



House of Commons
CANADA

Standing Committee on Finance

FINA • NUMBER 024 • 1st SESSION • 38th PARLIAMENT

EVIDENCE

Wednesday, November 24, 2004

—
Chair

Mr. Massimo Pacetti

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• (1535)

[Translation]

The Chair (Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.)): We're going to start the meeting. Good afternoon, everyone. Thank you for being here.

I want to thank the groups of witnesses for coming. Here's how it works. We give you five minutes for your presentation and your comments. The problem is that we have six or seven groups. I'll ask you to limit your speaking time to five minutes, please.

[English]

When you're close to five minutes, I'll give you the signal to wrap it up please.

I have a list of the witnesses here, and I'm going in that order. The first group I have is the Canadian Dehydrators Association.

Mr. Pulkinen, the floor is yours.

Mr. Dale Pulkinen (Executive Director, Canadian Dehydrators Association): Thank you, Mr. Chairman.

My name is Dale Pulkinen, and I'm the executive director of the Saskatchewan branch of the Canadian Dehydrators Association. With me is Mr. Jim Boxall, who is president and CEO of one of our major processing plants in western Canada. We are both here today representing the Canadian association.

Our member plants produce the best quality alfalfa pellets in the world. Roughly 80% of production is exported, and the industry is highly dependent on being competitive in export markets. While there are several processing plants in eastern Canada, the export industry is based primarily in Saskatchewan and Alberta. The number of plants has declined from fifteen in the early nineties to the six that are operating today. When we appeared before this committee in 1999, we were able to report exports of approximately 700,000 tonnes, with a dollar value of \$130 million. Today we're talking about exports in the 200,000-tonne range, with a value of only about \$42 million.

In the nineties, our plants created a thousand jobs, many of them skilled. They paid out more than \$13 million in direct wages and considerable spinoff benefits to the rural economy. They did this year after year until three things happened. First and foremost, the highly subsidized European Union products initiated market-wrecking sales into our largest market, Japan. That has now escalated and developed into an issue of grave concern to our industry. Second, federal safety net programs were revamped in such a way as to exclude alfalfa grown for our processing plants. Third,

natural gas prices began to go through the roof. Natural gas is our second-largest cost component, next to freight.

Mr. Chairman, we responded positively and effectively to the third problem, that being natural gas. Some plants have already switched to more economical fuels for drying. Others are either in the research or implementation phase. In 1999, we told the committee and the government about our ability to compete with the best in the world on a level playing field, but we said we could not compete with subsidies almost equal to our total price.

As we speak today, five years later, this same heavily subsidized EU product—subsidized to the tune of \$105 per metric ton—is being offered in Japan at an equivalent of \$165 per tonne. That's \$45 a tonne below our best price of \$210 a tonne. The EU subsidy is equal to fully 50% of our current selling price. During the last three months, this has driven our price down from \$225 to \$210 per metric ton. At \$210, most plants are struggling to survive, and we cannot compete against EU prices being offered at \$165.

While safety net programs were being revamped, we argued year after year that alfalfa must be included. We said we could not cope with both highly subsidized competition and no protection against natural disasters. Until the nineties, we were heard. Since then, however, our representations to governments have resulted in failure to produce satisfactory results. We're here today to ask that we again be heard and heeded.

Now I'll ask Mr. Jim Boxall to deliver the remainder of our message.

• (1540)

Mr. Jim Boxall (Chairman of the Board, President & CEO, Tisdale Alfalfa Dehy.Ltd., Canadian Dehydrators Association): Mr. Chairman, we're asking today for an emergency assistance package to cover the hurt caused to our exports by European subsidies. This package works out to \$6.8 billion for the production year 2004. We're suggesting that the funds be paid over a two-year period, directly to alfalfa growers, as a means of stimulating expansion of the acreage base of alfalfa grown for processing.

Mr. Chairman, you have asked us to cost out our proposal, and I have given it to you in an abbreviated form. In light of the current fiscal situation, we're confident it can be financed within existing programs and without any tax changes.

We're a small association, Mr. Chairman, without economic expertise outside of our own industry. As such, with the greatest respect, we simply are not in a position to answer some of the other questions that were suggested for our consideration today and to which we were invited to respond.

We note that you say you are concerned with investing in Canada's people, regions, and sectors. We would like to ask the committee a question of our own: does it not make good sense to invest in the people and the rural economy of western Canada by keeping a proven, existing industry in business? This is an industry that was used and held up by governments as a model for value-added processing in the prairies for many years. Does it make any sense to let fail an industry that has historically produced annual exports valued at more than \$100 million and up to a thousand jobs on the prairies?

Our company, after two years of losses suffered under the drought, is faced with probable losses again this year because of the EU subsidy. We feel we need the help of the federal government to assist us with an assistance package that will cover some of these losses.

To put it into human terms, Mr. Chairman, at our plant, we have 70 employees in a community of 3,000 people. One-third of them are seasonal employees, and one-half are full-time employees who have been with us for over 20 years. Financing budgets are a necessity for a prudent government and must entail bean-counting, but, Mr. Chairman, layoffs and the loss of people in our community, in my opinion, is head-counting and it's something I don't want to be involved in.

Thank you, Mr. Chairman. Mr. Pulkinen and I will be glad to answer any of your questions.

The Chair: Thank you.

[*Translation*]

The next group is the Grain Growers of Canada. You have the floor, Mr. Dahl.

[*English*]

Mr. Cam Dahl (Executive Director, Grain Growers of Canada): Thank you very much, Chairman and members of the committee. It is indeed a privilege to appear before you. My name is Cam Dahl, and I'm the executive director of the Grain Growers of Canada.

Ken Bee, our president, wanted to be here today, but his work on the farm kept him at home. He sends his regrets.

I will not take the time to review or introduce the Grain Growers of Canada. This information is included in the brief that has been distributed and that I hope will be made part of the record of these hearings. I would like to emphasize, however, that our voice exclusively represents grain and oilseed farmers. We only represent farmers.

I will begin our brief by going over the six recommendations coming forward from grain and oilseed farmers.

Recommendation one is that we ask that this committee bring forward a recommendation to the Government of Canada that would see the implementation of a program to offset the impact of foreign

interference in the world market. This program should be in place until the burden of artificial world prices is eliminated through the World Trade Organization negotiations.

One of the principal causes of declining incomes in the grain and oilseed sector is foreign interference in international markets. Using Agriculture and Agri-Food Canada's data, the Grain Growers of Canada have estimated that production- and trade-distorting subsidies are costing our farmers at least \$1.3 billion every year. This is before the impacts of tariff and non-tariff barriers are considered. Farmers simply cannot afford to fight against foreign treasuries by themselves. The Grain Growers of Canada have developed a trade injury compensation program that would fulfill the need for help until negotiations at the WTO narrow or eliminate the subsidy gap.

As our second recommendation, we ask that the 2005 budget reassert Canada's position as a promoter of agriculture trade liberalization. We encourage the Government of Canada to embrace the opportunities presented by the recent framework agreement negotiated through the WTO. Trade negotiations are the long-run vehicle that will eliminate the significant trade injury that continues to threaten the viability of our industry.

Chairman, 90% of Canadian farmers depend upon world markets. The importance of international markets is not restricted to any single region of the country. Trade and the distortions caused by foreign interference in world markets matter from coast to coast. Many of the concerns that I outlined in our first recommendation regarding Canada's safety net program would be addressed if we had significant gains at the WTO.

Canadian farmers and our rural communities need the Government of Canada to take a forward-looking view and concentrate efforts on the possibilities and opportunities presented by trade liberalization. We therefore ask the committee to support ongoing agricultural trade liberalization through the WTO. We ask that you recommend to the Government of Canada that this potential driver of future economic growth be specifically supported through the budget process.

Third, the Grain Growers of Canada recommend that the Government of Canada move to promote the development of value-added processing and the expansion of niche market opportunities by giving western Canadian grain farmers the freedom to independently pursue marketing and value-added opportunities for wheat and barley. This recommendation will also help increase farm incomes and reduce withdrawals from the agriculture safety net programs.

As our fourth recommendation, grains and oilseed farmers recommend that the federal government immediately lower farmers' costs by enabling a competitive and commercially accountable grain-handling transportation system. Again, this would reduce the dependence on or the withdrawals from Canada's safety net system by significantly reducing farmers' costs.

As recommendation five, we ask that this committee recommend that the Government of Canada pursue investment in research and infrastructure necessary to make Canada a leader in the new bioeconomy. Renewable energy sources such as ethanol and biodiesel fuel present Canada with unique opportunities for improving air quality in our urban centres, working toward the commitments outlined in the Kyoto Protocol and providing value-added processing opportunities for our grain and oilseed farmers and jobs in our rural communities.

We believe this is an area in which Canada can excel on the international stage. Unfortunately, this is currently not the case. For example, Canada's current production of ethanol falls far short of domestic demand, forcing the importation of ethanol from the United States. A shortfall in research, development, and production of biofuels will continue to grow as the increase in use of these products by Canadians exceeds our expansion in production. Effective policies would encourage the creation of new infrastructure necessary for the development of Canada's bioproducts industry and ensure that the business climate of Canada is geared for proactive, innovative opportunities, with supportive research and development.

• (1545)

Finally, the Grain Growers of Canada would like to caution the committee and members on recommending environmental policies that will increase the regulatory burden and costs for grain and oilseed farmers. New environmental initiatives must be both economically sustainable, as well as environmentally sustainable, if they are to be successful.

Mr. Chairman, in closing, I would like to note that the Grain Growers of Canada are not calling for support to prop up inefficient producers or to reduce the incentive to operate financially sound farm businesses. Growers across the country are adopting the latest technology to gain new efficiencies, reduce inputs and costs, and contribute to environmental sustainability. We need a regulatory environment in Canada that promotes investment, and an international trading field that is fair and not distorted by the actions of foreign governments.

Thank you.

The Chair: Thank you.

[*Translation*]

We now have the Dairy Farmers of Canada. Mr. Laforge, the floor is yours.

Mr. Jacques Laforge (President, Dairy Farmers of Canada): Thank you. I'm going to give part of the presentation in French, and the rest in English.

First, I'm accompanied today by two individuals whom I want to introduce to you. They are Rick Phillips, who is our policy analyst, and Yves Leduc, who is our trade director. If there are any highly technical questions, I may ask them to answer them.

The Dairy Farmers of Canada represents all dairy farmers, some 17,000 producers from Newfoundland to British Columbia. Our presentation to you today is based on the impact of mad cow disease, or BSE, and on concerns and the future direction of the world trade negotiations.

With regard to BSE, I'd first like to refer you to the chart in the presentation which shows developments since the BSE crisis started in May 2003. You can see the retailer's margin, the wholesaler's margin and the farmer's margin. If you want to see a crisis, this is the ideal place. As you can see, the farmer's margin has shrunk considerably and the retail and wholesale margins have increased. This is utterly unacceptable in a period of crisis.

While the crisis is developing here, and in the United States, in the same circumstances, because of the scarcity of live animals, the producers' price is rising. So there's a problem of balance among market powers in Canada, and we want to demonstrate that convincingly.

We estimate that the BSE crisis costs Canadian dairy farmers approximately \$419 million a year. The way we calculate that is described in the document we distributed to you.

There is an impact that you can't see at the present time. In the dairy industry, we've spent 30 or 40 years developing dairy genetics, embryos, bull sperm and, especially, live animals, that is to say exporting live heifers that will become dairy cows in other countries. Exports of this type have completely stopped, which represents losses of more than \$200 million a year. We still have those animals on our hands, which results in expenses that are increasing every day.

We want to demonstrate this because we see some solutions. At the end, we have recommendations that we want to emphasize. That's the approach of the Dairy Farmers of Canada.

The financial situation is very tough for dairy farmers. We know that, in early September, the minister announced that he wasn't paying much attention to the dairy industry. He's now re-evaluating that view and apparently should be doing something soon.

• (1550)

[*English*]

We think the only way to balance this BSE crisis, especially on the cull cow aspect... The cull cow is an animal that will probably not go across borders, from a live animal perspective. For quite a few years, they will still have to be slaughtered in Canada and the meat will not cross the border. We are recommending, at least for the cull cow situation, a minimum floor price of some kind. We don't want to define it, because there are a lot of ideas and examples, but a minimum floor price for a cull cow in this country has to be established so that we correct this imbalance in producer loss to revenue and rebalance it to a more normal approach such as we had prior to BSE.

In the dairy cycle, the impact of this is something that we are living with every day. When it comes to this time of year, all the dairy animals have to go inside. We're feeding extra animals and that's creating extra cost. We really have to address it and address it quickly.

Secondly, when we look at the WTO negotiations, and again using BSE as an example, we're looking at what BSE can do to an industry under the supply management system in which we operate the milk production. This is one of the best examples where we stayed at over-quota tariffs, and the negotiations have to maintain that. They cannot be reduced, for the simple fact that... Also, other people have alluded to other countries subsidizing their agriculture. We have to keep the over-quota tariff.

In the meantime, while doing these negotiations, we have the EU and the United States transferring more dollars to their producers. For example, we hired a consultant firm, Grey, Clark, Shih and Associates, to estimate the amount of subsidy paid to dairy producers in the U.S. right now. It's not finalized, but up to this point they're receiving \$17.50 per hectolitre in direct or indirect payments. So if that's the kind of thing that's going on in Europe in the future... We're still following up on a study on the EU. It's not completed yet, but it looks even worse in terms of producers receiving money from the government, from a whole-farm approach.

In conclusion, recommendation two is that the government should continue to pursue a negotiating position at the WTO that retains over-quota tariffs at their current levels for supply management products and seek to restrict the importation of products designed to circumvent those tariffs.

I'll stop there, Mr. Chairman.

• (1555)

[Translation]

The Chair: Thank you, Mr. Laforge.

We'll now hear from Mr. Groleau, from the Fédération des producteurs de lait du Québec.

Mr. Marcel Groleau (President, Fédération des producteurs de lait du Québec): Thank you committee members for receiving us. My remarks will naturally be similar to those of Mr. Laforge, although I'll be more specific with regard to the characteristics of Quebec.

There are 8,000 dairy farms in Quebec. Quebec is the biggest dairy producing province in Canada. Those 8,000 dairy farms represent approximately 15,000 dairy farmers. We're talking about more than \$3 billion in production, \$1.8 billion in farm cash receipts and 47,000 direct and indirect jobs; in Quebec, 40% of farm receipts are generated by agricultural production under supply management, hence the very great importance of supply management for the province, as well as for the comments that will follow.

As you know, the dairy industry currently receives no direct subsidies. All producer incomes come from the market, except for a few support measures generally allocated to agriculture, such as tax refunds. In that sense, this is something of an exploit. In global terms, in every country, many farmers can boast that they derive their income exclusively from the market. It may be as a result of this that, in a global perspective, supply management seems so different or so difficult to preserve. We are different in that we don't receive direct government subsidies.

I would nevertheless like to clarify one point. People want us to earn our income from the market. It should be said that, in recent

years, the Canadian Dairy Commission has failed in its obligations in that area. According to a survey conducted by the Commission itself, 30% of Canadian dairy farmers cover their production costs. Canadian dairy farmers are asking that at least 50% of dairy producers cover their production costs. We think that's entirely legitimate. Downstream profits made by processors, retailers and distribution chains are good, even significant. However, scarcely 30% of dairy farmers cover their production costs. If there is one point that you should remember, it's that the Canadian Dairy Commission must make a significant adjustment to the price of milk to enable at least 50% of farmers to cover their production costs.

As regards the WTO negotiations, we believe that countries should have the right to maintain domestic agricultural management policies, provided they do not raise barriers to international trade. That is precisely the case of supply management. That's a position that Canada should defend and that should be acceptable to other countries. We also think that international agreements on all matters pertaining to the export of agricultural products should be clear and fair.

Agricultural subsidies have not declined since 1994. Theoretically, a certain reduction can be demonstrated, but, in actual fact, agricultural subsidies have increased, mainly in the United States and Europe, in various ways that violate the very spirit of the agreements negotiated in 1994. If you consider the outcome of the 1994 negotiations and the present situation, you'll see that Canada, having as usual played by the rules of the game, now finds itself in the situation of the neglected and losing party. It's not by chance that grain and meat producers in Canada are having so much trouble. It's not solely due to BSE.

In Canada, subsidy levels are absolutely not equivalent to those in other countries. As Jacques mentioned earlier, if we ever lost supply management and had to support dairy production, several billions of dollars in additional funding would be necessary to support that production, even inadequately—because these programs are never adequate.

• (1600)

In my view, the work done in Geneva in July must be singled out. In spite of everything, Canada did a good job there. Negotiators were able to maintain the possibility that Canada might not have to reduce over quota tariffs. Canada will have to continue asserting its position on this point in the rest of the negotiations.

As you know, there are three major pillars of supply management: producer price, which is the responsibility of the Canadian Dairy Commission; production control and surplus disposal, responsibilities of producers, which they discharge; and, lastly, control of imports, for which the government is responsible. In this area, the government has not met its obligations or has not properly discharged them since 1994.

Some tariffs are designed to prevent dairy imports, but certain ingredients produced in accordance with specific recipes circumvent the spirit of the agreements that have been reached. Under the rules available at the WTO, the government could take measures to prevent that; in particular, it could apply Article XXVIII of the GATT, under which new tariffs may be introduced to block imports of dairy ingredients and to set standards in respect of cheeses. In the United States, 48 cheeses must meet manufacturing standards concerning, for example, the use of cream and dairy products, rather than dairy ingredients. In Canada, we want to present our brands as being of superior quality, but our standards are lower than those applied in the United States with regard to cheese. This is a situation that the Canadian government should correct.

Jacques has already discussed the mad cow crisis, and I therefore won't elaborate on the subject. However, I would like to say that, in the dairy industry, the solution for cull cows lies in setting a floor price. You should know that it is still possible to export steer meat and other meat since, in most cases, they come from animals less than 30 months old. Cull cows are over 30 months old and the meat from those animals and the animals themselves cannot be exported. This is a special situation, and this is why a floor price at the farm should be adopted for full cows.

In Quebec, we calculate that the floor price would be 42¢ a pound. That figure, which is based on an American reference, allocates good profit margins to the slaughterhouse and distributors, while enabling producers to derive their incomes from the market. We're working hard and we firmly believe this is the solution for cull cows. Assistance programs, which only enrich the slaughterhouses, are not the solution.

In conclusion, I would like to thank you for the time you have allotted me, and I would note that we are ready to answer your questions.

The Chair: Thank you.

We'll now hear from Mr. Lebeau, from the Union des producteurs agricoles du Québec.

Mr. Serge Lebeau (Senior International Trade Advisor and Assistant Director, Agricultural Studies and Policies Department, Union des producteurs agricoles du Québec): Good afternoon, everyone.

First I would like to thank the Standing Committee on Finance for inviting us to take part in the pre-budget hearings. I thought it was possible to make a PowerPoint presentation, but instead I'm going to use the document you have in your hands.

The organization we represent, the UPA, has been in existence for 80 years. It represents Quebec's 44,000 farmers and 120,000 forestry producers who work in the private forest sector. Agriculture is the leading activity in the primary sector in Quebec, representing 7% of GDP. It undeniably contributes to the vitality of our province and country and to the vitality of rural communities.

When we learned about the themes that you wanted to address in these consultations, we were surprised at first to see that agriculture was not on the list of sectors that might be priorities for the federal government. You aren't unaware, as the chart in Figure 1 shows, that

the Canadian agricultural sector is going through the worst crisis in its entire history.

For example, in 2002, Quebec's agricultural sector experienced a decline in net income of more than 50% over 2001. You'll also note that net income has not risen in the past 20 years, despite the increase in the size of farms. As Figure 2 shows, net income earned by agricultural businesses was even negative in 2003, for the first time in history. It is disappointing that the committee does not appear to have been struck by this sad reality.

It goes without saying that our presentation today will be coloured by this sombre observation. In view of the time allotted me, my presentation will focus on the following four themes: BSE—to which I'll return briefly—the Agricultural Policy Framework, the WTO trade negotiations and a few tax questions.

With regard to BSE, the losses in Quebec are overwhelming, an estimated total of \$391 million. Even subtracting amounts of financial assistance, the losses are still estimated at more than \$235 million. They're now saying \$241 million. Unfortunately, the program announced on September 10 doesn't suit Quebec producers. As is the case in the health sector, I think the word "asymmetrical" is probably the best term.

In Quebec, given the province's dairy role, cull animals are the first ones put on the market. In this area, diplomatic steps should continue to be made to reopen the borders and to decree, as stated above, a floor price for cull cows and slaughter steers. However, pending the reopening of the border and a floor price decree, a program like BSE3 should be established. In fact, this is a little technical, but it's important for members of the Standing Committee on Finance to know that that program was useful, offering a fixed payment per cow, just like the BSE4 program for other animals. We also need direct subsidies paid to producer groups wishing to invest in slaughter and processing projects.

As regards the Agricultural Policy Framework and the four components of the agreement, we find the term "flexibility" the most appropriate. That means letting the provinces choose the methods they use to achieve national objectives. It's not clear, for example, that the CAIS is the best income security tool. The CSRA, the agricultural income stabilization account put in place in Quebec before the CAIS, would probably have been suitable.

International subsidies hurt, particularly in the grain industry. The Canadian government has not hesitated to reinvest not only in its income security programs, but also in the environment, consulting services and food safety and quality.

Isn't it always surprising to see that Canada always lags behind when you compare the support it gives to its agricultural sector with that granted by the OECD member countries? Canada allocates US \$192 per capita, the United States US\$317, the European Union US \$304 and Japan US\$438.

As regards international trade, it has been said that it would cost the government some \$3.5 billion annually to offset the revenue shortfall if supply management disappeared from Canada. It is imperative that Canada hold up its end on this question at the WTO. There is no shame in wanting to maintain this system, when Europeans and Americans support their agricultural sector with billions of dollars in direct payments.

• (1605)

It's also important that Canada ensure that our income security programs are compatible with our WTO commitments, or at least that it make the necessary adjustment to make them comply with the terms and conditions that will be stated at the end of the Doha Round.

Now I'd like to draw your attention to the issues more particularly related to agricultural and forestry taxation. I won't go into the details; I'll simply list them.

First, credits for research and experimental development should be granted to agricultural organizations in the same way they can be granted to businesses. Second, the capital gains deduction should be increased from \$500,000 to \$1 million for transactions that result in the property continuing to operate as a farm. Third, there is the tax deduction for environmental protection equipment. There's also the introduction of an appropriate system for private woodlot operators. Lastly, taxation should encourage the transfer of farms.

In closing, I would like to add that the agricultural sector generates hundreds of thousands of jobs in Canada's regions. It is imperative that the Canadian government make it a priority sector for intervention. The survival of a number of operations and regions depends on it. Thank you.

• (1610)

[English]

The Chair: The next group I have is the Canadian Cattlemen's Association, represented by Mr. Caldwell.

Mr. Jim Caldwell (Director, Government Affairs, Canadian Cattlemen's Association): Thank you very much, Mr. Chair. I'm not going to break the mould and answer the questions that you outlined to us either.

I do want to take this opportunity to say to all members on both sides of the House how much we appreciated both the financial and moral support the cattle industry has received over the last year and a half, and we certainly appreciate it. I want to stress that we're not through the whole thing yet, but we can start to see a little bit of light at the end of the tunnel.

Despite our setbacks over the past year, we remain committed to ensuring that Canada remains an export nation for beef. However, the BSE issue has significantly impacted marketing budgets for beef marketing programs. This is at a time when they are most needed. We exported to over 40 countries since the first of this year, and unfortunately, good potential markets like Russia, China, Taiwan, and Hong Kong remain closed, but we are working vigorously to get them open.

In August this year, the CCA developed a strategic plan to assist in the recovery of the industry and strengthen its position in the

future. A cornerstone of this plan is to address the imbalance between cattle supply and domestic processing capacity by encouraging the expansion of processing in Canada. In other words, let's process the product in Canada and reduce our dependence on live cattle trade with the United States. This will require aggressive long-term marketing to maintain existing sales and develop new markets.

The Canadian Cattlemen's Association is proposing the establishment of a beef market development fund or legacy fund to sustain marketing programs for a number of years. Very often we get into very short-term programs and don't look too far ahead. The Government of Canada could play a major role in assisting to establish such a fund, as well as investing in the fund to ensure the long-term continued health of the industry. I should also point out that the promotional arm of the Canadian Cattlemen's Association, the Beef Information Centre, and our export division, the Canadian Beef Export Federation, are also involved. This is all part of our global marketing advisory committee.

The program will cost \$212 million over the next 10 years. Cattle producers, through their check-off system, will be contributing \$80 million, and this leaves us a shortfall for which we hope both the federal and provincial governments will support the funding. The CCA believes our industry will return to normal in the future; however, we have learned some very hard lessons and those lessons can be put into practice to make our industry even stronger. As I said, depending on the U.S. is simply not an answer to our future problems.

The Canadian Cattlemen's Association continues to believe that our income must be derived from the marketplace. We realize the cattle industry has received financial support from government during this time of crisis, and we are certainly most grateful. We still have many producers who are in a severe financial position. Most producers want to get back to normal marketing and getting paid for their cattle in the marketplace; however, we believe that the government has a role in assisting the industry in the areas I mentioned earlier.

I have a couple of other remarks. The beef industry, especially the feedlot sector, is highly dependent on credit. The low interest rate policy over the past few years has helped out considerably, so we would like to see the government continue to pursue a policy of keeping interest rates low. However, the rising dollar is making it more difficult to export, especially to the United States, and this will be even more pronounced when our borders open to live cattle. A robust economy has its side effects, and they are not always good for everybody.

Again, I thank you for taking the time to hear us today. I'd be pleased to try to answer any of your questions.

Thank you, Mr. Chair.

The Chair: Actually, that was the best presentation. It was under four minutes. Thank you very much. We're going to use that time for questions.

Mr. Penson, first round, seven minutes.

Mr. Charlie Penson (Peace River, CPC): Thank you, Mr. Chair.

I'd like to welcome the panel here today. We're basically just starting to wrap up our pre-budget hearings. It has been very condensed this year. It means that people don't have a lot of time to present or time for questions. So I apologize, but I do have some questions.

First of all, I'd like to say I think everybody recognizes we have a problem with the cull cow situation regarding BSE. We're certainly hopeful that government can step in and help producers through this time, both in the dairy and beef sectors, because animals born prior to 1997, when the feed cutoff happened, simply have to get through the system somehow. The cattlemen and dairy producers are taking a big hit on it. We recognize this and are hopeful that something can be done about it.

I do want to use my time here this morning to ask a couple of questions on the trade side, though, because that also affects most of you. It seems a short time ago that we were in Cancun, some of us, talking about these very issues.

I want to deal with the dehy producers, because I think they have the greatest need. The Doha Round is progressing fairly well, I think. One of the things that have happened as a result of that is that the European Union has already started to take some steps to dismantle their export subsidy program.

You're telling us, gentlemen, that in the meantime, until that's fully gone, countries like Spain are causing a great deal of difficulty for your industry, and that if we wait until that program is completely dismantled, you'll be out of business. That's what I'm hearing from you.

I wanted to confirm the interim financing to get you through these couple of years until the market starts to prevail again. Did I hear you correctly as saying it would be about \$6.8 million for your industry?

A witness: That's correct.

Mr. Charlie Penson: So we're not talking about a great deal of money, but I gather what you're saying is that if your industry doesn't get it—and it's already been shrinking considerably—you won't be here in a couple of years when the market does prevail and the export subsidies are not in place. Is that correct?

•(1615)

Mr. Dale Pulkinen: That's a real possibility. It may be even less than two years.

Mr. Charlie Penson: I'm certainly aware of your industry. I think I have the largest dehy producer operation in my riding in the Peace River country. In the French country, the Falher-Girouxville area, they have done a very good job of setting up a value-added industry.

Mr. Dahl, I noticed that's one of the things you've asked for, for more money, more focus, on value-added. Here we have an industry in the dehy that took that advice a few years ago, and look where it got them. So unless we have the support on the trade side, it really comes to nothing.

Mr. Dahl, I know you're wanting us to continue the support for the Doha Round. Can you tell us how that would translate into benefits for your industry?

Mr. Cam Dahl: Absolutely. In the long run for the grains and oilseeds sector—I'd say I speak slightly for Jim, for the cattle sector, as well—the prospect of liberalization at the WTO is the ultimate way whereby we are going to foster the viability of our industry. It's absolutely vital.

I think we have seen some progress at the WTO. We were quite supportive of the framework agreement that was signed in July. I want to highlight a couple of things that came out of that framework agreement. There was an agreement to negotiate the end of all export subsidies. That is a real win. Export subsidies have been eliminated in absolutely every other industry except agriculture. It's about time that they're eliminated as well.

We've also had an agreement from all the countries to see substantial and harmonizing reductions in trade-distorting support, which means that the highest subsidizers are going to have the most reductions. Again, that's a very key point.

Mr. Charlie Penson: Mr. Dahl, can I stop you? We have limited time here.

I want to explore the one area that you're talking about in terms of export subsidy. It's my understanding that besides the progress that's being made in the Doha Round, a number of a countries are being proactive for their own reasons.

In regard to the European Union enlargement, I've talked to a number of the players there, and they tell us that they can't wait even for the Doha Round; they have to start acting because it's breaking their treasury. The European Union has expanded to 25 countries. They're going to expand again by five in the next five years. Countries like Poland and lots of others that have huge agriculture potential will bury them in subsidies unless they don't.

Aren't we really talking about a window of opportunity that we need to take advantage of here that may not exist down the road?

Mr. Cam Dahl: I think you're absolutely right. I think the same applies to the domestic subsidies. If you look at the burgeoning deficits in the United States, I think the same push is going to come south of the border. So I agree with you, I think there's a lot of will around the world.

•(1620)

Mr. Charlie Penson: I know we had a tremendous livestock industry in this country—which doesn't just include cattle—but my understanding is that most of the cattle market is largely in the United States, or has been in the past, and that's the market we've lost. Those in the grain and oilseed sector are the ones that have really been getting beaten up on the exports, because they've had to compete in these third-country markets where export subsidies have been used against us.

Mr. Cam Dahl: Absolutely, in places like China and Japan.

It's not just the subsidies; we also face tariff barriers. The one example I use over and over again is India, the world's largest importer of edible oil, yet there's an 85% tariff on canola oil going in. We are shut out of the world's largest importing market. Soy beans have a comparable tariff of 35%.

Mr. Charlie Penson: Thank you.

I think I'm out of time. I know that Mr. Solberg has some questions in the next round and I hope he can get to some of things I haven't been able to touch on.

The Chair: Thank you.

Monsieur Loubier.

[*Translation*]

Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ): Thank you, Mr. Chair. There are some questions that you didn't address that I want to address.

Thank you for being here. My question is mainly for Mr. Groleau, Mr. Dubé, Mr. Lebeau or Mr. Laforge because it concerns the dairy industry. I'm very concerned about the present situation, which is unprecedented. We used to say that the dairy industry was protected from price changes because of the formula for calculating production costs, but now we're in a situation which, in some respects, is worse than what's going on in the grain industry.

I wonder about your floor price concept. I'm reasoning from the following premise. The federal government is responsible for international trade. So it's also responsible for ensuring that trade disputes such as the BSE dispute don't last and for finding a way to compensate those who have suffered injury. However, I realize that your demand for a floor price was mainly made to the Government of Quebec, to Ms. Gauthier. In view of the federal government's direct responsibility for this industry, if a floor price of 42¢ a pound were retained and, based on that reference price, a tax was levied on slaughterhouses that could offset the difference between 42¢ a pound and the market price, would we have better control over such a policy across Canada? That special tax could last for as long as the Canada-U.S. border is closed, and proceeds from it could be distributed to dairy farmers based on the number of cull cows slaughtered during the year.

Is that an idea that could be conveyed by the agricultural world? It seems to me it would broaden the debate and force the party mainly responsible to shoulder its responsibilities. It has the opportunity to do that.

Mr. Marcel Groleau: I'm not aware of all the legislative and fiscal measures at the government's disposal, but a measure like that would enable producers in all provinces to get 42¢ a pound for their cull cows. If that were possible, I would be very much in favour of a mechanism like that, and I'm sure Minister Gauthier would feel the same.

Mr. Yvan Loubier: We know it's possible because the federal government has a federal taxing power. For example, it can lower or raise the GST. It can levy a new tax or abolish an old one. As a matter of fact, it will be doing that this week or next week in the case of the excise tax on jewels. The federal government clearly has that power, and I think that might be a good path. You could put that measure on your list of claims. Then the federal government could

be targeted and its international trade responsibilities linked to its historical responsibility.

That leads me to my second question. A few years ago, Mr. Goodale was Minister of Agriculture. He promised you that, after abolishing the \$6.03 per hectolitre subsidy, which gave Quebec dairy farmers approximately \$120 million, he would raise prices accordingly. Earlier you referred to the Canadian Dairy Commission's lack of responsibility. It's in that connection that you should talk about irresponsibility because Mr. Goodale's commitment, which was a government commitment, was not met. So you didn't cover the \$129 million relating to the elimination of the \$6.03 per hectolitre subsidy.

• (1625)

Mr. Marcel Groleau: That's because the formula used at that time to calculate production costs eliminated the smallest and least efficient farms from the sample. It was a bottleneck. Naturally they didn't calculate true production costs. The figures were somewhat distorted. As a result, the subsidy cut was entirely borne by dairy farmers. It wasn't our efficient gains over the years that enabled us to absorb the cut gradually. However, six years later, in 2002, farmers have their backs to the wall. That's hurting a lot right now and that's why the mad cow crisis, which started in 2003, hit dairy farmers so hard, despite their supply management system and the prices they receive for milk.

Mr. Yvan Loubier: Around 1991, there were 14,000 dairy farms in Quebec. In 2004, 13 years later, only 8,000 are left. This decline in the number of farms was observed in a period of relative stability, because there wasn't any BSE. If the situation persists and if the government doesn't meet its agricultural income support responsibilities, particularly with regard to dairy farmers, what will happen to the dairy industry. There are 8,000 farms now, 6,000 fewer than 13 years ago. There have been a lot of victims.

Mr. Marcel Groleau: I can give you my personal opinion because we don't have any up-to-date statistics. We have past statistics. As for the future, I know that a number of investment projects have been postponed on the farms. A number of young people are headed to other industries because farming conditions are tough. There's a lot of talk about the dairy industry, but in farming generally, whether it's the grain industry or meat industry, things are very tough. Young people are increasingly heading toward other industries.

As I previously explained in an interview, those who are already on their farms are rooted there. It's hard to move a tree. It's hard to move a farmer. However, when you cut that tree, if you don't plant another one, there won't be any more. If you eliminate a producer and don't replace him, there won't be any more farms, or there will only be integrated businesses, as you increasingly see in a number of countries. The agricultural fabric will completely change, and we'll have integrated agriculture, where production prices will be lower and lower because owners will make their margins on processing and distribution. I don't know whether that's the kind of agriculture we want in Canada.

The Chair: Thank you.

Mr. McKay.

[English]

Hon. John McKay (Scarborough—Guildwood, Lib.): Thank you.

My first question is to the grain growers. Your third recommendation suggests that western Canadian farmers be given the freedom to independently pursue marketing. What freedoms don't you have now that you think you should have?

Mr. Cam Dahl: That's specifically in reference to the monopoly of the Canadian Wheat Board.

I'll give an example of the Prairie Pasta Producers. The Prairie Pasta Producers were a group of farmers who wanted to get together and process their own pasta under a new generation cooperative idea. The principal reason that project did not go ahead is that under the current marketing structure they're not allowed to process their own grain. They would have to first sell that to the Canadian Wheat Board and then buy it back.

That's the type of investment, that's the type of value-added processing, that's the type of innovation that we need in Canada. That's the type of innovation we need in western Canada.

Hon. John McKay: Does this mean that some farmers are in and some farmers are out of the board?

Mr. Cam Dahl: No, all wheat and barley in western Canada is in.

Hon. John McKay: But your proposal would be that some would be in, and some would be out.

Mr. Cam Dahl: It would be their choice.

Hon. John McKay: Is that universally supported by your association?

Mr. Cam Dahl: By members of our association, yes.

Hon. John McKay: Does your association speak for all the grain farmers in Canada?

Mr. Cam Dahl: I don't think any association speaks for all the farmers in Canada.

Hon. John McKay: I don't think you can get a bunch of farmers in a room to be able to agree on anything.

Mr. Cam Dahl: I'm sure most of us disagree here.

But I would also add that Ontario wheat farmers have been given that choice. In fact, the Ontario Wheat Producers' Marketing Board, which is a voluntary organization now, is a member of the Grain Growers of Canada.

• (1630)

Hon. John McKay: So in effect you're suggesting that the western marketing board become a voluntary association.

Mr. Cam Dahl: Yes.

Hon. John McKay: My second question has to do with reducing the cost through a commercial grain handling system. Is that referencing the ownership of the hopper cars?

Mr. Cam Dahl: No, it's not.

Hon. John McKay: What does it mean, then?

Mr. Cam Dahl: A number of years ago, as a result of a number of severe breakdowns in the system, which actually cost us a lot of export markets, the Government of Canada engaged the late Justice

Estey to examine our grain handling and transportation system and make recommendations that would improve efficiency and lower cost.

One of the biggest recommendations that Justice Estey made was because there's a lack of commercial accountability. When a grain elevator loads a hopper car and the railway ships it to port, there aren't contractual obligations built into the system that ensure that everybody does their job. That results in inefficiencies and increased cost.

Hon. John McKay: So when you bring your truckload of grain to the grain elevator, there's no contract between the farmer and the elevator operator?

Mr. Cam Dahl: There could be contracts between the farmer and the elevator operator.

Hon. John McKay: What about between the elevator operator and the operator of the railway?

Mr. Cam Dahl: That's where the system starts to fail.

Hon. John McKay: Is that because the railways really don't care?

Mr. Cam Dahl: No. Again, it's because of the structure of our marketing system.

Hon. John McKay: The other recommendation you had was in regard to support for biotech—ethanol, biodiesel, things of that nature. I heard this point before, that we have a crying need for biofuel and can't seem to increase the supply.

What I understood the major impediment to be was that in order to make this an efficient production, you essentially had to have the plant located fairly close to the producer. So I'm not quite sure what the issue is here with respect to support.

Mr. Cam Dahl: I think one aspect is that governments are looking at mandates. If that happens, we need to be careful that those mandates don't come forward and simply obligate Canadians to purchase foreign ethanol and diesel fuel.

For example, in Ontario, Suncor has announced that this year they're going to be importing approximately 11 million litres of Brazilian ethanol. We would prefer that the ethanol be made from Ontario corn or western Canadian wheat.

Hon. John McKay: What I don't understand is why you can boat that all the way from Brazil cheaper than you can grow it in Sarnia.

Mr. Cam Dahl: Part of it is that Brazil has the infrastructure and government help.

Hon. John McKay: So it's their subsidy versus our lack of subsidy.

Mr. Cam Dahl: Yes, and they have the infrastructure in place to produce it. There was a time when Brazil wanted to be self-sufficient in fuel, so they dumped billions of dollars into ethanol production.

Hon. John McKay: My next question is to the Union des producteurs agricoles du Québec. I have your chart here, which says the support for the agricultural sector is \$192 per inhabitant, as you say, or per farmer, as I say. Is that what it boils down to? You say, essentially, we're \$3.2 billion short to bring us up to the U.S.- EU standard. Is that essentially the pith and substance of your testimony?

[Translation]

Mr. Serge Lebeau: I'm going to answer you in French.

First, those are support funds per capita, in U.S. dollars. Those are OECD figures, that is to say comparisons established among the OECD countries. You see that Canada isn't ranked among the top countries. That's the first point.

Then I said that, based on our evaluation, it would cost us some \$3.5 billion if Canada abandoned the supply management system. If you calculate the difference between the international and domestic prices, you'll note that the amount of foregone revenue is greater than \$3.5 billion. That's what I said. I didn't make any comparison with the United States.

As was explained, this is an industry which is currently receiving no government subsidies or any other form of assistance. It could cost as much as \$3.5 billion to maintain the system through government support. It is therefore important to maintain the system. That's what I said.

•(1635)

[English]

The Chair: Thank you.

Ms. Wasylycia-Leis.

Ms. Judy Wasylycia-Leis (Winnipeg North, NDP): Thank you very much, Mr. Chair, and thanks to all of you.

I want to ask the question that most of you refused to answer at the outset in terms of some of the questions put to you by our committee, and that is your advice on overall fiscal policy.

Many of your proposals either require direct investment by government or will cost in terms of revenue lost because of tax changes. I don't disagree with any of that. I think clearly this is one sector where government ought to be thinking about significant investment. However, it is always about choices, it seems, even if we're awash in a surplus these days.

How would you recommend the surplus be used in terms of direct expenditures such as the agricultural sector, debt repayment, or tax cuts? That's one question.

Secondly, if it does come down to hard choices and it's a trade-off, what advice would you recommend in terms of directly investing in the agriculture sector, saving the family farm and ensuring that agriculture producers are alive and well in this country, versus paying down the debt, as the government has committed itself to in the Speech from the Throne—in 10 years, 25% debt-to-GDP ratio—or tax cuts, as many others have recommended? I think we need some general advice from the agricultural sector on this important fiscal question.

Mr. Jim Caldwell: If I might start, I did mention a couple of things, which the member probably noticed.

I think we have to start looking at the future. Especially with the BSE issue, we were in a continual situation over the past year and a half of making programs very quickly, having to get them done and get the money into the producers' hands, and sometimes that didn't necessarily work very well. I think we have to start looking at the long term, and I did mention a long-term program.

If we're going to be producing all this beef in Canada, including the cull cows, we're going to have to sell it someplace around the world, and I think we have to start looking at assistance programs that will help that. I don't think these continually ad hoc programs are the answer to the agriculture situation.

The other thing is paying down the debt. I think as a Canadian citizen—and I think farmers are all Canadian citizens, for the most part—the amount of money we are paying in interest... We could be developing programs to use that money that we're saving on the interest rate. I know it's a long-term thing, but I think it eventually should be done.

Mr. Cam Dahl: As well, we have tried to outline in our brief that there is a need for some compensation because of the impact of foreign subsidies, but there are also things the government can do to reduce the cost and regulatory burdens on farmers. I think that's very important. We have outlined issues like the WTO, like giving marketing opportunities.

I also agree with Jim's comment about looking to the future, and if there are ways of reducing the interest payments, those are moneys that can be reinvested.

I also know that there are other costs the government puts on farmers, like user fees, charges for services from the Grain Commission, for example. If those could be reduced, reducing the cost of government on farmers, it would be very helpful.

Ms. Judy Wasylycia-Leis: Does anybody else want to...

Mr. Jim Boxall: I'd like to take a run at that one. While tax cuts are nice for all of us as citizens, and that's very good, I think the Government of Canada should be looking to invest money prudently in industries that can be returned to healthy levels, where they can operate efficiently and compete in the world market on a level playing field, where that can be done.

I also think they should invest in infrastructure and make it more attractive to invest in infrastructure, like in the cattle industry that was talked about here, where we would start to have processing plants and value-added processes in Canada rather than being simply an exporter of basic commodities.

We are simply raw material suppliers to the world, and we're losing a huge opportunity for our country by doing that.

•(1640)

Ms. Judy Wasylycia-Leis: I appreciate that.

On this macro issue, some economists will argue that you can pay down the debt at almost the same rate as is occurring now with direct injection of the surplus against the debt if you invest it in other sectors, like the agricultural sector, and grow the economy. Those economists believe you can actually achieve the same target, 25%, over 11 years as opposed to 10 years by investing the surplus directly into areas of need in Canada.

If that were the case, would you be willing to call for the government to lessen its focus on this whole debt-to-GDP ratio and start to look at areas like the agricultural sector for direct investment?

Does anybody want to do that?

All right, I'll try another question.

Mr. Jim Caldwell: Ms. Wasylycia-Leis, you're asking us personally what we would do, but we speak for associations, and I don't think this kind of question—at least from our point of view, our association—has ever come up as a question we'd debate around an executive table.

We don't know all the answers to those kinds of questions. I don't think it's that we're dodging the question. From my point of view, I just don't know.

I mean, that's a philosophy that you have, and—

Ms. Judy Wasylycia-Leis: Well, it's not so much a philosophy as

The Chair: Ms. Wasylycia-Leis, we have Mr. Laforge, who would like to give it a shot.

Mr. Jacques Laforge: I want to make sure that... For us as farmers, there's no problem getting dollars; it's to pay them back. To get a loan, if you have enough equity on your farm, usually you can do pretty well with the bank and so on. It's the volatility of the marketplace that creates the insecurity in farming. I think every commodity is facing that.

If you're more domestically oriented, if you're really supplying a domestic market, it's a different answer. If you're producing for an export market and greatly export oriented, then the kind of support you need is quite different.

If you ask me as a milk producer what kind of investment I want, I'd rather see the government pay down the debt and get a fair return in the marketplace for my product, because I sell it domestically.

To take an example, the direct payment on industrial milk, which was cut in 1996, was about \$6.03. They cut it and said we would get it in the marketplace. That never materialized, and I think Marcel has explained that.

Since 1994 the price per hectolitre of industrial milk has gone up by \$13.16. To recover the subsidy entitlement that was lost, which was \$6.03, 40% of that increase was used to pay the entitlement. And we said, okay, fair. We were part of managing the fiscal responsibility. But at the same time, the U.S. and Europe kept paying indirect payments to their dairy farmers, and the issue about maintaining the over-quota tariff walls for dairy farmers in Canada became extremely important.

Otherwise, you'll have to go with these extra...the federal government does not have enough money in their coffers to even think about subsidizing the dairy industry.

[*Translation*]

The Chair: We don't have enough time left.

Mr. Dubé.

Mr. Patrice Dubé (Assistant Director, Economical Research, Fédération des producteurs de lait du Québec): With regard to the measures we're seeking today, they aren't about direct assistance. For example, watertight control of the border is already in place, and people are already in place to do the work. Here we're simply talking about the government's will to do this job properly.

As to the floor price related to the BSE issue, the situation is the same: it will cost the government nothing. Now, with respect to a potential dismantling of supply management, we're talking about government subsidies that could amount to \$3.5 billion. I would tend to say that, with the \$3.5 billion the government is saving thanks to us, it could focus on the most important priorities, depending on what you choose. The ball is in your court.

The Chair: Thank you.

[*English*]

I have four speakers at about five minutes each.

[*Translation*]

I would like to ask the group to stay for five or ten more minutes.

[*English*]

Mr. Solberg, Mr. Hubbard, Madam Poirier-Rivard, and Mr. Bell, five minutes.

Mr. Monte Solberg (Medicine Hat, CPC): Thank you, Mr. Chairman.

Mr. Pulkinen, it strikes me that people who are still in the dehy industry are survivors. Your industry started out being successful because of the Crow rate and low natural gas prices. Both are gone now, and you're hanging in there.

You're asking us for a subsidy—not a large one by subsidy standards. My question is how confident are you in the future of your industry, given that, as I understand it, you still have one big market in Japan, and if that market for some reason closed down we would be back in this situation? Obviously, that can happen so easily. We see a kind of parallel, in a way, with cattle today, where you have just about everything in one market.

Can you assure us that if you get the \$6.8 million things will be pretty rosy down the road? What's the situation?

•(1645)

Mr. Dale Pulkinen: Well, certainly the Japanese market has been important for us in the past. We know, as a result of the elimination of the Crow back in about 1995, that the Japanese started paying the differential in freight that we had to tack onto our product. So I think that would tell me that the Japanese market for processed alfalfa pellets will continue to exist.

If we could get some bridge assistance to see us over this hump, a time when the Europeans are putting highly subsidized product into the Japanese market, we would feel confident that there is a future for the industry.

Mr. Monte Solberg: Mr. Caldwell and Mr. Dahl, but Mr. Caldwell in particular, you're asking for long-term financial help. I have to say I'm a little concerned about that because the cattle industry has always been so opposed to the idea of subsidies. I'm not certain how this would affect WTO, NAFTA, and things like that if we started to get into asking for long-term financial help.

I just want to express that it strikes me that sometimes, when we start down that road, in the long run it's not necessarily very helpful. I'm questioning what happens if we do have the border opening early in the year, say in February or March or who knows when, but say it's that soon. We've already had a fair bit of money go in, and there are still things that are going on right now. How necessary is it to have that funding down the road? Isn't the market going to really sort some of that out? We're going to have a tremendous number of cull animals; there should be a market for slaughter facilities for that. Isn't that going to sort itself out a little bit?

Mr. Jim Caldwell: Yes, it will sort itself out to some extent, but looking down the road, we don't want to get into the same situation again. We know what's going to happen if the border opens. A lot of cattle are going to find their way back to the States. Live cattle are going to find their way back, and we'll be eating some of these cull cows in Canada, hopefully getting them processed more here.

We don't want the same thing to happen in the future again. If it happens five or ten years down the road, we'll have already put all our apples back in the same basket, which will be the United States, and then we'll be caught again. We have to develop these new markets around the world, in places other than the United States, and this is what we're looking at.

This is not a subsidy to producers; this is a subsidy to the industry—if you think there's a difference.

Mr. Cam Dahl: For our part, not all, but the majority of my members would agree with you, which is why we want to push so aggressively at the WTO. My preference would be, at the meeting in Hong Kong this December, to come away with an agreement that is going to close that subsidy gap. Our preference for closing the subsidy gap and for eliminating the trade injury is to do it through trade negotiations and in the long run to have our industry gain all of its revenue from the marketplace. Absolutely.

The Chair: Thank you.

Mr. Hubbard.

Mr. Charles Hubbard (Miramichi, Lib.): Thank you, Mr. Chair.

I have a number of points here I'd like to mention. I'm not sure if Mr. Laforge made a Freudian slip when he didn't indicate the concerns there are back in the farm community for a lot of their enterprises. A great number of farmers are under tremendous stress, and I think we as a government can hopefully address some of them somehow.

First of all, I draw your attention to page 26 of the brief from the Union des producteurs. Yesterday we heard from the artists, who introduced an income spreading method in order to alleviate some of the tax burden. Mr. Chair, we should probably try to draw some association between the position of woodlot owners, not only in the province of Quebec but probably across this country, and that of artists or authors, who may spend three years writing a book and suddenly have to pay all the tax on the income from that book in the year it's published.

Second, in terms of some of these direct subsidies, there are problems with that in terms of the WTO, and I know Charlie and I have both attended some meetings there. It just doesn't work out in terms of trying to work directly.

User fees have been talked about, and we have a bill that was recently passed, in the last Parliament, dealing with user fees and how they might be reassessed. I think it's an area where, in the last five or six years, some of you have been paying quite significant amounts of money that you didn't have to pay, we'll say, 10 years ago. Probably our committee could receive some idea, Mr. Chair, in terms of groups and user fees, that we might want to try to go back with a bit.

There are environmental concerns too for some groups. We have environmental costs that are coming to your farms that might be subject to faster write-offs than some of these have been in the past.

Then too there are the cull cows. Jim, I'm not sure if you want to refer to this, but we have to recognize, Mr. Chair, that there are probably within this country, no matter what we resolve with the Americans, at least eight million cattle that will never cross the border, because those cattle are more than 30 months of age right now. We have a tremendous problem in this country as to how we're going to address that.

No one has brought up the fact that we admit about 75,000 tonnes of meat from other countries that comes to our shelves each year, and that competes with some of the same types of product cull cows may represent.

Finally, Mr. Chair, I'd like to speak of the intergenerational transfer of farms, as referred to in our submissions here. I think we as a committee should draw attention to that. There is a large investment a young farmer has to make into a farm. Yesterday it was the same when we talked to the Federation of Agriculture, that somehow as a country and as a nation we have to make sure that farming is attractive and that our farm community, which today has an above-average age group in terms of its representation, can attract new people into the industry.

I know my time has probably pretty well gone, but these are some of the facts.

The final one I want to bring to the table is one our committee has been dealing with. That is the fact that the cooperatives of some provinces want to retain their earnings in order to enhance themselves rather than be subject to taxation in the year in which that dividend is declared for the farmer. Now, maybe some groups would like to take this and reply briefly to those points I've made.

• (1650)

The Chair: Pick your group, Mr. Hubbard.

Mr. Charles Hubbard: First of all, I'll ask Serge, of the farmers of Quebec. There have been presentations to ask the Government of Canada to allow farmers to treat declared dividends similarly to how RRSPs are treated in terms of keeping those retained earnings within the organization. Would you like to make any comments on that, either you or Mr. Dubé?

[Translation]

Mr. Serge Lebeau: I have a number of comments to make. The first concerns private woodlot operators. In fact, the problem lies in the fact that cutting is sporadic. Operators cut in their forests during a given year, but it takes a number of years for a forest to mature. So those people have large incomes that year. However, they can go five years without earning any income. But they're taxed for the year in question. So the idea is to average income over a number of years. That's my first point.

The second point concerns the next generation. I entirely agree with you on this subject. As we said earlier, young people must be encouraged to take over the businesses. That can be done in part through taxation.

The third point concerns RRSPs. What I talked about earlier was related, among other things, to research funds. Agricultural organizations have access to research funds but do not receive tax deductions in that respect. These are farmers who take part in research funding on a personal basis. No tax credits for research are granted, as is done in the case of large companies. My request is that action be taken so that tax credits are granted to producer organizations and that those credits can eventually be passed on to producers. That's what this is about.

• (1655)

The Chair: Thank you, Mr. Lebeau.

Ms. Poirier-Rivard.

Ms. Denise Poirier-Rivard (Châteauguay—Saint-Constant, BQ): During the mad cow crisis, there were programs such as BSE3, BSE4 and BSE5. I would like you to tell me whether one of those programs could have helped producers during the period when the problem was particularly acute.

M. Marcel Groleau: I think we're now on the fifth program. I want to mention that, since the programs operate on the basis of losses incurred, not future losses, producers are forced to bear current losses.

As regards cull cows, the BSE3 program was the most generous: \$320 was granted for each cow sent to the slaughterhouse. However, the cull rate calculated under that program was only 16%, whereas the actual rate for a dairy farm is between 25 and 30%. Consequently, even though it was the most helpful program, compensation was provided for only a portion of the losses. The

BSE4 program was focused more on livestock. Compensation was offered for each animal owned. In the last program, BSE5, there were no actual measures for cull cows.

I also want to mention that dairy farmers are not eligible for CAIS. That's the last risk management program implemented by Agriculture Canada. For dairy farmers to be eligible for the program, they have to incur losses of at least 30% in the three reference years considered. In our case, even though our cull cows were sold for nothing, we couldn't qualify for the component of the CAIS program concerned with catastrophic situations, the only component for which we were eligible. Other cattle producers are eligible for that program or others, but dairy producers get no compensation for cull animal losses, except through the programs that have been in effect since the crisis started.

The Chair: Mr. Laforge.

Mr. Jacques Laforge: I would add that, since his last announcement, in September or early October, the minister has clearly stated that these programs are not designed to compensate for lost income. He explained that they are transition programs designed, for example, to assist steer producers in maintaining or keeping their inventory for longer periods of time. I think he made that announcement on the basis that the CAIS program was to offset the difference. These programs do not apply to the dairy industry in any way.

Ms. Denise Poirier-Rivard: In the event the negotiations of the World Trade Organization resume in Doha, what advice would you give the federal government?

Mr. Marcel Groleau: I'd advise the government not to be naive or to believe, for example, that the planned abolition of export subsidies in Europe will automatically open up global markets. Those export subsidies, which will be abolished, will be replaced by domestic production support measures that won't really enable our meat and grain producers—we export little in the way of dairy products—to gain access to those markets. I believe that's the advice I'd give the Canadian government. If you want Canadian agriculture to be competitive, you'll have to give agriculture the few billion dollars that you currently have as long as the subsidies of all kinds haven't really declined.

Under the last framework agreement, for example, the United States is required to reduce its domestic support by 20% starting in the first year. However, that's based on the theoretical domestic support allowed, and, despite that 20% reduction in current measured support, they'll be able to increase their domestic support. So you can imagine the situation we're in.

Consequently, I advise the Canadian government to keep tight control over its negotiators because the game is being played out at the trade level. It isn't a discussion between good friends when you discuss this kind of thing at the international level.

• (1700)

The Chair: Thank you, Mr. Groleau. Do you want to ask a brief question, Ms. Poirier-Rivard?

Ms. Denise Poirier-Rivard: Yesterday the Bloc presented a motion on supply management. When Parliament resumes in February, we hope to obtain the support of all members in the House.

The Chair: Thank you.

Mr. Bell, over to you.

[English]

Mr. Don Bell (North Vancouver, Lib.): Thank you.

I wasn't here for the presentation, but I did read the one from the Canadian Dehydrators, and I had a question. Why is there such a large subsidy from the EU by comparison? We export roughly 80% of the alfalfa, but what percent of theirs is exported? Is theirs largely a domestic market with very small exports? Are they just exporting a small percentage in terms of the volumes, either of their total production or in terms of the impact it has on the volumes we're trying to compete with?

Mr. Dale Pulkinen: In terms of your first question, I can't answer that. I don't know why there is such a large subsidy. We know it exists. It's equivalent to about \$105 per metric ton today; next year it will be roughly half.

Mr. Don Bell: Half of that?

Mr. Dale Pulkinen: Yes, so it will be around \$50 per metric ton next year, starting in April.

Mr. Don Bell: The EU one?

Mr. Dale Pulkinen: Yes, you're correct that over 80% of our product is exported. So our industry would not exist if it weren't for the export market.

The third question, I believe, was in terms of what percentage of their product is exported. I think it's relatively small. I'm not sure of the figures, but I believe somewhere in the neighbourhood of four million metric tons of dehydrated alfalfa is produced in the EU market. Only about 25,000 to 50,000 tonnes have been exported annually into Japan.

Mr. Don Bell: You said the subsidy required would be \$6.8 million. Was that the figure you had?

Mr. Dale Pulkinen: That's what we're asking for in terms of some bridge financing until we can see some positive impacts from the reductions.

Mr. Don Bell: In your mind, that represents the difference, or is that the total loss? What have you done with the product you produced, if you didn't sell it there? You made the sales, but you just lost, is that correct?

Mr. Dale Pulkinen: The sales continue over the course of a 12-month period; we sell year round. We haven't sold all our product yet, but we have had to reduce our prices and have turned from a profit position to a loss position.

Mr. Don Bell: A loss position. So you haven't lost the market, but you've just lost the profit.

Mr. Dale Pulkinen: Well, we've lost market share as well. Historically, we supplied virtually 100% of that market in Japan; now it is probably less than 80%.

Mr. Don Bell: The gentleman beside you wanted to say something.

Mr. Jim Boxall: I'd like to respond to your last question.

We have not lost that money yet, because we have refused to participate in the market. We cannot see any reason why we should subsidize Asians to buy our alfalfa far below our cost of production,

so we are refusing to sell it at this time; we are holding the product in our storage facilities. This means that we haven't crystallized the losses yet, but when we are faced with a product that's been sold into Japan at \$165 per tonne, we can see no reason why we should try to meet that price. It would be absolutely suicidal on our part.

To go forward, if they in fact do decrease the subsidy to the level they anticipate or are supposed to be going to in the next round of the WTO... and we have always existed in this industry, because we are survivors, and have been able to compete with them at that level. Unless the Europeans, in the future, follow that price down with the loss of the subsidy, then we feel quite confident that we can stay in the marketplace.

• (1705)

Mr. Don Bell: Thank you.

I have a question for Serge Lebeau. I just wanted to clarify something. I think Mr. Hubbard asked the question, but on your spreadsheet or your PowerPoint slide, you said that the support to the agricultural sector is \$192 U.S. per inhabitant. Do you mean per capita, or per producer? I think that was the question that was asked.

Mr. Serge Lebeau: It's not by farmer, but per capita.

Mr. Don Bell: Per capita.

The other question is this. In your presentation at the end, you talked about one of the things you required being that provinces be allowed full autonomy regarding ways of reaching national objectives. I think I understand the rationale for that.

The next thing you said was that reinvestment was needed to compete with subsidies granted by other countries. By reinvestment, are you talking of a federal government subsidy or financial aid of some kind, or are you talking reinvestment...? I didn't quite understand the phrase or your choice of word.

[Translation]

Mr. Serge Lebeau: We talked about reinvesting in the Agricultural Policy Framework. There are four components. CAIS is a program whose effects we'll see more clearly over the medium term, but definitely we're absolutely not convinced that it will be effective enough for the grain industry. Consequently, I think there will probably be a reinvestment. We believe there must be reinvestment because no one's taking into account the subsidies that can be paid by the other countries—in particular our American neighbours—in the grain sector, which is a highly subsidized industry. There's a kind of lag. They take the historical average margins, and, if the averages are low compared to the present situation, there'll be no subsidy. I think a certain mechanism of this program doesn't take foreign subsidies, particularly American subsidies, into account, and that causes a problem.

There may be another factor, the food safety and quality component. I think we have to do a lot of work and reinvest in this area. If we think, for example, about the mad cow issue alone, we need to reinvest in animal monitoring and traceability. A certain number of animals will nevertheless be monitored, but perhaps we should increase that number. We have to think more comprehensively, not only for that type of production. We obviously have to think about reinvesting in the environment as well.

The Chair: Thank you.

Mr. Serge Lebeau: That's what we meant by our remarks on reinvestment.

I think it's important to come back to flexibility. As I said roughly three years ago, we've put programs in place and made sure they were interconnected with the federal programs. At the time, the federal program was the NISA, so we put in place what was called the CSRA. It was an identical program.

Lastly, we're forced to change that program because there's now the CAIS. When the Agricultural Policy Framework was introduced, I believe the Whitehorse objectives were to ensure that we had major objectives to achieve to ensure income security for agricultural producers. However, there had to be flexibility for the provinces, which is still not the case. The CSRA is the program that probably could have been extended in Quebec, but that wasn't possible, in view of the constraints that were placed on us. That's what that was about.

[*English*]

The Chair: Merci, Monsieur Lebeau.

I want to thank everybody.

I have just a quick question, Mr. Pulkinen. How are we going to deliver the money you were asking for? How is it going to be delivered, and will it have any problems with the WTO? Could you just send us something on how you want us to give the recommendation, if we end up recommending it.

Is that fair? I don't need an answer right now. Just send us something quickly.

[*Translation*]

Mr. Lebeau, you mentioned income averaging in your presentation. Aren't there currently income averaging provisions in the tax system?

Mr. Serge Lebeau: Not to my knowledge. Are you talking about forestry producers in particular? No, there aren't any.

[*English*]

The Chair: Merci.

I want to thank everybody for coming. I'm sorry we went over the time, but it happens. We will continue in five minutes.

The meeting is suspended.

● (1710) _____ (Pause) _____

● (1717)

The Chair: Good evening. I'd like to welcome the witnesses.

Usually you get a five-minute introduction period, but seeing as how you're going to make one presentation, if I understood correctly, I'll give you about 15 minutes. Is that fair enough? Then the members will want to ask questions.

Ms. Kim Brooks (Co-President, National Association of Women and the Law; Coalition for Women's Equality): Is that 15 minutes for each of us? Just kidding.

The Chair: Okay, go ahead.

Ms. Kim Brooks: Can we ask for 30 minutes?

The Chair: I'll be honest. You're going to lose the attention of the members, and you're going to cut into your question time. So I prefer 15 minutes.

Hon. Maria Minna (Beaches—East York, Lib.): Why don't we saw it off at 20 minutes, Mr. Chairman?

The Chair: My suggestion is the less time the better. The members will want to ask questions and engage you in conversation. So I leave it to you.

Ms. Kim Brooks: Terrific. I'll take all of that under advisement.

I'll just start by introducing the group.

We're the four witnesses who are here on behalf of the Coalition for Women's Equality. I'm Kim Brooks, and I'm the co-president of the National Association of Women and the Law. Here with me today are Armine Yalnizyan, a consultant who has prepared a soon-to-be-released report on federal fiscal trends for FAFIA; Sherrie Lewis, who is the executive director of the Native Women's Association of Canada; and Ruth Rose, an economist, who works closely with la Fédération des femmes du Québec.

We're really pleased to be here with you this afternoon. We've been looking forward to this. We're pleased to be representing the Coalition for Women's Equality. There are actually nine organizations that comprise the coalition. The list of the organizations is available in the brief we've provided.

In the interest of time, I'll give you a sense of what each of us is going to talk about, and then I'll turn it over to the individuals to say a few words.

Armine is going to provide some remarks at the end, setting in context our recommendations. I'll ask Ruth to start by addressing our recommendations on social assistance transfers and child care. Then Sherrie will speak to our recommendations on social housing. I'll speak to our recommendations on immigration settlement programs. We'll then turn to our recommendations on tax expenditure matters, and I'll turn it back over to Ruth to address those. If we have time, I'll conclude with a few comments on process recommendations about gender budgeting before I turn it over to Armine. I'll be watchful of the time, and if I have to cut those short I will.

I should also say that we have provided a brief. At this point it's only in English. It goes through our comments on each of these issues relatively extensively, so we'll just be highlighting them. If you want more detail on any of the particular issues, you're welcome to turn to our brief for additional support for the arguments that are made here.

With that I'll turn it over to Ruth.

● (1720)

[*Translation*]

Ms. Ruth Rose (Economist, Fédération des femmes du Québec; Coalition for Women's Equality): Good evening. I'm going to speak to you in French.

I believe that all those who've followed the poverty issue and changes in provincial social assistance spending know that, since the Canada Assistance Plan disappeared in 1997, all the provinces have made systematic cuts to assistance programs. This has hit women heads of single-parent families particularly hard and thus has had a significant impact on child poverty. We gave a number of examples of this in our brief, and I won't repeat them.

We know that most provinces now require women to return to the labour market as soon as their youngest child reaches the age of six months, in Alberta, I believe, or three years in British Columbia. The problem is that those women don't always have access to child care services and therefore find themselves in a bind: either they live on inadequate assistance benefits or they put their children in child care situations that are unsafe and inadequate for their education and development.

The restrictions in the case of young women can also lead to situations where teenage girls leaving home because of violence or abuse find themselves in the street because they can't obtain social assistance. The result is an increase in prostitution and juvenile delinquency.

We also know that as the government has increased the Canada Child Tax Benefit, virtually all the provinces have reduced their social assistance benefits or supplements for children. The only group that has not benefited from this fairly significant increase in the federal government benefit has been the poorest women, those who, for one reason or another, depend on social assistance.

We make two recommendations. One appears on page 15, the other on page 25.

[English]

Hon. Maria Minna: The witness is referring to a page, but I don't have a brief.

The Chair: Is the brief you've provided only in English?

• (1725)

Ms. Ruth Rose: Yes, the brief is only in English.

[Translation]

Has the clerk distributed it?

The Chair: The clerk is on vacation.

[English]

Ms. Armine Yalnizyan (Consultant, Feminist Alliance for international Action; Coalition for Women's Equality): This is the second time this has occurred at a session I've been at. My understanding of the way the Government of Canada functions is that the onus is on the government to speak to its citizens in both official languages, not for citizens to have to address the committee in both official languages. This is the second time we've been denied access to circulate materials we've brought. I'm wondering if that's the way the Government of Canada's committees work.

The Chair: I'm not sure what the question was, but basically if you provide us with the documents ahead of time, we'll have them translated for you. That's the policy.

Ms. Armine Yalnizyan: So we cannot distribute documents if they're not available in both official languages.

The Chair: I can make an attempt and ask the members of the committee if they.... Usually for pre-budget consultations we make an exception, if the members are willing to take the submissions in English, but I have to have unanimous consent. I can ask.

Monsieur Penson.

Mr. Charlie Penson: Well, Mr. Chair, I don't have a problem with it, but I do know that a whole lot of people have come to this committee and have not brought their briefs in both official languages, or they have not brought them here in time to have them translated, and we have not had the benefit of having those briefs. So I just make the point that if we're going to do it here that's fine, but then we'd better start doing it for all of the groups that come. We have not had that practice in the past.

The Chair: I understand. We've been trying to respect the practice of having them translated. If there's consent around the table, I have no problem. But the idea is to try to get the documents in so we can have them translated. Sometimes it happens that people have the documents because they're able to get them from members or some....

Ms. Minna.

Hon. Maria Minna: I understand that this committee has established a rule that if documents are not in both languages we don't circulate them, but given the fact that the committee has been meeting almost on an emergency basis, very few witnesses have had a chance to actually prepare their materials, especially not-for-profit voluntary organizations. I'm wondering whether we could do our best and get the material. Otherwise we're following something we don't have.

The Chair: I'm in the hands of the committee. I have no problem with it.

Hon. Maria Minna: If the committee agrees, we could have them.

[Translation]

Ms. Paule Brunelle (Trois-Rivières, BQ): I don't know whether Mr. Loubier is ready to allow untranslated briefs to be filed, but it seems to me that, when a precedent is set, there's no end to it. If we want bilingualism to continue in Canada, we have to make special efforts.

Mr. Yvan Loubier: It's not my position, but rather that of my party, that hasn't changed since 1993. And we've agreed on that here as well.

[English]

The Chair: Okay, so we have to go on. Sorry.

Mr. Hubbard.

Mr. Charles Hubbard: I agree very strongly with what Mr. Loubier says. I know, as chair of previous committees, we always had an understanding that the clerk would not distribute briefs unless they were in both languages. But if a group came before the committee and put their briefs in the corner, any of us could go and pick them up. That enabled us to certainly respect the official languages aspect of it, and at the same time gave witnesses an opportunity to present what they had.

The Chair: Okay. We need unanimous consent and we don't have it, so we're just going to...

Mr. Bell.

Mr. Don Bell: Do I understand then that when we get a brief and it's in one language, either French or English only, it will be translated and given to us?

The Chair: You have to give the translation team adequate time.

Mr. Don Bell: My question was not about having them in time for this meeting, but will those briefs that came in only one language be translated?

The Chair: They've all been translated to date. There are no documents that have not been translated. That's the position. I'm sorry.

Mr. Don Bell: We just don't have the benefit of following your numbers now.

The Chair: It's the policy. It's not a new policy. Let's go.

Ms. Rose.

[Translation]

Mme Ruth Rose: I'm doing a free translation of our recommendations because they're in English.

[English]

The Chair: You can read them in English because we have simultaneous translation services.

[Translation]

Ms. Ruth Rose: I'm speaking in French.

• (1730) _____ (Pause) _____

• (1735)

The Chair: All right, go ahead.

Ms. Ruth Rose: We recommend that the federal government allocate sufficient funds in the next federal budget to support the provision of adequate social assistance. Social assistance payments must be at a level so that every person in Canada is able to achieve a reasonable standard of living. This is a commitment that Canada has made in numerous international human rights covenants and that is the basis of our principle of equality.

Our second recommendation more specifically concerns the Canada Child Tax Benefit. We're asking that, in its next negotiations with the provinces on social union and the National Children's Agenda, the federal government no longer allow the provinces to cut back social assistance payments or child benefits by the amount of increases to the Canada Child Tax Benefit or its supplement. We're also asking that the government inject enough new money into the Canada Social Transfer to enable all of the poorest women to receive the amounts they received before 1997.

The second question I'd like to address is child care services. I went to the conference organized by the Canadian Council on Social Development last week. I believe expectations are very high. The government has made some promises, and Mr. Dryden repeated them before 600 or 700 people, mainly women, but also men who are very much interested in child care services. I've been working in the field for 20 years. We hope we'll at last make real progress

toward establishing a national child care services program in all provinces to make those services affordable.

I know that the government has promised slightly more than \$5 billion over five years, approximately \$1 billion for the next fiscal year. We're counting on you to keep that promise in your next budget. However, we think we'll need more money over the longer term if we really want to make child care services available for all preschool-aged Canadian children and some children of school age.

We won't provide any more details on that because you've already received the brief of the Child Care Advocacy Association of Canada. We've in fact adopted some of their recommendations.

We want there to be child care services that are largely subsidized by the public and to move away from a system that's mainly financed through user fees. We think parents should contribute a maximum of 20% in general, with lower contribution levels for low-income families.

We want standards in order to guarantee quality, universality and accessibility, and we especially want inclusive programs that promote optimum child development. As you all know, Quebec is a pioneer in this field. We also support Quebec's right to opt out of the program and to receive its share of federal funds to allocate to its own family policy priorities.

As regards those standards, we also think that all funds should be used solely for either public or non-profit programs, and that there should be accountability and reporting associated with the five-year programs.

[English]

Ms. Sherrie Lewis (Executive Director, Native Women's Association of Canada; Coalition for Women's Equality): Income inequality is increasing in Canada. As the poor get poorer, the housing crisis in Canada has intensified. In addition to the dramatic increase in the number of people living in... housing, the cost of which makes it virtually impossible for them to afford the other essentials of life, there has been a significant increase in the number of people who are homeless, under-housed, or who are living in temporary arrangements with friends or families in accommodation that is not designed for multiple family dwelling.

Women have unique housing needs and have unique reasons for living in inadequate housing or without housing. While for men poverty is generally linked with low wages, for example, for women there may be complex reasons for poverty and a lack of housing. In particular, in addition to labour and housing market discrimination, women have unique roles as primary caregivers in many families.

Homelessness and under-housing also bring different risks for women than men. For example, women may lose their children, are more likely to be subject to violence and sexual assault, and may suffer from a variety of health-related illnesses, including significantly higher risk of death compared to non-homeless women.

The challenge of finding housing is exacerbated for some groups of women. For example, racialized women face unique barriers as a result of discrimination in the labour and housing markets, tending to have lower salaries than non-visible minority women and tending to face the barriers of racism in attempting to secure housing.

Refugee women, especially those with large families, have difficulty finding housing that might accommodate their families in the face of racism and landlord bias against potential renters with citizenship status.

Young women, including lesbian youth who may leave home to escape violence and homophobia and racialized women who leave home because they have significant disagreements on social mores issues with their parents, have increasingly begun to rely on shelters and often have limited or no employment history and no credit, making it difficult to convince landlords that they will be good tenants.

Women with disabilities also suffer extreme discrimination in the housing market. A very large percentage of this community—upward of 60%—live below the poverty line. Cuts to home care, for example, have dire effects for these women. To the extent that disabled women live in rural areas, access to appropriate care facilities may be impossible.

Aboriginal women's housing, on-reserve and off-reserve, remains a critical issue. Aboriginal women have the highest incidents of poverty in Canada and are therefore particularly vulnerable to the housing market. Women who divorce from their spouses on-reserve are unlikely to receive a one-half interest in the matrimonial home on dissolution of the relationship. This often forces them to leave their communities in search of affordable housing.

Of aboriginal lone families, 82% are headed by aboriginal women. Twice as many aboriginal children live with one parent than non-aboriginal children. This makes housing a critical issue for aboriginal women and children.

Aboriginal women are the victims of violence three times more often than non-aboriginal women. At the same time, on-reserve residents do not have the protection of provincial family and violence prevention or protection laws affecting real property interests. This increases the need for accessible, culturally appropriate shelters and second-stage housing for aboriginal women facing violence.

Our recommendations on housing. We recommend that the federal government implement and adequately fund a national housing strategy that is inclusive of all women, particularly those marginalized, such as aboriginal women.

We recommend that the shortages in housing on-reserve be addressed immediately through adequate housing to construct new, quality housing units and renovate existing poor quality housing.

We recommend that mitigating the damage caused by ongoing lack of funding and cuts to existing funding to shelters and second-stage housing for aboriginal women, particularly those in remote areas, be a priority through adequate, sustainable funding.

We recommend that discriminatory rental practices that aboriginal women experience in spite of human rights laws that prohibit

discrimination on the basis of race and gender be addressed. Remedies that are accessible to women must be implemented so that poor-quality premises and premises that lack fundamental things such as heating systems, a stove and refrigerator, carpets and curtains, and windows and doors can be easily addressed.

● (1740)

We recommend that in undertaking housing policy the federal government work together with representatives from the women's community to ensure that housing policy reflects the specific and unique needs of women from different communities.

For example, women with serious health problems or disabilities must have accommodation that satisfies their health needs. We recommend that any federal government funding for social housing that is transferred to the province should come with conditions like those attached in the case of transfers for health, appreciating the flexible federalism required to accommodate the needs of Quebec.

The conditions must include that any new social housing units would be targeted at those most in need—the poorest people—and that provinces would have to provide yearly reports monitoring who has accessed social housing, including the income family status profile of its tenants.

In addition, any allocation of social housing by the provinces and municipalities must be done in a manner that upholds the right to be free from discrimination and the right to equality. This would mean ensuring that social housing waiting lists do not preclude young people from accessing social housing. In many cases they are on a wait list so long they are no longer young by the time they access the housing, or new immigrants to Canada.

Finally, conditions should require that women who experience violence be given priority access to public housing, and should require provincial and municipal spending on emergency shelters for women fleeing from violence and for second-stage and permanent housing projects dedicated to women fleeing abuse.

The needs of aboriginal women and immigrant and racialized women are of particular concern. We recommend that because of the significant delay in creating new housing infrastructure, the federal government consider creative ways to ensure that low-income peoples can access housing immediately, such as through income support programs, including portable shelter allowances and rent supplements.

Ms. Kim Brooks: Thanks, Sherrie.

So those have been the recommendations on social assistance, child care, and social housing. The last of our social program recommendations is on immigrant settlement programs, and I will also say something about the foreign credential recognition issue.

In 2001, 3,000 more females immigrated to Canada than males, but almost 15,000 women entered Canada under the family class category, which has an impact on their social and economic position, making them more vulnerable and in need of services. But family class immigrants have restricted access to settlement services and to later life social programs.

On a slightly different but related matter, I also want to say something about recognizing foreign credentials. In a recent study, the Conference Board of Canada indicated that over 500,000 Canadians would earn an additional \$4.1 billion to \$5.9 billion annually if their experience and credentials were recognized in the workplace. The most significant reason for unrecognized learning was identified as unrecognized foreign credentials.

We also note that the findings of the House of Commons Standing Committee on Human Resources Development in June 2002 dealt with this issue. In respect of foreign credential recognition, that committee clearly emphasized the need for a coordinated national approach to the problem.

So in line with the recommendations made in the report of the Standing Committee on Citizenship and Immigration, released in June 2003, chaired by Joe Fontana, we recommend that the federal government augment settlement programs for immigrants with a benchmark of \$3,000 per newcomer.

I am now going to turn it back to Ruth, who will address our recommendations on the tax expenditures.

[*Translation*]

Ms. Ruth Rose: More specifically, I'd like to discuss the Canada Child Tax Benefit again. As I told you, I know there have been increases every year since 1997 and that other increases are planned.

First I'd like to address a problem concerning the rate of recuperation of the supplement for low-income families. When income exceeds \$22,615—that's the 2004 figure—the supplement is reduced at the rate of 12.2% of surplus income for one child, 22.7% for two children and 33.5% for three or more children. This is in an income bracket where people also have to pay federal and provincial taxes and where, a little later, the GST credit will be recovered. There are also regular employment insurance premiums and contributions to the Canada Pension Plan or Quebec Pension Plan. In addition, in the same income bracket, there's also recovery of things like property tax credits, provincial sales tax credits or financial assistance for child care services.

We provide you with some figures in the brief. For example, when parents of three children earn between \$30,000 and \$35,000, the government can recover up to 75% of the additional \$5,000 amount that the parents make the effort to earn.

We therefore recommend to you that the supplement recovery rate be gradually reduced to 10% for all families, starting with those with three or more children, because that's where the recovery rate is 32%. Where there are four children, recovery goes beyond \$35,000.

Another 4% is added for the benefit as such. That would mean that the amounts for families that are not the poorest but that are just above the poorest group would increase significantly. Those families are making the effort to work, but for relatively modest wages.

The second question I'd like to address concerns the tax credit for persons with a disability. I know that a lot of work has already been done. The Department of Finance even conducted an evaluation of this credit in the last paper published on tax expenditures. When you file an income tax return, there is a non-refundable credit by which an amount of slightly more than \$6,000 may be allocated to persons with a recognized disability. If they can claim it, that amount, when calculated at 16% equals \$1,000.38.

A person whose income is not high enough may transfer the amount to her spouse or to a person assuming financial responsibility for the person with the disability. However, a certain number of individuals lose it completely, either because they have no spouse or because they are independent. The Department of Finance has even done estimates of the number. In 2001, the year in which it conducted the study, 400,000 persons claimed the credit or transferred it to someone else. However, between 98,000 and 345,000 persons had a sufficiently serious disability to be eligible for the credit but did not claim it. They were obviously the poorest.

● (1745)

This credit is provided because these people must incur additional expenses that are not specific medical expenses and that they therefore cannot deduct for the medical credit. In any case, this is also a non-refundable credit that is still not accessible. These expenses may be due to the fact that these people need to take taxis more often than others or need food, clothing and more heating or air conditioning. These are things that are related to their disabilities and are not very identifiable. The tax system thus enables them to pay less tax than other people who earn the same income.

However, as I said, a very large number of eligible persons cannot claim the amount because their incomes aren't high enough.

Consequently, we're asking that the credit be converted to a refundable credit. We've provided estimates of what this would cost. This recommendation has already been largely supported by the community of organizations representing persons with disabilities or functional limitations. The amount necessary for the conversion is relatively low and, in our view, essential to maintain fairness in the tax system.

We also emphasize that the majority of persons eligible for this benefit are seniors and that women are disproportionately represented among that group. We also note that women with a disability or functional limitation are among the poorest Canadians, precisely because they are women and have a disability.

● (1750)

[*English*]

Ms. Kim Brooks: I notice that we're going through our time rapidly.

I was going to make some submissions on gender-responsible budgeting, and I think a number of our organizations have made those submissions to this committee before, but our recommendations are quite extensive. When you receive our briefs, I think you will have a chance to look them over, and I'm happy to take questions on them. I want to leave Armine with whatever remaining time we have to address some of the contextual issues.

The Chair: I want to remind you that you don't have any remaining time. It's your time, whatever you use up, but we're definitely not going past 6:30 p.m.

While Armine is speaking, can members please indicate to me who wants to speak, because I'm going to divide the 30 or 35 minutes that's left.

Go ahead.

Mr. Charlie Penson: On a point of order, Mr. Chair, I want to make sure that after this session is over there's going to be time to deal with a notice of motion. We have to provide 48 hours' notice, and I have a notice of motion I want to present after this panel is finished.

The Chair: If you don't have to speak to it, I'll consider it being taken—

Mr. Charlie Penson: It has been circulated.

The Chair: That's fine. Done. Good job.

Go ahead. I am sorry for that delay.

Ms. Armine Yalnizyan: That's fine.

Thank you very much for giving us your time.

I appreciate the room we're sitting in. There's a picture of Tommy Douglas, the keeper of the flame. In large measure, the women's movement of this country has been the keeper of the flame for social justice in this country. One hundred years ago the movement of suffragettes started the push for seeking measures to enhance social and economic equity for all members of society, not only those who have control over the levers of power, and 100 years later we're doing the same thing.

In 1995 in Beijing, the women around the world worked with their governments to get 185 nations become signatory to a list of commitments, Platform for Action, to reduce barriers so that women, like men, can be full participants in their lives, both public and private. In 1995, Canada was one of those signatory nations and signed on to a range of things that could be done. I'm glad to know that we're meeting this year... and the finance committee meetings that you've been holding have been about how to spend the surplus.

May I remind you that last year, with the Canadian Centre for Policy Alternatives' *Alternative Federal Budget*, we had a lovely little bookmark that we put out with our AFB: "It's not only the size of the surplus, it's how you use it". Women know that very well, right? I would hope that some men also know it's important how you use it. It's not simply that it's very big and it seems to be there all the time—thank God for that—but that we need to use it in a judicious way for the benefit of all Canadians.

We're here to talk about how you use it, not simply the fact that you've got it, and part of that is what have we been doing with the

surplus since we got it. The last time I spoke to you folks—some of you were here the last time—with the okay of the clerk of the committee, I circulated this chart, which I have again.

Perhaps I could circulate it again, Mr. Clerk. It does have French on it, but I recognize that it's not fully translated.

The Chair: If it's a chart, I guess I can use my power to say yes, go ahead.

Ms. Armine Yalnizyan: Wonderful, I'm so glad we can circulate this chart—half of them this way, half of them that way.

The Chair: That's a lot of power I have tonight, let me tell you.

Ms. Armine Yalnizyan: Can you circulate that as well? Thank you.

As the first chart comes along, you'll see it talks about federal program spending as a share of the economy. Spread them along; the long chart with the big tick was the war.

This is as far back as our federal numbers go. We didn't have GDP measures before 1926. We started collecting them to know how to collect money to wage wars. You can see the long-term trend line shows that currently and for the last few years federal program spending as a share of the economy is at historically unprecedented rates. That's one of the number of things we did to get the surplus; it was to cut back federal programs, the contribution of the federal government to the economy.

The other side of it, to start making the surplus disappear, has been a reduction in revenues as a share of the economy.

I would submit to you that if we want to get women to be fully participating members of this economy, some of the things that we've been asking for—and this has not been an exhaustive list of demands—are indeed the things that were cut to get program spending down.

I can go through the list. The federal budget was cut in the transfers to the provinces for CAP, the Canada assistance plan, and EPF, which was the CHST that funds social housing, that funds access to legal aid, that funds social assistance, that funds services for child advocates and for children's aid societies. It funds home care. They lost money. They lost money for providing health care services, which includes home care, long-term care, institutional care. That's what the provinces did. And of course, they passed the football down to the next level of government.

If you take a look at what provincial governments did across this country, they also cut their transfers to municipalities.

We also lost funding in immigrant settlement services. We lost funding for employment and training, which helped people stay in the labour market. We lost funding for all the things that help women, particularly, get over the barriers they face in public and private life.

So what did we do with the surplus once we started getting money? Well, we had \$152 billion in tax cuts, \$61 billion in debt reduction, \$88 million dollars in housing. There was some significant increase in transfers to health, but very little increase in transfers to that range of social programs that we've been asking you to consider reinvesting in. And as far as a reinstatement of any form of income support for those who are out of work temporarily through unemployment insurance, we got \$3 billion in expanded parental assistance, which doubled parental leave for new parents—very much needed. Still, low income and the most vulnerable amongst us cannot access it to its fullest extent because they can't live on half of what they were making. They can't live on a 55% replacement rate.

If we really want to do something in this upcoming budget, we are asking you to consider how it can be that 10 years after signing the Beijing Platform for Action, we still have not been able to find any resources in the midst of this unbelievable and unprecedented wealth we have at the federal level. How have we been unable to assure any kind of advancement in women's equality in the last 10 years? I would beg you to consider how that could possibly be implemented in the next budget.

Thank you very much.

• (1755)

The Chair: Thank you.

On my list I have Mr. Penson, Madam Brunelle, Ms. Minna, then Ms. Crowder.

We'll go with five minutes.

Mr. Charlie Penson: Thank you, Mr. Chair. Thank you, panel, for the presentation. I have to be short, I guess. Five minutes isn't much time for either of us.

I have two questions. I'll put them both.

Ms. Lewis, we're well aware of the difficulties in terms of matrimonial property rights on reserves, and I'm wondering if something that would approach fee simple title on reserves would help, so there could be both names on title to a property, a house, that would help aboriginal women to retain their equity in the event of a breakup of marriage, in the same way as there is in the rest of society. That's the question I would have for you: can we implement some kind of a system that would be beneficial?

The other question I have is this. We've heard a lot of ideas here today. I'd like to throw one back at you and ask a question. You know that in this country all of us start paying taxes at about \$8,000, and I think most people would agree that's a pretty low amount. Basic personal exemption could be raised significantly. There is a cost to that, but in terms of having people keep the money they earn until it's substantially higher than the \$8,000 level, wouldn't that be another way of accomplishing the same goal, rather than having to go through the bureaucracy to get the money back? Wouldn't that also be beneficial?

I'll leave that for now and wait for an answer.

• (1800)

Ms. Sherrie Lewis: There is not an easy solution to the issue of on-reserve matrimonial property. I think there are a variety of solutions that we need to look at, because with custom law there is

such a myriad of differences and nuances to how on-reserve property is done in many first nations communities. It's important that we look at the issue and study what the best approach is, depending on what the first nation situation is and what best meets the needs of the women in that community.

We've really had a superficial look at this issue. We haven't had a lot of funding to really delve into what are really the best options. But what we've said is that we have to understand first nations jurisdiction over this area and allow for opportunities for that to occur. Given that they've had a hundred years to do that and very little has occurred, we're certainly pressing that an autonomous women's organization needs to sit at self-government negotiations, because many first nations have indicated that's where they intended to fix this issue.

There are a lot of areas in which a simple provision in their housing structures says they will abide by provincial laws. That's an easy fix in many situations. But we need to really look at the situation to see what best fits the variety of first nations.

Mr. Charlie Penson: Can I just ask you a question in that regard?

In many cases, there are land claims, there are agreements on self-government being conducted with federal and provincial governments right now. Couldn't that be one of the things the federal and provincial governments use when they're conducting those negotiations: yes, we're prepared to discuss all of these things, but this has to be part of the package in order to address this serious issue?

Ms. Sherrie Lewis: It certainly has been our understanding that this was what was supposed to happen, but we haven't been able to analyze whether that has actually happened, whether it's fixing the issues and, more importantly, whether women know their rights have changed as a result of a self-government negotiation.

There are a lot of mystery areas in this whole issue of on-reserve housing. It needs a lot of attention, and very little has been spent in that area to date.

Mr. Charlie Penson: Thank you.

And about the other basic exemption?

Ms. Armine Yalnizyan: Yes, perhaps I could speak to that. Thank you very much for your very thoughtful questions.

If we take a look at what proportion of taxpayers, as tax filers, pays taxes right now, we have about 15 million people paying taxes. About 32% of all tax filers actually pay no taxes. If you raise the exemption level from \$8,000 higher, you get a higher proportion, and I would ask you, Mr. Penson, at what point you start getting into an environment where those who are paying taxes do not any longer want to support those who are not. I wonder what the appropriate percentage in society would be. Would it be okay to have a 50-50 split, where only half of tax filers actually pay any taxes and the rest of them do not?

I would contend that part of the tax revolt that has fuelled our desire for more tax cuts has been because some people feel they're unnecessarily carrying other people. As you raise that exemption level, more people get "a free ride". That's on one side of the question, and that's about political solidarity and who's paying for what in society.

This brings us back to the Burnt Church story. Do you remember Burnt Church, where the fishermen said they were members of society? Their proof was that they paid taxes.

Mr. Charlie Penson: So your answer is that you don't think raising the basic personal exemption is a useful tool?

Ms. Armine Yalnizyan: If you're looking to provide the basic services that all Canadians need, you can't do it with more dollars in your pocket. You can't buy a single space of regulated child care with more tax credit dollars in your pocket.

Mr. Charlie Penson: Thank you.

The Chair: Thank you, Mr. Penson.

Madame Brunelle.

[Translation]

Ms. Paule Brunelle: Good evening, mesdames.

Being a woman and a member of Parliament, I'm very pleased to welcome you and to encourage you. You know you can count on my utmost support.

Ms. Rose, I'd like to talk to you again about child care services. Child care services could be of interest to the financial people around the table, for two good reasons. Among other things, if child care services are introduced, we'll have much less trouble with children. It will be a way to integrate and socialize them. In that way, later on we'll avoid having to pay the costs associated with crime and other very costly social problems.

In addition, Ms. Rose, I would like you to tell me more about the Quebec child care program, which now offers child care at \$5 to \$7 a day. We know the program has been around for five years. Since the federal tax credit no longer applies, we've saved \$1 billion. That may be a very good reason to introduce a similar child care service in Canada, since we've made considerable savings.

• (1805)

Mme Ruth Rose: I didn't provide any details on the reasons why we want child care services. On the one hand, those services are very important for ensuring equality between men and women, that is to say to enable women to enter the labour force. Unfortunately, men aren't always the ones who stay home to take care of young children.

When there are no child care services, it's always women who take care of the children.

On the other hand, an impressive number of studies show that educational services are very important for the development of children, not only because they'll be more productive and commit less crime, but also because these services promote their development as persons. That starts at birth. A lot of research, particularly in Sweden, in other countries and in Canada, shows that high-quality child care programs enable children to develop as best they can.

The fact that Quebec subsidizes child care services means that parents need fewer child care expense deductions at the federal level. The fiscal imbalance between Quebec and Canada stems in part from that. If the other provinces that also have subsidized child care services were put on the same footing, that would mean that part of the federal government's contribution would be recovered because there would be fewer deductions. That would be more equal and there would be more justice for Quebec.

Ms. Paule Brunelle: I'd like to clarify a point. Since parents in Quebec have had \$5 and \$7 day care services, they haven't been entitled to a tax deduction at either the federal or the provincial level.

Mme Ruth Rose: They're entitled to it, except that they deduct \$7 a day instead of \$30.

Mr. Yvan Loubier: That resulted in a revenue shortfall of \$250 million for last year alone. If a subsidized day care program is introduced in the rest of Canada, Quebec, which has a right to opt out with compensation, will have financed the share it receives out of the savings the federal government has made in tax credits and tax deductions.

We wanted to get to that. We're financing that ourselves. In other words, we're paying for being the forerunners.

Ms. Paule Brunelle: You said that 145,000 disabled persons were denied a tax credit. Did I understand correctly? If so, why was that?

Mme Ruth Rose: Based on various surveys, the Department of Finance has estimated the number of persons with disabilities sufficiently serious to be eligible for the tax credit. That number was between 498,000 and 745,000, if I remember correctly. However, when you look at the tax statistics to determine who claims the credit, you see that there are only 400,000. Consequently, there are between 98,000 and 345,000 persons with disabilities sufficiently serious to be eligible for the tax credit but who do not claim it. We assume they don't have enough income to be able to claim it.

If this credit were converted to a refundable credit, everyone could have access to it, just as all poor families can receive the Canada Child Tax Benefit. This is a longstanding demand of most associations representing persons with functional limitations.

Mr. Yvan Loubier: Are we certain that those 98,000 to 345,000 persons did not receive the tax credit because they didn't claim it? Isn't it more because their claim was denied? We've heard about a lot of cases at our riding offices in which people had received disability tax credits for years and in which the Department of Revenue questioned their entitlement at some point, even though those persons had degenerative and untreatable diseases.

Ms. Ruth Rose: That's another question. That's in one of the Finance Department's tax expenditures appendices for 2004. It's hard to estimate the number of people who are entitled to the credit but do not claim it. In spite of everything, it's a fairly large number.

• (1810)

[English]

The Chair: Merci.

I have Ms. Minna, and then Ms. Crowder.

Hon. Maria Minna: Thank you, Mr. Chairman.

First of all, I want to say there's nothing here that has been presented that I disagree with, obviously. I've been working on a lot of these same issues for quite some time, and on immigrant issues since 1974. So we're finally getting some of the stuff done, maybe.

Also, with respect to budgeting, today the women's Liberal caucus was in fact discussing exactly that. We've asked the Minister of Finance to come to committee next week or the week after, to in fact pin him down on exactly that, because we've been pushing on that issue for some time. A lot of the stuff you've mentioned we've actually been discussing for the last couple of weeks, so none of it is actually new to me. We've been working on the same issues.

Time is tight. I have a lot of questions, but I want to get to just a couple of things. On child care, there's a thinking out there—and there have been quite a lot of presentations in the House of Commons—that cutting taxes is what's going to do it for women. You lower or you increase, and that puts money in the pocket and that takes care of it, because child care is not the way to go. I hear the answer that you gave me on these things. They're the same things I would have done. Tax cuts do not do it.

On child care, I want to ask. There are applied principles that we're all talking about and that are being negotiated. I'm the social policy chair of caucus, and it was raised in my committee. From my perspective, we need to add publicly administered, not-for-profit, and then accountability needs to be our legislative framework.

I know you've talked about public ownership and administration. Does accountability mean a legislative framework or not? That's where I am. That's where we are.

[Translation]

Ms. Ruth Rose: I don't understand the question.

[English]

Eligibility framework?

Hon. Maria Minna: Legislative framework. Do we need to have legislation that at least has within it the minimum standards that we're asking for, so that both the national and provincial governments have to adhere to it and, at the very minimum, work toward those minimum standards that we are setting out. We've had

negotiations with the provinces in the past and none of them have come to bear in different parts of Canada. I'm concerned that if we again... it'd be nice to have agreements, but...

Ms. Armine Yalnizyan: You probably have heard from other people also that the Canada social transfer has no enabling legislation around it. The Canada Health Act—

Hon. Maria Minna: Exactly. That was my next question.

Ms. Armine Yalnizyan: — helps the Canada health transfer, right? We have no principles.

As porous as those principles are and as much as we do have problems with enforcement, we have nothing. We lost whatever regulatory framework... I believe it was regulatory rather than legislative around the Canada assistance plan.

Hon. Maria Minna: Right, under CAP, yes.

Ms. Armine Yalnizyan: So I think there is an issue there, and you've probably heard it from others. And as you probably know, there are some campaigns out there to talk about putting guiding principles around the transfer of the CST funds to the provinces as well.

I don't know if Ruth wants to speak to it now, but she spoke to it very briefly in terms of the same principles of universality and accessibility, which speak deeply to the issue of whether tax cuts can provide that universal accessibility.

[Translation]

Mme Ruth Rose: We're obviously not going to solve all federal-provincial relations problems here. I know that the demands we've submitted here are those of the large coalition for child care services across Canada. I think there are ways to negotiate federal-provincial agreements that would make it possible to implement some of those principles.

However, I also think there could be certain fundamental principles, as there are in the Canada Health Act, such as accessibility and transferability. Those principles are also similar to the requirements under the Canada Assistance Plan at the time when only non-profit services were funded.

[English]

Hon. Maria Minna: Thank you.

I have two more questions. I'm going to throw them both at you before I get cut off. One of them has to do with tax expenditures. I know we started talking about the child tax benefit and all of that, and I support your direction. There were about eight MPs who pushed the whole thing in the first place back in 1996. I was one of them, so that's great.

What I want to know, Ms. Yalnizyan, is whether or not there has been any evaluation on the whole issue of tax expenditures and their effectiveness and so on, in the whole. Are any meeting their intended needs? Which ones are not? Hold off on that, though. I'm going to ask the next question, otherwise I'm going to get cut off.

It has to do with housing. We met Monday night with Minister Scott at social policy, my committee, and he gave us a fair briefing on a lot of initiatives with various tables, where ministers are meeting, some on housing, health, and so on.

On housing, are there women involved, any aboriginal women? Is there any leadership at the table in terms of those issues? You were talking about aboriginal women in terms of housing. I just wanted to know. If not, I need to know that.

Those are the two.

• (1815)

Ms. Armine Yalnizyan: I'll answer you very briefly. I was retained by FAFIA, the Feminist Alliance for International Action, to prepare a report for Beijing 2005, Beijing +10. In that report, we review tax expenditures as well. There are annual reports coming out of the Department of Finance that talk about what has been spent in terms of tax expenditures.

Your question about effectiveness depends on what it is you're measuring in terms of effectiveness. You can put down dollars and cents, but that doesn't tell you if you are meeting your goals; there is no such audit done. One of the things we have asked for in the brief that would have been mentioned if we had a bit more time is the request that the Department of Finance indeed be asked by members of Parliament to conduct gender-based analyses on the impact of their budgets. This would include not only spending but the taxation side, the revenue side, which includes tax expenditures, to see where the impact and the incidence of these benefits flows to.

This doesn't actually answer your question with respect to the effectiveness because there is no test right now. There's no litmus test as to whether they meet their goals.

Hon. Maria Minna: I just wondered if there was anyone up there who was doing anything of that nature.

Ms. Armine Yalnizyan: Not that I have seen.

Hon. Maria Minna: My only comment on that is that I think the other departments need to be involved with the finance department. I don't think the finance department can do it by itself, but frankly that's my own interpretation of it.

Sorry, Ms. Lewis.

Ms. Sherrie Lewis: Yes, we are involved in the sectoral meetings that are going on, but it's the first time in 30 years, so there's been minimal involvement at this point. But we hope it to be a much more enriched process.

The Chair: Thank you.

Ms. Crowder.

Ms. Jean Crowder (Nanaimo—Cowichan, NDP): Thank you, Mr. Chair, and I'd like to thank the panel for its presentation today.

We have touched on it, but I want to specifically talk about gender-based analysis. In 1995 the federal plan for gender equality indicated that federal government departments and agencies needed to put forward a systemic process to inform and guide all future legislation and policies. It talked about making the outcome transparent. The CEDAW report of 2003 specifically recommended

that gender-based analysis should be mandatory for all legal program efforts. This conversation has been going on for years.

I guess what I would put to you are some concrete recommendations on how gender-based analysis might be implemented and what would make it meaningful. There's a great deal of concern that it's very easy to pay lip service to gender-based analysis that allows people to say they're meeting it, but it's not relevant.

Ms. Armine Yalnizyan: I'll tell you, when I was retained to do this piece of work it was very frustrating because there's no clear methodology out there. Part of what we are looking at is that you can easily count what happens on the tax side in dollars and cents, but you cannot measure who gets the benefit of public programs.

What we have is a social discourse where the benefits of public programs cannot be measured. We do not measure them. We used to, in the 1960s, talk about rates of return on investments in education, on investments in health and in roads, but we no longer do that work. It looks to me as if there's a moment here where, if there is enough consensus among the parliamentarians in this room and outside, we can again revitalize questions such as what is the purpose of government, who benefits from the way we spend and tax one another, not just from tax cuts and the number of dollars in our pockets, which is a very facile analysis. Even that, however, is extremely difficult to assess on a gendered basis because of the division of wealth in a household.

Ms. Jean Crowder: I think the challenge is to make it meaningful.

I have a second question. A number of people have talked about the social transfer. A document that came out today called "Campaign 2000" specifically talks about the need to rebuild inclusive systems of welfare and social services that uphold the dignity of families on social assistance.

I come from a province, British Columbia, that is a very good example of how there has been no accountability for how the provincial government chooses to spend the money that comes its way, and how, in my province, we are seeing women in increasing poverty, in increasing violence. First nations communities are suffering in my province at an alarming rate.

If we're going to talk about the social transfer and the fact that we have no enabling legislation, no regulatory... To me, talk is cheap. We have so many reports, so much evidence, and so much information about the plight of women. What is it that's going to make us shift into actually taking women's issues seriously?

I'm sorry. In 30 seconds could you please solve all the problems? But you know what? There's been too much talk. How are we going to make the shift?

• (1820)

Ms. Armine Yalnizyan: It can be made partly through parliamentarians like you who are committed to it, and partly through non-governmental organizations working with you in any way we can assist you to make that happen inside the corridors of power.

Ms. Jean Crowder: I would suggest that what we actually need to do is adequately fund the non-governmental organizations so they can play a strong advocacy role to help keep us on our feet.

Ms. Kim Brooks: Given that 10 years ago we cut that kind of funding, that would be good.

I should also point you to the mandate of this particular coalition. It will be in the materials you'll receive at some point. There are six points there about how to strengthen the participation of women's organizations in governance structures. Those are probably good starting places.

The Chair: Thank you.

Everybody has to go.

Mr. Don Bell: I thought we were going to go to 6:30.

The Chair: No, it will be 6:25.

If you want to ask a question, go ahead. I have a question as well.

Mr. Don Bell: Thank you.

I'm not sure if it was Kim or Armine who talked about family class immigrants having a more difficult time. Was that in your opening comments, Kim? I don't think you were talking about foreign credentials at that point. As I understood it, you were talking primarily about the immigrants, particularly the family class, and the women within the family class.

Can you just expound a bit on that for me?

Ms. Kim Brooks: I'm sorry. There's another coalition member who had to leave. That's her area of expertise.

Mr. Don Bell: Could we get business cards or something afterwards?

Ms. Kim Brooks: Yes, I'd be happy to do that. I'd be really delighted to do that.

The Chair: Thank you, Mr. Bell.

I just have a quick question. I think Ms. Rose was speaking on this, your recommendation for the child tax benefit supplement.

You're asking for the recuperation amount to be reduced by 10%. Do you have any idea what this would cost? The Campaign 2000 people came yesterday or the day before, and they are asking for the child care to be increased.

Hon. Maria Minna: No, they asked for the child benefits to go to \$4,900. Sorry, perhaps I could interject, Mr. Chairman.

The Chair: It was child benefits to \$4,900. I'm wondering which one would be more beneficial. Do you have any costing on that?

That might not be a fair question, but I don't need an answer right now. You can provide it to us.

[Translation]

Ms. Ruth Rose: We haven't had the time to talk with Campaign 2000. Obviously the amounts...

The Chair: Campaign 2000 gave us the amount. I wonder whether you know how much your recommendation on page 5 of your brief would cost.

Ms. Ruth Rose: No, I haven't had the time to make any estimates. The question is really whether we have a longer-term objective to increase benefits to the point where they cover all a child's costs, at least to go above the poverty line. I assume that's what Campaign 2000 is aiming at.

The Chair: Campaign 2000 says the same thing, but that's another way of doing it.

Mme Ruth Rose: There are various things we can do. The question is in what order we do them. As an economist, I'm particularly concerned by the question of marginal rates. That's something we've done much to address in Quebec.

[English]

The Chair: Merci.

I want to thank everybody for appearing. Thanks for your patience.

Thanks to the members. You have five minutes, and we start at 6:30.

The meeting is suspended.

• (1824)

_____ (Pause) _____

• (1836)

The Chair: Good evening. If we can begin, we are not doing badly on time, so I'd like to stay within a reasonable time period.

I want to thank the witnesses and the groups for appearing. As you may or may not know, we are going to allow five minutes for opening remarks and opening statements. I would like to keep it to five minutes. We have about five groups, and if we can keep it to five minutes, then we can allow the members to ask questions and we'll have a little more time.

I have a list of the groups and the order in which they'll go. I have the Centre for Science in the Public Interest.

Mr. Jeffery.

Mr. Bill Jeffery (National Coordinator, Centre for Science in the Public Interest): Thank you, Mr. Chair. I appreciate the invitation to appear before the committee.

The Centre for Science in the Public Interest is a non-profit health advocacy organization specializing in nutrition issues, with offices in Ottawa and Washington, D.C. Our health advocacy is funded by over 100,000 subscriptions to the Canadian edition of our monthly *Nutrition Action Healthletter*. We do not accept funding from industry or government.

The need to better address preventable chronic diseases such as heart disease, diabetes, cancer, and osteoporosis was acknowledged in three consecutive speeches from the throne, the September 2004 first ministers conference on health care, and three recent conferences of the federal-provincial-territorial ministers of health. Hopefully, the federal budget will give effect to these commitments.

The bulk of our recommendations finds support in reports recently published by the World Health Organization and the Canadian Population Health Initiative and are explicitly supported by two dozen health and citizens groups collectively representing two million Canadians. However, today I am speaking only on behalf of the Centre for Science in the Public Interest.

Every year in Canada, the portion of chronic diseases related to diet and physical inactivity causes 21,000 to 47,000 premature deaths, shortens the average Canadian's healthy life expectancy by about five years, and costs the national economy \$6 billion to \$10 billion in terms of health care expenses and lost productivity.

A recent report of the Auditor General of Canada noted: "Preventive health activities are estimated to be 6 to 45 times more effective than dealing with health problems after the fact."

In 2000, Agriculture and Agri-food Canada researchers predicted that the new mandatory nutrition labelling rules will produce economic benefits of \$5 billion over the next 20 years. That amounts to a 2,015% return on investment compared to the cost of implementing the changes. What policy-maker or legislator could resist accepting this kind of windfall for the public and private purse? The food label reforms are estimated to reduce the costs of diet-related disease by approximately 4%, leaving more room for further improvement.

I will describe four recommendations for the committee.

First, shift sales taxes from helpful to unhelpful foods. Currently, at least 33% of Canadian food sales are subject to GST, drawing at least \$1.5 billion in federal tax revenue. While the federal Excise Tax Act appears to acknowledge the importance of nutrition by imposing GST on candy, soft drinks, and snack food, it also promotes unhealthy diets by taxing low-fat milk and vegetable dishes when sold in restaurants, as well as fruit trays and certain sizes of bottles, as a couple of examples, when sold in retail stores. Meanwhile, many nutrient-poor foods are tax free, such as sugary breakfast cereals, coffee cream, and chicken wings when sold in retail stores.

Recommendation one is to amend the federal Excise Tax Act to remove financial incentives to consume unhealthy foods and disincentives to consume healthy foods, ensure the GST rules reflect and reinforce the health promotion objectives of the federal government and do not undermine them, and then, modify the existing GST-HST credit to offset any adverse effects, if any, on low-income Canadians.

Number two, reform the rules respecting the deduction of food advertising expenses. The vast majority of food advertisements promote nutrient-poor foods like hamburgers, french fries, sugary soft drinks, and sugary cereals, while fruits, vegetables, and whole-grain foods are scarcely advertised at all.

Recommendation two, to help encourage a more nutrition-promoting blend of food advertisements, amend the Income Tax Act to permit companies to deduct from taxable income 300% of expenses incurred to advertise nutritious food, such as low-fat milk, fruits, vegetables, and whole-grain cereals, limit the deduction to 50% for advertising nutrient-poor foods, such as alcoholic beverages, sugary soft drinks, french fries, etc., and retain the existing rules to govern advertisements of other foods.

Number three, fund preventive health care services under medicare. Publicly funded nutrition counselling services are typically only available to patients after they've been hospitalized for diet-related diseases, such as following a heart attack. Similarly, despite the evidence of the nutritional superiority of breast milk for infants, publicly funded services of lactation consultants are not typically available to new mothers after being discharged from hospital when the most critical need arises.

● (1840)

So recommendation three is to conduct a feasibility study of expanding public funding for the services of qualified dietitians and lactation consultants.

Fourth is public education. The public resources devoted to supporting independent, objective health promotion are puny in comparison to the private resources dedicated to mounting extensive daily barrages of commercial advertising for nutrient-poor foods. Recommendation four is that the federal government should fund at a level of \$100 million dollars per year an intensive mass media nutrition and physical activity promotion campaign like the recently defunded ParticipACTION program.

Mr. Chair, I've filed a more detailed brief with the committee, and I'd of course be happy to answer any questions later.

Thank you, Mr. Chair.

The Chair: May I ask, when did you file the brief? We don't seem to have it.

Mr. Bill Jeffery: I believe I sent it this morning.

The Chair: Thank you.

I have the National Cancer Leadership Forum. I have Ms. Kelly, but I just want to thank Mr. Discepolo for being here. Does it bring back memories?

Mr. Nick Discepolo (Member of the Steering Committee, National Cancer Leadership Forum): Thank you.

It's different being on this side, but I hope to join your colleagues on that side very soon.

The Chair: I hope so too.

Mr. Nick Discepolo: Thank you for having us.

● (1845)

[*Translation*]

Thank you, Mr. Chair.

First, I'd like to congratulate committee members. You have a tough job, but I'm convinced that, as usual, your recommendations will be given careful attention by the Minister of Finance.

In December 2003, representatives from some 30 major cancer groups across Canada formed the National Cancer Leadership Forum. For the first time, a coalition representing some 150 plus cancer organizations—including nurses, doctors, patients, cancer professionals, survivors and advocates—is unified in a compelling effort to accelerate radical change in the way Canada responds to cancer.

Together, we possess thousands of combined years of fighting cancer and fighting for Canadians who are living with it. Our goal is to address Canada's response to cancer through the implementation of the Canadian Strategy for Cancer Control.

The National Cancer Leadership Forum (NCLF) welcomes the opportunity to present before the House of Commons Standing Committee on Finance and to impress upon you the urgent concerns and priorities of Canadians about implementing a sustainable approach to controlling cancer.

First a few facts. Every year about 145,000 people in Canada learn they have cancer and another 68,300 citizens die of the disease. Cancer affects everyone in our society. In 2000, it eliminated an unimaginable 950,000 early years of life lost to our country, our families and our future.

The economic burden cancer places on Canada's economy—already pegged at \$14.2 billion a year—will soar over the next two decades if a concerted strategy to stem the tide of the disease is not rapidly implemented. Over the next six years, 400,000 citizens will die of cancer and it will become the leading killer of Canadians, overtaking heart disease. Within 20 years, the number of the new diagnosed cancer cases will rise by 60%.

The net effect, warns the National Cancer Institution of Canada, is that the weight of the burden cancer will place on the country's economy and medical facilities could be enough to crush our already stretched health-care system.

[English]

I would like to now ask the program director, Ms. Pat Kelly, to continue. Pat Kelly is a 16-year breast cancer survivor and an advocate for the cause.

Mrs. Pat Kelly (Director General, National Cancer Leadership Forum): I am very pleased to be able to address the committee today and to let you know that despite the magnitude of the problem, as Nick has described it, there is a case for a national plan to control cancer and to reduce the incidence and deaths from this disease.

I quote from the strategy that was published over two years ago:

Without a... strategy, the future looks bleak. More Canadians will develop cancer, more Canadians will suffer through...the course of their cancers, and more Canadians will die of cancer than ever before...despite increased funding, which continues to be allocated to non-integrated approaches...

This... scenario is not inevitable. If we are to change the future, we must act in the present.

The date of that call to action, again, was January 2002.

The fact are these, as Nick has already pointed out. Cancer is the second leading cause of death among adults in Canada, and it affects an estimated one in three individuals in their lifetime. Every 3.75 minutes a Canadian is diagnosed with cancer, and every eight

minutes a Canadian dies of this disease. During the 35 days of the last federal election campaign, almost 7,000 Canadians died of the disease. Since Canada Day in 1987, when I was diagnosed, more than 2.3 million Canadians have heard the words, "I'm sorry, but you have cancer", and another 1.1 million have died.

More people are getting cancer, and unfortunately fewer people are available to take care of them. The average age of medical oncologists in this country today is 56 years. The average age of nurses in this country is almost 50. Who is going to take care of these Canadians?

Cancer care providers are retiring, and replacing them is a massive challenge. Waiting times for diagnosis and treatment are increasing dramatically. We are on the brink of a cancer epidemic, and between 1990 and 2010 the number of new cancer cases in this country will more than double.

How did it get to this stage? In Canada the efforts to prevent cancer in the first place have been dramatically underfunded for decades, and now incidence rates for many cancers in Canada are much higher than they are in Australia, the United Kingdom, Ireland, Israel, Finland, Denmark, Sweden, and New Zealand. Cancer control strategies have saved thousands of lives in other countries, and in the mid-1980s targets for cancer control were set by the European Union's program known as Europe Against Cancer. Two members, Finland and Austria, reached their targets, reducing cancer by 15%. Other countries such as the United Kingdom, Italy, and Luxembourg achieved significant reductions.

[Translation]

Mr. Nick Discepola: What have those countries done that we haven't done, Mr. Chair? First, they made a plan and they acted on it. After more than three years of collaboration between over 700 cancer experts, the Canadian Strategy for Cancer Control was released on January 2, 2002.

[English]

This plan was presented by Health Canada and the National Cancer Institute.

[Translation]

As you can see, the strategy is a blueprint for a sustained, comprehensive, collaborative, national approach to cancer control. It's a plan to directly control cancer and reduce chronic disease by reducing the demand for services by lowering the risk for developing cancer and detecting cancer earlier; increasing the efficient use of existing provincial and federal resources; increasing the supply of existing cancer resources; and, lastly, defining, planning and managing research priorities to link research advances to policy and practice.

Implementing the strategy means, first, that fewer Canadians will get cancer and fewer Canadians will die from cancer. People with cancer will have access to high-quality, timely treatment and care, no matter where they live in Canada. When cancer cannot be cured, patients will receive high-quality, compassionate end-of-life care, close to family and friends, without enduring unnecessary pain. Tax dollars will be saved by eliminating duplication in the current cancer system. Cancer trends will be reliably tracked to help Canada monitor how it's doing compared to the rest of the world. Implementing the strategy means reducing waiting times and reducing chronic disease.

In May 2004, the World Health Organization endorsed a global strategy on diet, physical activity and health. The strategy stresses the need to prevent non-communicable diseases, including cancer. The WHO strategy underlines the importance of cancer prevention and reminds us of the importance of a Canadian strategy to control cancer—including primary prevention.

The Canadian Strategy for Cancer Control aims to engage and build a coordinated public health response and provide a way to assess and then address the cancer burden with a province, territory or first nation's organization. Not only will the existing provincial cancer agencies be better able to build on the achievements of cancer programs, the Canadian Strategy for Cancer Control will enhance the infrastructure created for them.

• (1850)

[English]

A cancer control strategy takes leadership, leadership that is required today. To bring the Canadian strategy for cancer control to life, the federal government must provide immediate leadership and funding. To ensure the success of a national strategy, the federal government must introduce a coordinated and targeted approach to cancer care. It must develop systems to support knowledge sharing. It must find ways to ensure that best practices and best approaches to prevention and treatment are equitably employed across Canada.

It's estimated that the costs of implementing the cancer control strategy over a five-year period will be roughly \$100 million, including \$50 million annually for the Canadian cancer research alliance. The cost of not implementing a national plan to control cancer is unimaginable. Over 116,300 deaths are predicted over the next 25 years, two million life-years lost, 25.7 billion wage-based productivity years lost, and the incidence of cancer will go up by over 70% over the next 15 years.

We're almost at the end of 2004, and 140 deaths after creating the Canadian strategy for cancer control, the plan is just still that, a plan. The Canadian strategy for cancer control has been almost completely ignored by government since its release over two years ago. By the time this panel ends, 24 more Canadians will be diagnosed with cancer and 11 people will die from it.

The cancer community cannot sit back and let this continue any further. We have a comprehensive plan that has been developed. The time to act is now. On behalf of all Canadians, we ask the government to take a confirmed and unshakable commitment and implement the recommendations of the national control strategy.

Thank you.

The Chair: Thank you.

The next group is l'Association canadienne des institutions de santé universitaires.

Mr. De Mora.

Mr. Joe De Mora (President, Association of Canadian Academic Healthcare Organizations): Thank you, sir, and good evening. My name is Joe De Mora. I am the president of the Association of Canadian Academic Healthcare Organizations, and I am also the president and CEO of Kingston General Hospital, which is affiliated with Queen's University medical school, which is my day job.

I am joined by Mr. Glenn Brimacombe, who is the CEO of the association. He is based here in Ottawa.

We appreciate the opportunity to speak to you this evening and to discuss a couple of recommendations that we think are complementary to the recent federal-provincial agreement. We are going to speak very briefly about issues that relate to the health of Canadians, the functionality of the health care system, and the economic prosperity of Canadians. We believe those are all related. We'd like to talk a little about how perhaps we might help in advancing some of these specific national policy objectives.

First, let me tell you that ACAHO is in fact the organization that represents the teaching hospitals across the country, in all provinces, 45 to 50 members who represent the areas in which Canadians seek tertiary care particularly.

So if you get very, very ill, you're going to end up, whether in this city, in Quebec, or in B.C., in one of the institutions of our members. We provide that backup health care service to the communities in which we reside and to the provinces and country as a whole. Many of our institutions provide national service as well.

We also represent the training sites for virtually all of the academic health care programs in this country. Therefore, we're involved in the post-graduate education of doctors, nurses, pharmacists, and a variety of other folks who provide care. In addition, along with our university partners, we provide the bulk of the research in health care in this country.

Consequently, we consider ourselves to be somewhat qualified to help in the policy agenda and consider ourselves to be the hub of the system, but not the only part. We have heard earlier tonight about the importance of health promotion, and we absolutely agree with that as well. But we do believe we are part of that.

The 10-year plan to strengthen health care—the first ministers agreement—actually talked about a number of the issues about which we have concern. We would like to address just a couple of recommendations that we believe are complementary to the recommendations at the federal-provincial level.

First, we support in detail the agreement that was reached. We believe Canadians are probably tired of governments fighting at different levels, and the fact that we have reached an agreement between the provinces is a very, very important milestone in the development of health care in this country.

You would probably be tempted to say that the issues are all now resolved as a result of that agreement—and I recognize that you've had long days in hearing about finance. I have to tell you, we believe largely they're resolved, but there are still some issues about which we'd like to make a brief comment.

So we would like to talk about a few of these recommendations. We believe they should be seen as investments, as indeed, in fact, we believe the federal-provincial agreement is an investment in the health care and the prosperity of Canada as a whole.

The first thing I would like to talk about is that the enhancements under the Canada health transfer still remain at about \$5.5 billion over the life of the agreement via the Wait Time Reduction Fund. We have just heard about the importance of that, and we absolutely support it.

I come from an institution that has within it a cancer treatment facility, and as it happens, I'm on the board of Cancer Care Ontario, struggling with the very issues that have been mentioned. It is very, very important for us to look at how to reduce the wait times for cancer and a number of other issues.

We believe there are some things that can be done on this. In fact, in some respects, Canada is actually taking the lead on how these are done. The indicators and evidence-based benchmarks that were discussed earlier are very important as to where the system needs to go.

We believe Canadians see this access issue as being one of the most important social and political issues in the country. It doesn't take a whole lot of effort to see that Canadians put health care and access to it as one of the most important issues. So I can't imagine that we would make a better investment in the health care of Canadians than trying to find ways in which we can measure what we do and how we spend our money.

Canadians are pretty clear that one of the only areas in which they are prepared to spend money is health care, but only if we can demonstrate as governments and providers that the money is being effectively used to create a difference in the health status of Canadians. We are very much supportive of that. We do believe we should be funding national initiatives, including how others have dealt with this issue. We've recently had some discussions with our colleagues in other countries, and some of them have good ways to measure initiatives in wait list reduction as well.

• (1855)

We believe there needs to be a transparent national process to develop comparable wait time indicators and benchmarks across the country. The federal government, with good reason, is looking at trying to tie funding to specific benchmarks. We believe that's a good objective and we can help produce some of those indicators as time goes by.

We also believe we have an opportunity to invest in capacity building for health human resources. Again, I'd comment, on statements made earlier that there is an aging workforce, that we are the institutions that can help with that, and we would like to do that. We've been supportive of Canadian Institutes of Health Research as research institutes and are particularly interested in supporting the commercialization agenda, because we believe that's an investment not only in health care, but also in economic prosperity.

In closing, we see an exciting future for health care. We see ourselves as being involved in this debate and discussion as time goes by. We believe we have something to offer and are very supportive of the kinds of initiatives that are brought forward.

I'd simply like to say in closing that I can't help but notice we're in a different room this year, surrounded by Tommy Douglas, keeper of the flame. We'd like to point out that you are now keepers of the flame, and we hope you make sure that flame burns brightly.

Thank you very much.

• (1900)

The Chair: Thank you.

For the next group, I understand there's going to be a joint presentation by the Canadian Treatment Action Council and the Canadian Association for HIV/AIDS Research.

Ms. Binder.

Ms. Louise Binder (Chair, Canadian Treatment Action Council): Thank you.

On behalf of the Canadian Treatment Action Council, I'd like to thank you very much for the invitation to present to your committee this evening.

The Canadian Treatment Action Council is a national non-governmental organization. It's an HIV/AIDS organization that does systemic advocacy for access to treatments for people with HIV/AIDS, and those with HIV/AIDS and other co-infections. We are also a member of a coalition called the Canadian Coalition of HIV/AIDS Stakeholder Organizations, which represents major organizations in HIV/AIDS engaged in prevention, treatment, and research.

I'm here this evening with my colleague, Anthony Di Pede, and Dr. Jonathan Angel, a noted HIV researcher and clinician. He'll make some remarks as well on behalf of our group.

I represent one of the many faces of HIV/AIDS in Canada today. I was infected about 15 years ago with HIV/AIDS by my husband, who later died of this disease. When I was diagnosed at the beginning of 1993, I was told to prepare to die within the next two to three years. But as you can see, I was fortunate and have not succumbed to this disease yet.

I benefited from the strong support of a women's HIV/AIDS organization, and also from lifesaving, though toxic, new drugs. At age 43, I was forced to quit my job as a lawyer to look after my health full-time. At that time, we had no treatments.

Voices of Positive Women, the Ontario organization that helped me so importantly when I was first diagnosed, had approximately 30 members of HIV-positive women in Ontario when I joined in the early 1990s. It's one of those jokes about a club you'd rather not join. It now has over 650 members across Canada, which by no means includes all of the women who have this disease in Ontario.

These women are from all backgrounds and all races. We know from Health Canada statistics and new research there were 56,000 Canadians living with HIV/AIDS in 2002, nearly twice as many as when I was infected; there's a steady rate of 4,200 new infections each year; and in 2002, women accounted for nearly one-third of these infections, and half of them were in women between the ages of 15 and 29.

Among aboriginal people—one of the hardest-hit populations—women make up half of all new infections. HIV/AIDS is now making alarming inroads in northern rural communities and on aboriginal reserves, particularly in Alberta and British Columbia.

Each new infection costs approximately \$180,000 in direct medical costs. The more than 4,000 new infections that occur in Canada each year cost a minimum of \$720 million in direct future health care costs. We can spend now on prevention and treatment, which we have learned are inextricably linked to controlling this disease, or we will spend much more later on health care, hospitals, and related health costs. We can also spend relatively little now on HIV research, or much more later.

So we recommend that we give more funding to the present Canadian strategy on HIV/AIDS. We say this because, first and foremost, HIV is preventable and it's killing young, productive citizens. It is inextricably linked to and exacerbated by poverty, homelessness, and other social ills. Profound stigma and discrimination persist, threatening to drive this disease underground, which would indeed create an even higher infection rate.

• (1905)

Despite the indifference we have seen in terms of really putting the appropriate amount of funding into this problem, the strategy has been amazingly successful with very little. It's provided for prevention and treatment successes among gay men in the 1990s, and it remains our best tool for reversing this epidemic.

Canada's AIDS strategy, however, remains badly underfunded. From 1993 to 2004, successive Liberal governments froze AIDS funding at \$42.2 million per year. Now, in May, the former Minister of Health announced that the budget would gradually be increased to \$85 million by 2008-09. That's five years from the announcement date. Actually, to this point, the first \$5 million increase is only going to be rolled out in the last few months of this year, which is very unfortunate. Certainly this is a step in the right direction, but it falls far short of our needs. The government's announced funding is also clearly inconsistent with the emphasis that was placed in the throne speech on improving public health and our health care system.

So how much is in fact needed to revitalize Canada's AIDS strategy? In June 2003, the House of Commons Standing Committee on Health recommended an immediate increase in the AIDS budget to \$100 million. Comprehensive studies commissioned by the

Ministerial Council on HIV/AIDS and by Health Canada in 2003 recommended that Ottawa increase the annual budget by an additional \$63.8 million immediately to get ahead of our growing epidemic.

Specifically, there are two options presented in those studies. One option is merely managing the epidemic, which it is believed would cost \$85 million per year. The difficulty with this is that even with the \$85 million a year, these outcomes of merely managing the existing epidemic would not be achieved by delaying the funding to 2008-09. A far preferable option is getting ahead of this epidemic, which would cost approximately \$106 million per year.

The message here is that the Canadian government would be showing itself to have a clear, strong, and visionary commitment to getting ahead of this epidemic, preventing its spread and reducing its impact on diverse populations, both nationally and internationally. Of course, the rationale for this would be that it represents a constructive and positive response to advice from community organizations, researchers, and the parliamentary Standing Committee on Health. It would indicate that the government is building on two decades of experience with HIV/AIDS here, and from recent experience with SARS, West Nile virus, and other infectious diseases.

The implications of this funding would be that it could be reduced in time as Canada brings the epidemic under control. It would enable Canada to undertake significant new efforts, for which there is evidence of efficacy and cost-effectiveness. It would also enable the government to address the social determinants, as I mentioned earlier, that increase the risk of HIV infection, and head off the epidemic before it becomes inextricably rooted in aboriginal, prison, and other populations. And it would allow Canada to invest in the search for an effective vaccine and for microbicides.

So the outcome of \$106 million will require heavy upfront investment by Canada to get ahead of this epidemic, but it will allow the virology and HIV sectors to attract world-class researchers and retain its clinicians and biomedical scientists in Canada. It will allow the government to achieve its strategy's goals for prevention, treatment, and care. It will create significant short- and long-term savings and other economic, social, and intellectual spinoffs. So we're strongly recommending the option of \$106 million for the strategy.

Canada could actually eradicate HIV and save future generations. The Canadian HIV/AIDS organizations, therefore, are asking for an immediate increase of \$57.2 million per year. It's a very small increase compared with the major future savings to be realized in public health and social services and health care; and compared with Canada's current budget surplus, it would be insignificant.

• (1910)

There is strong support in the House of Commons for this increase, so I would recommend to you, and I strongly submit, that it's time to do this now. It's the right thing to do.

I'd like to thank you for the opportunity to present this submission to your committee this evening for your consideration.

The Chair: Mr. Pension, then Monsieur Loubier.

Mr. Charlie Penson: Thank you, Mr. Chair.

I'd like to welcome this panel here this evening.

I want to talk to Mr. Jeffery first of all. Am I to understand that yours is more or less a public awareness type of organization, trying to influence the public to adopt better nutritional practices through better public awareness?

Mr. Bill Jeffery: That's part of our function. We publish a newsletter.

The Chair: Just one second.

Mr. Angel, I thought we had an agreement before that you were going to speak together, did we not? Do you have a presentation?

Dr. Jonathan Angel (Senior Scientist, Ottawa Health Research Institute; Associate Professor of Medicine, University of Ottawa; Canadian Association for HIV Research): I don't think that was clear.

•(1915)

The Chair: Okay, go ahead for five minutes, please.

Dr. Jonathan Angel: Yes, absolutely.

First, thank you very much for allowing me to address why Canada needs a renewed federal AIDS strategy. Firstly, it will be a different tack from the one Ms. Binder spoke to.

I am an infectious disease specialist. I'm the director of the HIV clinic at the Ottawa Hospital. I am active in both lab research and in clinical trials. I'm the principal investigator on Canada's first purity clinical trial of a vaccine used in HIV treatment, and this is supported by the CIHR and the Canadian HIV Trials Network, both of which have received funding through the AIDS strategy, so I am representing the Canadian Association for HIV Research and the Canadian Coalition of HIV/AIDS Stakeholders.

First, I want to point out that Canada's AIDS strategy has achieved much with little. It has provided a collaborative framework on which Canada has built successful prevention, treatment, and research infrastructure and programs. It has fostered agencies such as the Canadian HIV Trials Network and CANVAC, which is one of the networks of centres of excellence that have catalyzed important research and kept Canada at the forefront of HIV and AIDS care.

A McGill researcher discovered one of the best drugs we have for HIV. Canadian doctors, including one of my colleagues at the Ottawa Hospital, were among the first to prove the lifesaving power of protease inhibitors and anti-HIV drug combinations, and researchers at Laval are now testing a promising invisible condom, microbicides, in Africa, which will prevent transmission of HIV.

Federal support of the strategy has lagged behind the epidemic. As mentioned again, between 1993 and 2004 the Liberal government froze the budget on the AIDS strategy. The increased support announced in May will be too little too late to address today's needs for better prevention, treatment, care, and research created by Canada's steadily growing and increasingly complex HIV epidemic. This is clearly inconsistent with the government's throne speech emphasis on public health and improved health care.

More Canadians are living with HIV now than ever before. In 2002, 56,000 Canadians were living with HIV compared with 35,000 in 1994. Every year, over 4,000 Canadians are newly infected

and since fewer are dying, the number of Canadians living with HIV will continue to increase. There is still no cure for HIV and AIDS, which is a fatal disease. However, we know how to prevent it.

HIV is now targeting marginalized populations and youth. Aboriginals, women in poverty, youth, and prisoners, as well as gay men, are at highest risk. As of 1998, the average age of HIV infection in Canada was 23, according to Health Canada. However, with appropriate support, HIV-positive Canadians can lead productive lives for many years.

Chronic underfunding of the AIDS strategy has undermined Canadian research. It has limited our ability to track the epidemic through longitudinal cohort studies. It has reduced our capacity to run clinically relevant HIV clinical trials of the kind that are not funded by large pharmaceutical companies. It has driven talented Canadian-trained HIV/AIDS researchers out of the country or out of the field.

Canada could lead the development of an HIV vaccine and a new wave of therapies by boosting support for the AIDS strategy by \$60 million, a pittance compared with the cost of treating individuals living with HIV infection. Canada could get ahead of this epidemic for the first time with effective prevention treatment and research. We could then build on Canadian successes in vaccines research as well as other areas of HIV clinical care and prevention. The upfront investment would not only slash future health care costs but also foster strong communities and generate further investment in health research in other sectors.

When Toronto holds the XVI International AIDS Conference in 2006, Canada could then rightly say it had developed a model multi-sectoral response for fighting AIDS at home and abroad.

The Canadian Association for HIV Research and the Canadian Coalition for HIV/AIDS Stakeholders recommend the strong support and immediate increase in the budget of the Canadian strategy on HIV/AIDS to \$100 million. Only this amount would bring Canada's AIDS strategy in line with the priorities of the federal throne speech on public health and improving health care. Most important, it would allow Canada to reduce the terrible human, social, and physical costs of our still-growing HIV/AIDS epidemic.

Thank you very much.

The Chair: That is pretty quick. I am not sure if the translators appreciated it, but thank you.

Mr. Penson.

Mr. Charlie Penson: Thank you.

I started to ask Mr. Jeffery a question regarding public awareness. I understand, though, that you are more than that. You're recommending government deal with foods on the basis of taxation, trying to discourage foods that are not good for you with higher taxation.

The difficulty I have with that is that it seems like Canadians are somewhat confused on what's good for them and what isn't, according to the latest sort of trend. It wasn't that long ago that Canadians were encouraged to eat a lot of fish and now we are saying we have to be careful about how much fish we eat.

Eggs were really bad for you a few years ago. Now, all of a sudden, eggs are fine. Margarine versus butter; butter was terrible and margarine was good. Now there are the trans fats.

The point I'm trying to make is this. Isn't it difficult for Canadians to follow what's happening in terms of nutritional foods when you get these trends? I do not know who's putting it out there, that certain things are good for you or bad for you, and it is changing fairly quickly. I'm not sure how you would decide what foods would be taxed on that basis, because it seems to me that some of them would have been taxed pretty heavily a few years ago and now, all of a sudden, they're great again.

How do you square that circle?

Mr. Bill Jeffery: There is a pretty significant body of scientific agreement about some principles. For instance, there has been very little disagreement about the fact that diets that are rich in fruit and vegetables, with the exception of french fries, for instance, can reduce your risk of cancer and reduce your risk of heart disease and so on. Whole grains, low-fat milk...most foods would be fairly easy to categorize.

To be sure, there have been some differences of opinion at the fringes. But that is simply a reflection of the evolution of scientific understanding. I imagine if we did reform our sales tax laws in such a way that they more effectively represented the kind of current understanding about the relationship between diet and disease, there might have to be some kind of tweaking at the fringes periodically.

But right now, sales tax does not support healthy eating. In some cases it erects financial hurdles to purchasing healthful foods. In other cases it has financial incentives for purchasing unhealthful foods.

Mr. Charlie Penson: That is probably true, and I am sure things can be done to get to where you want to go. But I point out that we have deterrents on tobacco with heavy excise taxes, and it seems as if there is more tobacco use than ever. It is not necessarily going to be taken up by the public as a result.

I am wondering if your better approach wouldn't be the public awareness and education portion rather than trying to bring down a monetary penalty that in a lot of cases doesn't seem to work. Alcohol is another example of that, of course.

● (1920)

Mr. Bill Jeffery: I think—and I think tobacco control experts would say this to you—it is important to take a multi-pronged approach, an integrated approach. Certainly public awareness is an essential ingredient in that, but also tax reform. It is my understanding that additional taxes on cigarettes were instrumental in reducing smoking rates from about 30% seven or eight years ago to about 20% or 18% now. So taxes have been particularly useful in that regard.

Mr. Charlie Penson: But then you have a smuggling problem cross-border.

Mr. Bill Jeffery: There was a problem with that in recent memory, but I think everyone seems to agree now, in the public health community, that tobacco taxes were very effective.

I have heard the Heart and Stroke Foundation say, for instance, that approximately half of the reduction in smoking rates is attributable to the tax increases.

Mr. Charlie Penson: Thank you.

The Chair: Thank you, Mr. Penson.

Ms. Minna, then I will go to Mr. Martin.

Hon. Maria Minna: Thank you, Mr. Chair.

I have a couple of things. On the issue of HIV/AIDS strategy, I support that. There is no question. As you know, I was the Minister of International Cooperation, so I dealt with HIV/AIDS abroad but also had an international conference in Toronto that the Canadian organizations were also part of.

At that time there was a great deal of talk, Mr. Angel, about vaccine and research. I know I funded, through CIDA, some international research on vaccine trials for developing countries, specifically because of the different strains of AIDS.

You tell me that there are vaccine trials going on. Could you tell me at what stage and how realistic that is? There seems to be an elusive mark for the vaccine.

Dr. Jonathan Angel: First, I think the moneys you're referring to went from CIDA to IAVI. They're spent abroad, and Canadian investigators, researchers, clinicians, and patients never had a role in how that money was to be spent. It did not enhance, within the country—

Hon. Maria Minna: No, I understand that, because that money was specifically for different strains of AIDS in developing countries—specifically South Africa.

Dr. Jonathan Angel: Right now in Canada there are a number of efforts to develop HIV vaccines. CANVAC is one large organization. It is part of the networks of centres of excellence and is funded to develop vaccines for HIV, hepatitis C, and cancer. Those are ongoing. From an HIV standpoint, they are starting from development of the actual molecule—development of the vaccine from the bench. It will not reach clinical trials for four, five, six, or seven years. That's their approach.

A number other people are looking at different vaccines in different capacities. What I've been studying, and some others in my group are studying, are referred to as therapeutic vaccines. The way they work is to boost or enhance the immune system of individuals already living with HIV so that they would no longer need to take daily therapies.

Hon. Maria Minna: You're not looking at preventatives, then. You're saying—

Dr. Jonathan Angel: These are rather than preventatives.

There are other avenues. Other people are looking at early-phase studies of preventative vaccines in Canada.

Hon. Maria Minna: Okay. Thank you.

I have two more questions, one for Ms. Binder and one for Mr. Jeffery.

As you know, the increase in AIDS is more among the population of women. The women's condom is what it is, but there was also research with microbicides. Maybe both you and Mr. Angel can answer whether that treatment is anywhere near a reality, not only for Canadian women but for the world as a whole.

Ms. Louise Binder: For those who may not know what a microbicide is, it's generally a cream or a gel that can be applied by the person who's seeking protection from HIV. It is completely opaque to the other partner. There's no requirement to negotiate condom use if you have a successful microbicide. We're actually, with one of—

● (1925)

Hon. Maria Minna: It's generally referred to as an invisible condom.

Ms. Louise Binder: Yes.

Hon. Maria Minna: I just want to get your answer, because I don't want to miss Mr. Jeffery.

Ms. Louise Binder: I'm sorry, it's just that not everybody knows what they are.

Hon. Maria Minna: I understand.

Ms. Louise Binder: We have six that are presently going into phase two or three trials. We're very excited about them and believe we will have an effective microbicide on the market within the next five years. It's really very exciting. It will save many women's lives around the world.

Hon. Maria Minna: Thank you. That would be great. Both in Canada and in developing countries, the women will use it; men won't know it's even there. That's great; there won't be the objection. But it is a real issue, especially in developing countries.

Mr. Jeffery, your presentation talks about other countries—the U. K., New Zealand, and then European countries—having actually prevented cancers and having had a plan.

It was Mr. Discepola who made that comment? I'm sorry, Mr. Discepola. I wasn't here when it was made; I was just reading your document. I missed you.

Can you tell us what those plans were? In Toronto, for instance, or in parts of Canada, we've outlawed smoking. When I go to Europe, smoking is everywhere—in airports, for instance—so that's one area that hasn't helped prevent it. I just want to understand, if you can give us an idea, what kind of planning they've done. What kinds of things have they done to actually prevent this particular disease? This is really quite fascinating to see; I find it more interesting than even a cure, to some degree.

Mr. Nick Discepola: Simply put, what they developed was a plan not unlike the plan our government has developed. This plan has been in the making for several years now. The problem is we haven't acted on it, and they did.

By simply taking the 94 recommendations that over 700 specialists have put forth and applying, for example, just the research we know to date, we can prevent one-third of cancers. By applying that research, we can cure another third.

And there are statistics. Pat has some statistics, for example, for Ontario where, if women knew the types of treatment options they have there and don't have access to, they would be up in arms. I can give you the example of cervical cancer, I think it is.

Mrs. Pat Kelly: That's right, cervical cancer; every week in Ontario 11 women are diagnosed with cervical cancer and three women die of the disease, and it's a completely preventable death.

Cervical screening programs have saved lives in other countries such as the United States. Breast screening programs can reduce mortality in women in targeted age groups by up to 40%, and yet only between 40% to 50% of women in the targeted age groups in Canada undergo regular screening programs. With colorectal cancer, we have mechanisms for screening the population early. When you screen early you find more cancers, but you also prevent more deaths. When we're screening for a disease there is a huge impact on our health services system, but what's the point in screening for a disease when you then tell people “You have to wait in line”, or “You have to go to the United States”? Some 73% of colon cancer patients in Ontario didn't receive appropriate staging for their diagnosis. They didn't get the right treatment because no one knew what the appropriate stage was, and there are different treatments depending where you are in that continuum.

Cancer is about to overwhelm our health care system, and we have a plan. We've had a plan for years. It's been funded at \$500,000 a year by the federal government. It's time to act.

The Chair: Thank you.

Mr. Martin, you have seven minutes.

Mr. Tony Martin (Sault Ste. Marie, NDP): I want to follow up on the last passionate comment that was made. I think across the board we've heard that if we did prevention, if we did more health promotion, we would spend less down the line on trying to cure and fix people. But we never seem to be able to get there.

Does anybody want to proffer an answer as to why we can't? You have the research; you have the data; you can present it; but we can't get it from here to there—to actually have the money invested to make it happen.

In my own community—I'm from Sault Ste. Marie—we have the group health centre, which many of you probably heard Roy Romanow and the Prime Minister visited and every minister of health we've ever had in Ontario visited. Yet that establishment, which prides itself on an integrated health delivery system, doing lots of promotion and health prevention and public education, doesn't have a contract, because somehow we just can't get it to happen, just can't get government to understand where it fits in the health care funding system.

What's the problem?

● (1930)

Mr. Nick Discepola: Let me just tackle that first.

From my perspective, there are two issues. One is the question of leadership. You need a national government to take the leadership role. Until that happens, you're going to have the provincial governments all working on their own. Right now you have situations in various provinces... My home province of Quebec, for example, has the worst outcomes in cancer treatments. British Columbia has the best outcomes. So you have a case where four million people in British Columbia have better access to certain treatments than in another province, for example, or in certain regions within the same province, you don't have the same access.

I would suggest that the other reason, Mr. Martin, is that for the first time... Until December 2003, for example, politicians such as you and others would be lobbied by either the cancer society, the breast cancer society, the prostate cancer society... You had 100-odd organizations lobbying on their own. Through the National Cancer Leadership Forum, we're now talking with one voice and we're developing five to six priorities we want the government to act upon, not 160 priorities. We hope we've come to the point—we being the cancer community—where now we're speaking with one voice. We have a plan; we're just asking leadership from the federal government to implement it, in collaboration with the stakeholders and the provinces.

The Chair: Mr. De Mora is next, and then Mr. Jeffery.

Mr. Joe De Mora: Thank you.

It may seem to you to be strange that as a hospital CEO I'm going to make the comment I am, but trust me when I tell you that the people we have working within our system include the researchers who are making exactly the points that you've been hearing today.

The bottom line, Mr. Martin, is that prevention has been shown to work in the past. The problem is that we have an infinite capacity to develop more disease entities and organisms that take over the role that others had. If you look back 50 or 60 years ago, people died of infectious disease. Things like understanding the mechanism of penicillin antibiotics and so on have made a huge difference in that.

What we're now talking about are the types of illnesses and diseases for which we are stuck having to produce acute care treatment now, and we oftentimes overlook the need for promotion in advance. There is no question in our minds that we need to get to the point where other countries have got, and the only way to do that is by having good work and good research to show what the indicators are. I think what you're hearing is that there's a fairly high degree of unanimity in the country now, as evidenced by people like Kirby and Romanow, that we need to balance the money being spent on acute treatment with health promotion and others.

I'd be the first to tell you that we would rather not be in the business of treating some of the people we are treating, and we are in support of looking at the benchmark data that will show how countries in Scandinavia, for example, have fared. There's a sound economic reason to do that as well, in fact, because more prosperous countries result from countries that are healthier and have invested in the front end in some of these things.

The Chair: Mr. Jeffery.

Mr. Bill Jeffery: I'd like to first of all agree with Mr. Discepolo when he was talking about a stovepiping issue in cancer control, but I'd like to put a bit of a gloss on that.

The mandate of our organization is to address food and physical activity issues—primarily food—but it's given us an opportunity to see that type of stovepiping between different types of diseases—cancer, heart disease, osteoporosis, and so on. So I think people are starting to come to the view that we have to have a kind of unified chronic disease prevention strategy.

The other point is that I have less difficulty making this case to ministers of health. The Minister of State for Public Health, in particular, is very enthusiastic about pursuing strategies like this. I think there's a real chasm between the Department of Health and the Department of Finance, and it was reflected in the presentation the minister made to this committee a week or so ago in which he recognized that the aging baby boom population was going to create some very real problems for the future in terms of a shrinking labour force and increasing demands on the health care system. But he didn't really make the link between that and preventing the types of diseases that are going to bring this pressure to bear on the health care system, and the public policy and fiscal measures that are needed to tackle that head on.

• (1935)

The Chair: You still have 30 seconds.

Mr. Tony Martin: Just let me also throw out what I think is one of the problems, which is that we have a vested interest in an after-the-fact cure and approach to sickness. It has become a big industry, a big business, and that's where the money goes. So we can't get from there to here because the influence that's being brought to bear is more effective on the end of taking care of it after it happens, as opposed to before.

I remember as a provincial member being lobbied by the doctors, for example, because in the early 1990s, as a New Democrat government, we were trying to bring in some new health promotion and prevention initiatives. This doctor came out to me and said, "Listen, Tony, between you and me, we know people are going to get sick. We have to put the money in where we can make them better after they do. Forget all this prevention and promotion stuff. It's money spent. We don't know where it's going, and it's wasted".

There are groups of people in the health industry in this country who have a vested interest. Are they getting in the way?

Mrs. Pat Kelly: I'll just comment briefly on that.

I think you're right, the disease industry certainly has a strong incentive with a profit margin, but it's not sustainable. If one in three Canadians is facing cancer today and it's going to shift to one in two, who's going to pay for those drugs? We don't have a sustainable approach as we're taking it now.

The fact is, as we've heard, prevention works. One-third of cancers can currently be prevented if we apply the knowledge we have today, one-third can be effectively treated, and one-third of people will go on to palliative care. Still, we don't have the resources to deal with that either.

The WHO, which came out with its strategy in May 2004, endorsed a global strategy on exactly what you've been hearing from all of us here today—diet, physical activity, and health-promoting behaviours. This is exactly the strategy that we had in Canada on health promotion—the ParticipACTION program.

The people who are going to get cancer in the next 10 years are going to get cancer no matter what we do now. We can't prevent those cancers. Women who are going to be diagnosed with breast cancer in 2015 already have breast cancer. They just don't know it. And we have no means of detecting it until it becomes a tumour that's large enough to be seen on mammography. The same is true with many other cancers: there's a long lead time.

That doesn't mean we don't act today. It means if we had acted, if we had done the right things in primary prevention, we would have seen a dramatic reduction, as they have in other countries. We can't do anything for the people in the next 10 years. We have to act with far-sightedness and not just be driven by the vested interests of industry.

The Chair: Mr. De Mora wants to answer, and Mr. Jeffery, but please, very quickly.

Mr. Joe De Mora: I can talk for only those of us who are involved in the provision of things like acute care. I can tell you that the feeling is universal among our group that we'd rather not be dealing with some of the consequences of not having acted 20 or 30 years ago. There's certainly no vested interest on the part of providers. As for whether or not that's true in terms of companies that produce products and services, I can't speak to that.

I think the problem is that we have to deal with what we're presented with. Just because we now are faced with the circumstance of acting on the lack of prevention before doesn't mean we shouldn't do it now. We're talking about long lead times, and we need to make sure those investments are made now.

The Chair: Thank you.

Mr. Jeffery.

Mr. Bill Jeffery: I think you make a very good point.

Most of the spending initiatives we advocate involve provision of services by the public sector, so there's no private profit to be gained by them.

But private profit is to be gained, I suppose, not just by treating, but also by the disease-manufacturing industries, for instance, tobacco and food companies that sell foods that are high in saturated fat, trans fat, and so on. They generate a profit.

A lot of our public policy recommendations—not just the fiscal ones, but restricting advertising directed at children, better nutrition labelling on restaurant menus, and so on—are all about trying to better internalize the costs of conducting business.

● (1940)

The Chair: Thank you, Mr. Jeffery.

Mr. Bell, and then I have Mr. McKay.

Then, hopefully, we go home.

Mr. Don Bell: Thank you.

First of all, back to Mr. Jeffery on the issue of food—as I have my can of Coke here—I want you to know that adding a tax to it doesn't deter me. I can buy juices or other things cheaper—I sometimes get them free in these meetings—but I'll go down to a vending machine to get my Coke. Hopefully, we can talk younger people into having a different approach than I have. I'm maybe one of those old dogs, and it's too late to change tricks.

I was going to ask the question that Mr. Penson asked earlier, the question of nutrient-poor foods. I spent a number of years in the retail food industry, and I know that when we tried to move toward environmentally sensitive foods, for example, reduced packaging and products that had... it was very difficult to get into some of the definitions. As Mr. Penson said earlier, I've watched the definitions change over the years as to what's good for you and what's bad for you... and not knowing for sure.

Clearly, one of the things that I noticed as a municipal politician was the issue of healthy lifestyles—the benefit of the ParticipACTION program, for example—and the fact that there's been a suggestion increasingly now from a number of groups and local government people that there should be a tax credit or a write-off on your income tax for physical education programs, if you sign up for a gym or you have your kids in hockey. Those kinds of things, which are preventative, should be available as a reduction on your income tax as an incentive to actually get out and to recognize that it's an investment.

I don't know if you've given any thought to that.

Mr. Bill Jeffery: There are some additional complexities with introducing tax relief like that. We shied away from it a little bit because it wasn't clear to us from the data available about spending on those types of things how much revenue would be lost to the federal government. We were reluctant to make recommendations if we didn't know what the end result would be in terms of declining revenues. It was a little bit easier to predict with regard to food because we had a little bit better data and it seemed clear that changes to the Excise Tax Act could actually be revenue neutral. If you tax a few more fruits like Fruit Loops or what have you that are nutrient poor but currently tax exempt and remove tax from, say, vegetable salads or vegetable dishes or low-fat milk in restaurants, they could basically even out.

Mr. Don Bell: I was going to ask a question that I think Ms. Minna asked to some degree as to what we can learn from Austria and Finland, which hit their targets of 15% reduction, and the countries that you've mentioned that maybe haven't achieved 15% but have achieved reductions anyhow. I gather that there is a similarity to the CSCC, and it's just a case of implementing it. Is that more or less what I've heard?

Mrs. Pat Kelly: The targets that were set in other countries included screening along the continuum, from primary prevention particularly in tobacco but also in colorectal screening and cervical screening. More recently, advances have been made in the area of lung cancer—early detection of lung cancers. So these are all program models in which the early detection component of it and the treatment component of it were part of pan-national efforts essentially, particularly in Ireland, where they had quite dramatic reductions, and the U.K. The programs were based on an integrated model, a comprehensive plan. It was stretched out. It wasn't something that started year one and within two or three years you saw dramatic reductions.

What seems to be the most compelling case is that organized cancer systems, as opposed to fragmented systems such as we have now—integrated planned systems that are comprehensive, from primary prevention to palliation—result in reduction of incidence and modality for the disease. Nick mentioned earlier the fact that in British Columbia we have four million citizens who have advantages because they have had a long history of an organized cancer system. B.C. stands now for better cancer care at times. In the province of Quebec, which has not benefited from an organized system, we have some of the worst outcomes.

• (1945)

Mr. Don Bell: I know there is a proposal from B.C. in fact to try to work even more closely with the genomic centre, and that seems to make a lot of sense. That was the group that broke the DNA pattern for SARS, I think it was. I guess that's a curative hope.

The issue I see is that just about everybody has been touched by cancer. The difference between that and what I see with AIDS—or there are some similarities, I guess—is education and in both cases prevention, to where it's preventable if it isn't genetic in some way. Has the public suffered to some degree from overload on message? By that I mean, whether it's AIDS... are the young people responding to the fears? There were some great commercials for a while, and ads, and I've seen them for tobacco as well. But I'm wondering whether the public becomes numbed after a while and no longer pays attention to that message. Does anybody look at the cigarette package with all the pictures of the lungs and all the rest? I don't smoke so I don't know. Does it lose its effect? Do you have to change it? In the case of AIDS, I remember television ads that were showing a fellow—a man or a woman—and then they would flash a skull on it, as if this person could represent death to you. They had an impact initially. Do they continue to have, particularly for the younger age groups?

Ms. Louise Binder: Sorry, I was just going to make a comment.

Yes, they do have an impact, and we don't see them anymore. Part of the problem is that we have not recognized the need for targeted prevention, education, and awareness campaigns that reach each of the different populations that are now being affected and infected with this disease. They certainly are an important component of an overall prevention strategy, for sure.

Mrs. Pat Kelly: In tobacco control, some of the more recent ads that have been running—not nationally, but I know in the maritime provinces, particularly in Nova Scotia—are targeted at second-hand smoke affecting children. You will see ads that have a family getting into a mini-van ready to go off to Disney World, and the parents and

the children all light up cigarettes. That type of shock value seems to have some impact, but—

Mr. Don Bell: There is one really good ad, that one with the person having a smoke. The person had a tracheotomy and was putting a cigarette up to the tracheotomy, I think.

The Chair: Thank you.

Mr. McKay.

Hon. John McKay: Thank you, Chair, and thank you, presenters. I'm sorry I wasn't here for the entire presentation.

This is the finance committee, better known as the committee of unhappy choices, because we end up making choices among a variety of options. I don't know that we always get it right. Certainly that's why we benefit from your advice as to hopefully getting it closer to right than wrong.

I just came from a presentation on prostate cancer and I got chatting with one of the researchers afterward. I'm trying to recollect the figures, but it was something to the effect that essentially prostate cancer is the poor cousin of breast cancer in terms of research. Again, you would probably be able to bring the numbers more quickly to mind than I can, but my recollection was that the research dollar per prostate death was about \$3,000, the research dollar per death from breast cancer was about \$9,000, and the research dollar per death from HIV/AIDS was about \$36,000.

I am hard pressed to know why we should give preference to one form of cancer over another when one of those cancers causes as many deaths as the other form of cancer. Again I stand to be corrected by you people who actually know, but my recollection is that there are about 45,000 deaths per year from breast cancer and 45,000 deaths per year from prostate cancer—almost a dead heat.

You have within the cancer community apparent distinctions being made on gender vis-à-vis another death—and we have the HIV/AIDS people here—in terms of numbers, not a significant number of deaths vis-à-vis the general population. Obviously if you're the person dying, you think it's pretty significant...but nevertheless, in terms of the larger picture.

Can you, for me and for this committee, give me some basis for distinctions among Canadians either on a gender basis or on a differences-in-disease basis for allocation of research dollars?

• (1950)

Mrs. Pat Kelly: I will comment very quickly on prostate and breast cancer.

By the way, the pin I am wearing is a link between prostate cancer pins and breast cancer pins.

Hon. John McKay: That sounds like a step in the right direction.

Mrs. Pat Kelly: The National Cancer Leadership Forum is representative of 30 of Canada's leading cancer organizations that have come together for exactly this purpose. We want this implemented. We all want the same thing. The rising tide lifts all ships.

With regard to breast cancer and prostate cancer, the first time I came to Ottawa to testify was in 1993 at the House of Commons subcommittee hearings on breast cancer. At that time one of the questions we were asking and trying to have answered was how much we spend on breast cancer research in this country. We spent less than \$800,000 total Canadian taxpayer dollars from the federal government. At that time, U.S. citizens were spending about \$8 per citizen for cancer control. We were spending less than \$2. It's still about that.

In terms of how you determine the magnitude of importance of a disease, one way is early years of life lost. Louise and others from the AIDS community will tell you the early years of life lost in that disease. I will tell you that the approximately 100,000 early years of life lost every year to breast cancer in this country compares to about 36,000 early years of life lost to prostate cancer. That doesn't mean that because you are 65 or older and you are diagnosed with a disease it is no less horrendous for you and your family to be facing an early end, but it's one measure.

When you can do something—

Hon. John McKay: Is this generally accepted in the scientific community that you measure it on the basis of years of life lost, rather than on gender or differences of diseases? Is that true of the heart community as well and various other forms of diseases?

Mrs. Pat Kelly: You could look at pediatric care, the investment in neonatal care for infants, because of the magnitude of importance we place on some lives versus others. I'm not going to try to answer here whether it's right or not, but when we can do something, when it's a preventable death, we have a moral obligation to act, and that's what our message is here.

There are things we can do in cancer control. Many of them have to do with chronic disease prevention. If you did all the right things in cancer control, you would reduce arthritis, diabetes, heart disease, lung disease. There'd be benefit right across the system, but in terms of competing diseases, we're not going to go there. It's a bigger pie. It's not about a bigger piece of a small pie; it's about a bigger pie.

You've heard this, that Canadians expect that when we say we have the best health care system, we're going to maintain it. When you're diagnosed with a life-threatening disease—whether it's arthritis, or diabetes, or AIDS—they expect that this system is going to be there, that you're not going to have to wait, or go to Buffalo, or not have treatment options available to you. There are treatments—

Hon. John McKay: With the greatest respect, I say that's an exit ramp you've taken and there is not an infinite amount of money, there just isn't, so choices get made. Are the choices made that say an infant's life—in terms of whatever, I don't know how you calculate

these things—is preferenced over an older person's life? Is that how the decision is made and is that how... I see Louise is jumping up and down to get into this discussion here. But I think it's a rather critical discussion because it is not an infinite amount of pie.

— Last night we spent the surplus 40 times over, and people have to

• (1955)

The Chair: That's where you were.

Hon. John McKay: No, that's just on the witnesses alone.

Louise, I'm interested in what you have to say.

Ms. Louise Binder: Thank you.

I certainly agree with Pat that I don't think it's a question of pitting us against another group, and I also agree there are synergies in the research, for instance, that's been done in AIDS. It's helped us in hepatitis, it's helped us in a number of other diseases, learning about the immune system and how it works.

I do think, though, that there is one important thing we should keep in mind. This is public money, so that's a very important factor. But when we are making decisions about public money, we have to look at the entire pie, whatever size it is, and the reality certainly for AIDS is that we get very little private money relative to most other important and life-threatening chronic disease groups. I'm sorry that's true. I'm delighted that the other groups are so able to privately fundraise. I wish we were.

This disease is still a disease of profound stigma and discrimination. So if we're looking at why do we feel a need for public funding, it's because there's very little private fundraising we've been able to do, and I assure you it's not that we have not made every attempt and thought of every strategy we can do so. That's I think something to keep in mind when you're making the decisions about public money. You do have to look at the whole pie. Unfortunately, our part of the pie that's private is not very large. You wouldn't be able to make a meal out of it.

The Chair: I think Mr. De Mora wanted to go.

Mr. Joe De Mora: I wish we could help you with your dilemma. That in fact is one of the big issues you have to face, because it's an issue of competing social issues and nobody is going to say one is greater than the other. The only thing I can tell you, though—and I think we'd all agree here at this table—is that the only way forward is to get good information about what works and what doesn't work and try to do a value-for-money equation. There is never going to be enough.

I think what we have to be clear on is that the policy discussions and the policy initiatives that are made have some end point, so that includes where research policy is going and what's being investigated, what's being funded, and so on, and try to work on best cases and experience from other places. That I think we would all offer you as a way forward. You need to ask yourselves, what does the evidence suggest is the right way with the expenditures we have, and how best do we balance this? And, unfortunately, the dilemma you have is that you're never going to have enough money to do it all.

Dr. Jonathan Angel: I would like to make a quick comment on that.

I'm an infectious disease specialist so I have my own view of things. In the late 1980s, early 1990s, when you got infected with HIV you died within months and years. With the research that's been done and the development of drugs, incredibly rapidly effective therapies were developed, and most people being diagnosed with HIV infection today will likely live with medication forty or fifty years and have productive lives. There's a huge advantage. There's a huge impact from the research that's been done.

Like other infectious diseases, if a vaccine is available in five, ten or twenty years—who knows?—but say a year, transmission of the disease will end ideally, as it has for measles and polio, in this country, and zero dollars are spent on research in those areas. So if you look at the long term, you eliminate the disease with an effective vaccine. Down the road you're not going to have to spend money on those diseases.

So my view is that of an infectious disease specialist, and obviously it's unique in that respect, and that's the view I take with HIV.

The Chair: Thank you.

Thanks to the witnesses for showing up so late. Your indulgence is appreciated.

I also want to thank the members and, of course, the Liberal members for also being here.

Thanks. The meeting is adjourned.

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

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

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