before that they started out under Transport Canada and were transferred to DFO. So there are some really tough jurisdictional issues here that we have to sort through as parliamentarians and try to get that money to flow into all these areas. A great deal of responsibility goes with that.

I know I'm making more comments than asking questions. I'm moving over to DFO because, as the member of Parliament for South Shore—St. Margaret's, I represent a big fishery riding. Every day we face these very obstacles you talk about for rural and coastal communities. How we keep those communities alive and how we stop the out-migration of those communities is no different in parts of Halifax and Lunenburg and Queens and Shelburne counties than it is in the outports of Newfoundland. It's a big responsibility, and we continue to fund that through DFO.

For instance, there is the small craft harbours program for the harbours and wharves that are the infrastructure of these small communities. The previous government cut the funding for small craft harbours. We reinstated it. It's still not enough, and we recognize that, but how do you find more?

What I wanted to ask you concerns the Species at Risk Act, which you mentioned. How do you bring in that Species at Risk Act and find the financing for it and at the same time maintain a diverse fishery, with bycatch and all the issues surrounding it?

• (1130)

I know that's a rambling question.

Mr. Mark Power: I guess from our perspective, we're trying to appeal to parliamentarians and to perhaps dip into senior levels of this department, somewhat, to hear from them what their solution is for new, attendant legislation, such as SARA. Those cells have been fitted into the department, certainly, and have been fitted into the organizational chart properly, no doubt, and have been billed properly and have had a rationale made for them. But where there is an argument for funding that runs to that cell in that area and that new business line, what we would like, I guess, is that parliamentarians listen to the department and hear about where, in the early days of those branches, they are perhaps underfunded, or a bit shallow—excuse the pun—and can be funded better. So what we want I suppose, is to listen to the department itself.

My presentation here today is appealing to the public service aspect of it, the heritage aspect of it, for sure. Recently, we commissioned a survey, a poll, of Canadians. About 97% felt strongly about natural resources such as fisheries, a figure that was higher than the percentage of those who had regard or consideration for things like arctic sovereignty. That's called the Our Fish campaign. It is a lobbying campaign that—if you'll allow me a second, Mr. Chair— dovetails with this, because it was designed in the wake of our submission to the committee. So I think we have to listen to the department itself.

This is a public service union presentation. But it's not unlike public service unions, and private sector unions, for that matter, to want to support the community and to support rural Canada.

So I kind of steer away from that, because at times we've been questioned about our motives for having that campaign. The Our Fish campaign fits into the Public Service Alliance of Canada's Defending Quality Public Services, DQPS, campaign that we had.

• (1135)

The Chair: Thank you very much.

Ms. McDonough, the floor is yours.

Ms. Alexa McDonough: Thank you, Mr. Chair.

I'm sure that if, as committee members, we're frustrated, you must be even more frustrated. I don't know whether the presenters sat through the previous presentations, but my calculation is that of the 13 groups that presented this morning, 11 made very strenuous, well-documented cases and arguments for greater investment in the whole range of public provisions: public services, public pensions, public community services, health services, infrastructure, and our built heritage. And two voices have pleaded for bigger tax cuts.

The spokesperson for the North End Community Health Centre, it seems to me, summed it up quite well when pleading for a national anti-poverty strategy. I asked how we should go about this, and he said, please, no more studies, because the government knows what to do, but they keep choosing to do the opposite.

My concern is how we can move forward with what clearly is a near consensus on having people investment that is being placed before the finance committee, while the finance committee members on the government side keep hearing only one voice, which is asking for deeper and faster tax cuts.

I guess my question, to anyone who might want to dive in on it, is whether you see the way to help build consensus around the need for public investment of our massive surplus dollars and whether you can suggest some strategies for how those overwhelmingly increased numbers of voices can pull together to make that happen.

The Chair: Who are you directing the question to?

Ms. Alexa McDonough: It is to anyone who wants to answer. That's one of the problems with putting six people together, with chopping it up into moments of questioning. It's just very problematic and frustrating.

The Chair: Fair enough. Does anyone...?

Yes, go ahead, Susan.

Mrs. Susan Nasser: Again, there are lots of good examples to look to now for poverty reduction strategies that are in place that seem to be working quite well. I've discovered recently that the National Anti-Poverty Organization is actually going to be directing a lot of its efforts towards working on negative social attitudes towards poverty. It doesn't have much to do with taxes, but I think it has to do with creating the understanding among people and the political will that's necessary to bring about changes. If we begin to understand better what it means to live in poverty, who is living in poverty, how they got there, and the concrete steps that can be taken to help people get out of poverty, I think it actually will go a long way towards making it more possible to make those investments that we all think are necessary to reduce poverty.

Mr. William Gleberzon: Talking about the constituency that I'm here to speak on behalf of, people over 50, one thing is that there must be a recognition that poverty is more extensive than the statistics we have from Statistics Canada will let us believe. Statistics Canada says, for example, that 6.1% of seniors are in poverty, and yet about 38% of current seniors—that would be about 1.5 million people—are receiving the guaranteed income supplement, which only goes to poor people.

While it's true we don't need any studies because the evidence is out there, I agree entirely that what we need is a change of attitude. We need a change of recognition that poverty is extensive in this country, and should not be, because we are a wealthy country. Not only are we a wealthy country, but we have the distinction...because in fairness to both the current and the previous governments, they have managed our money very well, and we've enjoyed surpluses.

Our organization represents 400,000 people. As you can imagine, we cut across the gamut of political opinion, so I have to be careful of what I say when I speak on behalf of the organization. I will say personally—and this is only my personal opinion, and I suppose you should never express that before a parliamentary committee—I agree with you entirely, we do have surpluses, and those surpluses should be spent on assisting to raise the level in our country of non-poverty, bringing people out, and that we do have to change attitudes.

For many seniors, they are in poverty because—and I don't want to go into a long song and dance because you don't have the time—like a lot of people they could not afford during their working years, even though two people were working, to put money aside and save for pensions. Many, about 40% to 50% of Canadians, either don't have a pension or have a totally inadequate personal pension, which is another issue that will bite us in the near future.

The question you are asking I think is one that you have to spend more than five minutes to think about and answer.

• (1140)

Ms. Alexa McDonough: I guess adding insult to injury is the already inadequate pensions that many seniors have been receiving have been shortchanged, and this needs to be remedied using some of the surplus to do it.

The Chair: Go ahead, Art. Did you want to speak to it as well?

Mr. Art Sinclair: Yes.

The Chair: Okay.

We'll go to Art first, and then we'll go to Phil, for thirty seconds each.

Mr. Art Sinclair: Okay. Great. Thank you very much, Mr. Chair.

We referenced the study that the Federation of Canadian Municipalities released recently, which obviously, as you're all aware, generated a significant amount of media attention.

Our concern, and I think a lot of business communities or organizations share this as well, is with infrastructure conditions in Ontario. I have a statistic here. The Ontario Chamber of Commerce holds an annual Ontario economic summit every year, and this year it was held in Niagara Lake, which is near Mr. Dykstra's riding, and might be in your riding. At that particular summit, 91% of the attendees identified public infrastructure as being the most critical issue facing their organizations at this time.

The Chair: Very tight. Is that it?

Mr. Art Sinclair: Yes.

The Chair: Phil.

Mr. Philip Pacey: I would comment that I think an important role of the government is to hold the centre, to support community values, and that means spending money sometimes. We do have to

recognize that often by spending money we make money and we create wealth for the community.

The Chair: Thank you.

Mr. Pacetti, you have the floor for five minutes.

Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.): Thank you, Mr. Chairman.

Thank you to the witnesses. It's always interesting to hear from various interest groups and various people from various parts of the country. We've been at this all week, so we've been hearing different things.

Mr. Gleberzon, I'm going to ask you a quick question. You're an experienced presenter and you've been before this committee at various times. You have to prioritize. The shopping list is way too long. What's your preference? I see some of the items here are missing some dollars, so if you could provide that for us, it would be helpful.

Mr. William Gleberzon: I recognize what you're saying, but we only get one kick at the can, and we want to make sure that all of the issues our members—

Mr. Massimo Pacetti: I understand, but my time is limited, and I don't mean to interrupt you. If you can—

Mr. William Gleberzon: I can tell you it depends on the time of day. Yesterday we received a bunch of emails from people saying make the withholding tax on old age security optional. We believe the guaranteed income supplement should be raised. We believe locked-in funds should be done away with.

• (1145)

Mr. Massimo Pacetti: Okay. I wanted your top choice, and perhaps you can give us some of the costs, because Finance doesn't provide us with any of the costs—

Mr. William Gleberzon: Well, I can tell you doing away with locked-in funds won't cost you a penny, because it's not government money.

Mr. Massimo Pacetti: Okay. So perhaps you can provide that to us forthwith.

Mr. William Gleberzon: I certainly will be happy to do that.

Mr. Massimo Pacetti: I would appreciate that.

Mr. Sinclair, in your brief you spoke about the challenges, a lot it being global challenges. We started off the hearings hearing from people regarding the fluctuation of the Canadian dollar versus the U. S. dollar, and being competitive in that sense. There has been some push now for some additional incentives for the manufacturing sector, but that only holds true for Quebec and Ontario.

Is that something affecting your members, or is infrastructure still the number one issue?

Mr. Art Sinclair: I would say both.

Obviously, this has been a very challenging year. I'm not going to say with the rising Canadian dollar anymore, but the fluctuating Canadian dollar. The competition from abroad, the fluctuating Canadian dollar, have been key issues, and I think they have been the predominant ones, but down the road certainly infrastructure is a concern as well.

Again, as I mentioned in my presentation, we're very grateful, and we very strongly support the proposals that were included in the economic statement this year.

Mr. Massimo Pacetti: Perhaps I can interrupt. I think you stated that the municipal infrastructure was what was lacking. Does none of the federal money through infrastructure touch your area or your municipality?

Mr. Art Sinclair: I assume probably it does in some way, yes.

Mr. Massimo Pacetti: Okay, but it's not clear?

Mr. Art Sinclair: Well, I would have to get clarification from the region. The Region of Waterloo is the municipality. We have a two-tiered municipal government in Waterloo region. We have the region, and then we have the local municipality as well. Sure, I assume that in fact the funding does eventually flow down to the municipality.

Mr. Massimo Pacetti: Mr. Vanderklis, your association is asking for a bit of money for various needs, but how do we determine the return we're going to get for that investment? I hate to look at it as a business proposition, but how do you put more money towards programs when we don't know if the present programs are working?

Are they working? There are a lot of problems in your community. We're seeing problems in terms of education, people not being enrolled, health, various issues. I'm not an expert when it comes to aboriginals, but there are issues facing your community. So are the programs the right...? Is the solution putting new money towards them or is it maybe revamping the programs? You didn't address that point. Perhaps you can address that.

Mr. Sean Vanderklis: Well, in my personal opinion I feel the programs that are currently in place are working. We serviced over a million clients last year, and the number is continually increasing. A prime example is our youth council itself. A lot of the youth involved with that would not be where they were if it wasn't for the programs offered through friendship centres.

I think that, yes, enhancement is needed for that because of the growing population within aboriginal communities. So yes, I think the programs are working.

Mr. Massimo Pacetti: Okay, thank you.

Thank you, Mr. Chair.

The Chair: Thank you.

Mr. St-Cyr, you have five minutes.

[Translation]

Mr. Thierry St-Cyr: Thank you, Mr. Chairman.

In your brief, Mr. Sinclair, you talk of limiting to 3% the growth of program expenditures.

I find interesting this idea of controlling government spending, not necessarily relating to the money to be given to people or to the benefits provided by the government but in relation to the bureaucratic apparatus of the federal machinery.

A few years ago, the Bloc québécois did a study indicating that federal expenditures were completely out of control. This fact was hidden by the enormous surpluses of the government which allowed

it to spend huge sums for polls and for other activities providing very little value to Canadians.

Let me give you an example. From fiscal year 1997-98 to fiscal year 2006-07, federal operating expenditures have increased by 74.3%, which is considerably higher than inflation, whereas in Quebec, my province, provincial operating expenditures have increased by 49.2%. There is a huge difference.

Under the Liberal government of the time, we wanted to see how much could be saved without cutting jobs or cutting benefits but only through better control of our operating expenditures. Since then, we have updated our study. At the time, nobody made any comments or challenged our conclusions. Today, after updating, we have shown that 42 billion dollars could be saved over five years, which would give the government lots of leeway.

Do you believe there is a problem here? Do you think that nobody bothers with expenditures control anymore because we have those huge surpluses?

• (1150)

[English]

Mr. Art Sinclair: In response to your question, generally, I would contend that the private sector, because of global competitiveness issues, has to be very effective and efficient in their spending. I think from a broad general perspective we'd like to see that from all levels of government, and not just the federal level, but the provincial and municipal levels as well.

Yes, I think generally our business community supports effective, efficient, and targeted government spending. I think most businesses are in positions right now where they have to prioritize and identify what their key businesses are. It's incumbent upon the public sector as well to develop business plans to say what they do, and they have to be able to target spending towards our priorities. I would certainly agree with the examples you have provided. I think in general terms, yes, we would agree.

[Translation]

Mr. Thierry St-Cyr: All right.

Mr....

[English]

The Chair: We need a very quick question and a very quick answer on this one.

[Translation]

Mr. Thierry St-Cyr: Mr. Pacey, you have spoken against the right to deduct the book value of an heritage property that would be demolished.

What is your definition of an heritage property? If we wanted to implement such a measure, how would we go about determining that a given property will entitle its owner to deduct the book value from a company's profits?

[English]

Mr. Philip Pacey: I am not a tax expert, but my understanding is that buildings are capital assets and they are written down over a period of time. If they still have a book value at a certain point and they are demolished, then the owner would be able to deduct that amount from their taxes.

The Chair: Thank you very much.

Mr. Dykstra.

Mr. Rick Dykstra: Thank you, Mr. Chair.

William, I have a couple of quick questions for you. One of the significant things you asked for in the last round—there were two things actually—was pension income splitting, which our government delivered on. I don't need your comments on that. You guys have been very generous in your compliments to the government for finally acting on that issue. It was recommended almost 40 years ago.

The second one is the Mental Health Commission that the government announced in 2007. The Prime Minister just announced earlier this month the folks who are going to be sitting on that panel. It's a significant investment of over \$50 million over five years to address mental health issues in the country. I wonder if you could comment on that.

Mr. William Gleberzon: This is something that we very much support. In fact, my colleague is a member of one of the committees. We think this is going to make a great difference.

We were talking about what you might call stigma against poor people. There's certainly a great stigma against people who have some kind of mental illness. I know that one of the main priorities of the commission is to try to eliminate that stigma. We very much support what Senator Kirby is doing and what government has done.

I would add that we would hope perhaps the same kind of approach could be adopted towards poverty to remove the stigma that is applied to people in poverty.

Mr. Rick Dykstra: Thank you.

Mr. Pacey, one of the announcements in our 2007 budget was Canada's National Trust. I don't know if you're familiar with that or not, but one of the components is based on something that was very successful in the United Kingdom, which we're trying to emulate. It would protect lands and buildings, the national treasures you spoke about. It will be managed and directed by private sector individuals at arm's length from government, so you can actually work on these from more of a private perspective without having the cumbersome-ness of government. I wonder if you could quickly comment on that.

• (1155)

Mr. Philip Pacey: I'd be delighted.

We were very pleased to see that in the last budget. The Heritage Trust of Nova Scotia, from its name, is indeed a trust. We own only one building. We are primarily a heritage advocacy group. Managing that one building is a very time-consuming matter.

I think a national or provincial trust, such as ours, can really only look after a small number of buildings. What we're recommending here today in the way of fiscal measures are measures that would

protect a large number of buildings. Buildings that would be in private ownership might receive a tax credit of perhaps 20% of the cost of a major rehabilitation. That would then spread the benefits much more widely and protect a much larger number of buildings.

Mr. Rick Dykstra: Thank you.

Mr. Vanderklis—and certainly the great folks of Nova Scotia who we're working with and a number of presenters here today—I just wanted to welcome you from my riding of St. Catherines, the constituents. We've both come a long way to be here today.

One of the things you touched on that caught my attention was that you mentioned the question of funding isn't just youth funding. I wonder if you could expand on that a little bit in terms of how you think we could hit a specific program or programs that would indeed fund, in a very practical way, training for aboriginal youth.

Mr. Sean Vanderklis: I'm sorry, could you repeat that?

Mr. Rick Dykstra: Your focus in your presentation was about training youth in anticipation of entering the workforce; rather than just setting funding accessible to aboriginal youth, it actually has a stated purpose. I wonder if you could provide for us a couple of examples of where we might be able to do that in the next budget.

Mr. Sean Vanderklis: That is in regard to...?

Mr. Rick Dykstra: Some training programs that would be practical, accessible, that would be a focused way of addressing the issues you addressed so well for us today.

Mr. Sean Vanderklis: A prime example would be our youth council. I'm sitting before members of Parliament asking for money, and my experience is two years of college. By putting that into the budget, you're giving youth the opportunity to sit here and speak to members of Parliament.

Last year our organization was the first organization ever to work with the House of Commons for the Forum for Young Canadians. We were the first organization to have a Forum for Young Canadians that is aboriginal-specific. That's the first time in history that's ever happened.

Mr. Rick Dykstra: Thanks. I appreciate that.

I have a little bit of time yet, Mr. Chair. I'll try to be quick.

Ms. Nasser, I certainly listened with a great deal of interest. My partner is actually a children's mental health therapist, so over the last 20-some years I've had a pretty good understanding from her perspective on the issues we face, certainly in Niagara, and I have, obviously, a great deal of empathy for that.

One of the requests you made last year was to make a significant investment in social housing and make sure that we invest in tax measures that are aimed specifically at the working poor. We've talked a lot today about the working income tax benefit and the fact that it is a way to address some of the issues that those who make the lower incomes are facing, but actually this assists them to be able to move forward and get over the welfare wall and not always have to rely on assistance. They can move forward and become productive in their own right. We've heard suggestions in the previous presentation about increasing it.

I just want to get your thoughts on the acknowledgement this government had in actually putting it in a budget, finally putting a working income tax benefit in a federal budget.

Mrs. Susan Nasser: Yes, we probably all agree that every little bit helps. These are all steps in the right direction. But it is also important to keep listening, to follow up to see how those changes and the new programs are affecting people and whether they are actually contributing to a decrease in poverty, and to adjust the program as it goes along. We need to realize that it addresses one part of the issue of people living with low incomes, but there are a lot of other issues that need to be addressed.

But yes, definitely, I think we are all willing to acknowledge when a program that has been asked for is actually put in place. That's a step in the right direction.

• (1200)

Mr. Rick Dykstra: Good. Thank you very much.

The Chair: We want to thank the witnesses for coming, for their testimonies before committee and for their presentations. We want to also thank our committee for their questions.

With that, I adjourn the meeting.

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