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Chair

Mr. Massimo Pacetti

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• (1530)

[English]

The Chair (Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.)): Good afternoon, everybody. Thank you for coming by.

I want to thank the witnesses, the groups, the associations, for appearing. We have a big number of eight groups, so if you can keep your interventions, opening remarks, opening statements to a five-minute time limit, I would appreciate it, because then the members are going to want to ask questions.

I have the list of groups here. We're going to go in the order that I have, so the first group is the Canadian Taxpayers Federation.

Mr. Williamson.

Mr. John Williamson (Federal Director, Canadian Taxpayers Federation): Thank you, Mr. Chairman. My name is John Williamson. I'm the federal director of the Canadian Taxpayers Federation. I'd like to thank members of the committee for this opportunity to bring the Taxpayers Federation's perspective to your pre-budget deliberations.

Once again, the federal government is facing a growing surplus. There are many who are clamouring at the prospects of new spending choices, but before lawmakers get too far down this road it is worth remembering that it is not a surplus resulting from reduced spending, but rather one that is the result of a structural overtaxation.

The Canadian Taxpayers Federation is urging this committee and all parliamentarians to make the following three priorities central to this year's federal budget: broadly based and fair tax cuts, legislated and planned debt reduction, and meaningful reduction in elimination of wasteful spending. That we need and can afford further broadly based tax cuts is obvious.

Finance minister Ralph Goodale recently forecast that the budgetary surplus will be \$8.9 billion this year, last month he reported the surplus in 2003 was \$9.1 billion, and two years ago the surplus was \$7 billion. Government spending restraint is not the cause of today's big surplus announcements. Program spending has grown by 6% a year since 2000.

Had there been a better forecast of revenues last year, Canadians could be enjoying the first phase of an \$1,100 tax cut in the form of a higher basic personal exemption. Last year we called on this committee to recommend the basic personal and spousal exemptions be raised to \$15,000 over a five-year period. In the context of

growing surpluses, we are confident members will see this proposal's merit and affordability.

In terms of forgone revenues, \$4.5 billion will bring the exemption to \$9,000 next year, but this assessment discounts any stimulative effects of lower taxes. The government and Canadians know otherwise, as we saw with the much-hyped \$1 billion tax cut that began in 2000. The actual cost in terms of forgone revenues was far less than \$100 billion. To paraphrase the former Prime Minister, the proof is the proof. In the 2000 budget and economic update, then finance minister Paul Martin presented a pre-tax-cut forecast of \$193 billion in revenues for this fiscal year. Today, not only are revenues \$4 billion higher than they were in 2000, but revenues, after cutting taxes, are also higher than what Ottawa had estimated they would be had taxes not been reduced.

Many said the government's 2000 and 2004 tax relief measures would dramatically reduce expected revenues, but they did not. Here I quote finance minister Ralph Goodale:

the revenue growth we are now seeing is of a permanent and structural nature.

Now, this shouldn't come as a surprise. Tax cuts strengthen the economy and lead to more working Canadians paying taxes. So yes, tax cuts actually increase government revenues.

A growing economy and debt repayment has federal government debt on a downward trajectory. Taxpayers have long advocated for a debt retirement schedule. The Financial Administration Act wisely requires that 100% of any surplus be directed to debt repayment, yet medium-term prospects for surpluses make it clear we need to move from debt repayment by accident to debt repayment by design.

The Taxpayers Federation applauds the government for embarking on streamlining of program spending with a target of 5% a year. We applaud the sale of the government's remaining stake in PetroCanada and a proposal to sell public buildings. These types of initiatives will go a long way to ensuring this government can implement a mandated line item in the budget that reduces debt.

The CTF recommends an annual budget line devoted to debt repayment beginning with 1% in the 2005-06 budget and rising to 5% in the coming years. If our good fortune and good fiscal management hold, our half-trillion-dollar debt could be paid off in a generation, saving billions in annual interest payments.

When it comes to overspending, taxpayers identify wasteful spending as the driver of government excess. Some 34% of CTF supporters identified the elimination of wasteful spending as their top priority for Ottawa this year, and if there is anyone here today who disputes the fact that the federal government is wasteful in its spending, I would invite you to visit or just tune in to the Gomery inquiry.

Contrary to the assertions of some, June's federal election loudly and clearly demonstrated Canadians' concern over waste and mismanagement here in Ottawa. The billion-dollar advertising and sponsorship scandal, perhaps the most egregious example of government mismanagement in recent memory, is not a unique case. For those more attuned to games here in Ottawa, more than 10 years of Auditor General's reports show consistent management planning and evaluation flaws with all the government's discretionary grants programs.

To put this into context, the discretionary grants of just eight of the government's 22 departments will account for over \$15 billion of program spending. From our perspective, a good place to begin cleaning up this mess is with Industry Canada's corporate welfare schemes. It is worth dwelling on the question of spending.

• (1535)

When the last budget was tabled, the government attempted to portray itself as being fiscally responsible by telling Canadians it was holding program spending to 3.1% in 2004. Yet the recent economic and fiscal update revealed program spending will in fact grow by 6.5% this year, more than a twofold increase.

Increasing spending at such a pace is simply not responsible or sustainable. It is high time spending increases be kept in line with population growth and inflation. This means the real size of the federal government would grow in order to provide Canadians with the same bundle of goods and services. It would not decline. Regrettably, increased government spending has not been isolated to 2004.

Ottawa's long-term structural overtaxation needs to be reined in. Raising the basic personal and spousal exemption to \$15,000 by 2009 will be welcomed by all Canadians. Families with incomes of \$30,000 or less will pay no federal income taxes, and 1.8 million low-income Canadians will be removed from the tax rolls.

The prospects of eliminating our government debt in my lifetime is a real legacy for future generations.

Finally, Ottawa must learn from the Gomery inquiry not to simply punish the guilty but rather to do better in eliminating wasteful spending.

Members of this committee, you have an opportunity to make recommendations that will speak to these concerns. I thank you very much.

[*Translation*]

The Chair: Thank you.

I now turn to Mr. Ruffell, from the Canadian Professional Sales Association.

[*English*]

Mr. Terry Ruffell (President, Canadian Professional Sales Association): Thank you, Mr. Chairman.

My name is Terry Ruffell and I'm president of the Canadian Professional Sales Association.

First, I'll give you a little background on the CPSA. We're a national organization comprised of 27,000 men and women engaged in all aspects of sales and marketing of goods and services across Canada. Many of them are also responsible for the international sales and marketing of the goods and services generated in Canada and destined for foreign markets.

Members of our association range from the self-employed entrepreneurs and smaller businesses to sales and marketing employees in major Canadian corporations. They are located in every province and territory, contributing directly to the economic well-being of the communities in which they are located. Collectively, they also contribute to the business wealth within Canada, as well as the country's positive international trade balance. This impact should be borne in mind as our brief is considered both today and later.

The views that are expressed in our submission were gathered by means of a pre-budget survey that we did with a representative sample cross-section of our membership undertaken this summer. The responses were received from members in all provinces, the territories, and our submission was filed with the clerk in mid-October. Additional copies have been deposited with him today.

CPSA's invitation to appear before the standing committee this year was accompanied by eight questions, which we were requested to respond to. Our answers, which were filed with the clerk last week, are consistent with the contents of our submission, and I'll be referring to them throughout the balance of my presentation.

The committee's first question asked what should be the spending, taxation, and other priorities of the next budget. Our pre-budget survey showed clearly that broad-based personal income tax relief should be "the" priority concern of the budget.

The committee then asked what budgetary measures were needed to ensure a strong economy. We reiterated that a significant reduction in personal income taxes would make an important contribution to the strong economy sought by the committee. Furthermore, we have argued that both personal taxes and pension contribution limits must be internationally competitive if Canada is to forestall emigration of high-income Canadians, attract higher-income immigrants, and encourage foreign investment in Canada.

Question three posed by the standing committee asked respondents to prioritize their spending options. Spending on education and training and on health care rated the highest among the various options we presented to our members. In response to question seven, we restated our support for both an ongoing review of non-statutory spending and for the need to reallocate funds from low-priority to high-priority government objectives. We added that the only rationale, and I think you heard it a minute ago, for an absolute increase in spending is growth in inflation and population.

Still on the subject of spending is question eight, which asks how federal surpluses should be allocated among debt reduction and a group of other options, including increased spending. Our reply is emphatic: any surplus for a particular fiscal year should be automatically directed to reducing the national debt. I want to quote directly from our response to this question. Here's what we said:

The Standing Committee should recognize that using the surplus from one fiscal year to finance unbudgeted program spending initiatives in another fiscal year is contrary to sound financial management and, as a result, deserves to be strongly opposed.

In question four you asked whether the government should institute another broadly based tax reduction program. We've already pointed out to you the importance of additional personal income tax relief, and our pre-budget submission also calls for a reduction in the EI rate for 2005. I believe the Auditor General said the same thing.

The establishment of a reasonable cost-per-kilometre deduction for individuals using their own cars for business use would be a good tax simplification measure, and certainly, as sales people, we think a review of the 50% business meal deduction should be undertaken. We question the value of all the hassle that Canadians are put through and what take the government has in that regard.

Continuing with the subject of review, question six raises the issue of fiscal imbalance between the various levels of government. We've asked the standing committee to consider whether sharing the federal excise tax in gas and diesel fuel is the most cost-effective and straightforward approach to assisting Canada's municipalities financially. So whatever you do, make it cost-effective and straightforward.

Finally, question five asked us to discuss the implications of reducing the tax burden on lower- and modest-income families. We noted that the increase in financial burden in families has been harsh, particularly in recent months. Tax cuts for them would likely translate into higher consumer spending, to the benefit of the Canadian economy.

That concludes my opening remarks, Mr. Chairman. I look forward to discussing our views with you.

• (1540)

The Chair: Great job, right on time.

Now we have the Canadian Advanced Technology Alliance, Mr. Paterson.

Mr. David Paterson (National Director, Canadian Advanced Technology Alliance): Thank you, Mr. Chair.

The Canadian Advanced Technology Alliance is the trade association that represents the Canadian high-tech industry. Most of our members are small businesses, but despite that, almost every one of them does research and development and almost every one of them exports to global markets.

The first question I would like to address is what federal budgetary measures are needed to ensure a strong economy.

The rise in the Canadian dollar presents new challenges to the Canadian economy. The government, as a result, needs to focus even more on productivity and competitiveness, and on stimulating investment.

CATA members believe the committee's question is best answered by a strategy with four key elements: a competitive tax structure, tight control of government spending, strong support for research and development, and strong support for education.

The next question I will turn to is the question regarding whether the government should institute another broadly based tax reduction program.

The competitive tax structure that I referred to earlier means competitive with the United States, which is a formidable magnet for investment and highly skilled people. More reforms and reductions are on the horizon in the United States, which means that the competition will become even stronger. A level playing field is a desirable target, after being at a severe disadvantage for decades, but a Canadian advantage would be even better. Mr. Goodale made that point in his post-budget remarks last March.

A further two or three percentage point cut in the corporate income tax rate will attract new investment to Canada, perhaps reversing the long decline in Canada's share of North American investment. The corporate capital tax, which has a pernicious effect on investment incentives, should be eliminated now—not gradually reduced over the period to 2008.

Personal income taxes in Canada are still far higher than in the United States, particularly for higher-skilled individuals, the people Canada needs to attract from abroad and to retain after they have been expensively educated in this country. Canada's 29% maximum tax rate applies to incomes above \$113,000. Most educated, experienced Canadians do not consider that high. The American definition of high is \$250,000. Canada should raise its top bracket threshold to a \$150,000 at once and review the level annually.

There is also scope for reducing personal income tax rates across the board. Less onerous personal taxes will help Canada attract the high achievers that the knowledge economy needs, particularly as the global population ages and the need becomes greater. Taxes are never the deciding factor in employment decisions, but they always play a role.

The last question I will address is the cost of my proposal and the programs I believe should have their funding reduced to offset that cost.

Reducing the corporate income tax by two points will reduce tax revenues by roughly \$2.5 billion annually.

CATA members support the government's initiative to eliminate government programs that are no longer needed or effective. I have appeared before the committee six times previously and made that recommendation in each of those presentations, but no one ever asked me which particular program I had in mind. This year, fortunately, you've included it among your questions.

The business programs that we would recommend be eliminated are the notoriously ineffective and inefficient regional development programs; they have a long history of failure. ACOA and its predecessors put a fish plant on every wharf, despite opposition from the Department of Fisheries and Oceans, and a motel at every crossroads. If these programs worked at all, Cape Breton would be booming. We all know that it certainly is not. The elimination of these programs would save a billion dollars annually, for application to tax reductions, an economic stimulus of proven efficacy.

• (1545)

I would note that Frank McKenna, Scott Brison, and the Atlantic Institute for Market Studies all support the elimination of these programs.

Thank you very much, ladies and gentlemen. I appreciate the opportunity to speak.

The Chair: Thank you.

The Space Industry Executives, Mr. Iskander.

Mr. Magued Iskander (Vice-President and General Manager, MD Robotics, Space Industry Executives): Thank you, Mr. Chairman.

My colleague Mr. Keating will be talking on behalf of the industry.

The Chair: Mr. Keating.

Mr. John Keating (Chief Executive Officer, COM-DEV International Ltd., Space Industry Executives): Thank you, Mr. Chairman.

Canada's space industry is an important national asset. As such I'm grateful for this opportunity to address the committee as you consider the question of government priorities for budget 2005.

First, I'd like to introduce our group. My name is John Keating and I'm CEO of COM DEV from Cambridge, Ontario. COM DEV employs 800 people, mostly engineers and technicians designing and manufacturing microwave subsystems for spacecraft. We export 90% of what we make. Depending on the product, we hold 50% to 70% of the world market for our core satellite products.

With me is Mr. Magued Iskander, vice-president and general manager of MacDonald Dettwiler Robotics, the makers of Canada's world-famous robotic technology, notably Canadarms 1 and 2 for the space shuttle and the space station programs. MDA has facilities in Toronto, Vancouver, and Halifax and is Canada's only prime contractor for satellite systems.

Also with us is Mr. Paul Bush, vice-president, broadcasting and regulatory affairs, with Telesat Canada, Canada's satellite service provider, which is located here in Ottawa; and Mr. Panay Theophanous, director of Canadian business development at EMS Technologies in Montreal. EMS Montreal is a world leader in satellite payload technology, including the payloads for Canada's radar satellites.

Collectively, our four companies generate about 70% of Canada's \$2 billion of annual space revenue.

This is our second appearance before this committee. When we met with this committee last year, we described how the challenges facing Canada's space community were causing me, my colleagues, and others in the space industry many sleepless nights, through the combination of a downturn in the global economy in the aftermath of September 11 and a dramatic downturn in Canadian government spending in the space sector. However, I am pleased to report that we have weathered the worst of that storm. For the past year we have been battling back to profitability and, we hope, sustainability. We are here today to provide the committee with our views on the current state of Canada's national space program and the implications on Canada's economic, social, and environmental future.

Unfortunately, what we see is a program that is suffering from several years of government neglect. The budget of the Canadian Space Agency has decreased by more than 20% in the past five years and is projected to decrease even more in the future. We see a program where no new major projects have been undertaken since the last space plan was announced in 1994. This is despite the fact that no country relies more on space technology to watch over its territory and its oceans and to keep its dispersed people connected.

This neglect is causing erosion of the unique government-industry partnership that for 40 years has made Canada one of the largest users of space systems and has developed the most export-oriented space industry in the world. Over this period, successive governments have had the vision to undertake a series of major space programs to meet such critical national needs as sovereignty, surveillance, communications, environmental protection, resource management, and scientific discovery. To meet these challenges, industry has invested in developing world-leading technical know-how and established world-class manufacturing facilities across the country.

We believe that the consequences of this neglect are serious for the nation. At a time when other countries are increasing their efforts to develop and protect their national ability to have independent access to space, Canada is currently on a path where it could lose its capability to act independently. If we continue down this path, Canadian industry may have no choice but to make its future investments in capability and facilities offshore in allied countries where the strategic nature of the space industry is recognized and supported.

If this were to happen, Canada would become reliant upon foreign nations to provide us with strategically important information on our borders, our environment, our resources, and on activities on our offshore areas. These things are all vitally important to protect the well-being of our people and enable us to properly exercise our sovereignty. In addition, we would also lose the capability of providing effective communications services to the rural and remote areas of this country.

Today, Canadians rely on satellites. Yet we are largely unaware of the degree to which satellites touch our lives on a daily basis. In Canada communications satellites not only deliver direct broadcast TV signals, but they also deliver these TV signals to every cable distribution system. They not only carry private data communications for companies and government, but they also make Internet surfing possible. They not only provide real-time monitoring of floods and fires and other natural disasters, but they also transmit the data that allows our national newspapers to be printed every morning. They make low-cost international long distance calls reliable and possible. They also keep commercial airliners safe. They deliver legal, medical, and educational services to remote communities. Amongst many other applications, Canada's radar satellite provides valuable ice data directly to vessels on the sea, making it possible to extend the shipping season by enabling navigation through iced-filled coastal waters.

● (1550)

As a spacefaring nation, Canadians have made, and continue to make, valuable contributions to space science and exploration, just as we've begun our discovery of terrestrial science here on earth and explored uncharted parts of this planet in other times. Going forward, space can only become more important to individual Canadians and more strategic to Canada as a whole.

Canadians are rightly concerned about climate change, particularly after the release of the recent *Arctic Climate Impact Assessment*. They're also concerned about northern sovereignty when they listen to discussions about open navigation and the Northwest Passage. Canada could benefit greatly from an international shipping route through our Arctic waters or it could suffer untold harm to the fragile Arctic ecosystem. How can Canada effectively exercise its sovereignty in the Arctic if it does not have the means to monitor and manage this strategically important national asset? Only space-based national assets can provide the Canadian government with the tools it needs to exercise both sovereignty and stewardship of this economically important and environmentally sensitive frontier.

Similarly, understanding the impact of mankind on the planet and monitoring adherence to the Kyoto accords are important national responsibilities that can only be monitored effectively for impact and compliance using space-based scientific instruments. Equally important will be affordable effective tools for resource management and stewardship; sensors to monitor the national security, track maritime approaches, and provide coastal surveillance; and secure communications during national emergencies. All of these require an effective up-to-date national space infrastructure. Aside from the sovereignty implications of allowing other nations to provide our strategic space needs, another truth from history is that if we don't own it, manage it and maintain it ourselves, it will not be there at the critical moments when it need it most.

Canada is at the crossroads. Our current space capabilities are still second to none. Our technology and our expertise are in demand around the world. We've developed a unique government-industry partnership that provides Canada with an independent capability to provide space systems to meet critical national needs. However, in the absence of an understanding of Canada's future plans in space, companies such as ours, who are the current and future of this strategic industry, will not be able to develop, prosper, and grow in

this country. If this happens, Canada will have to rely on others to meet the national needs.

I'm close to finishing.

In its most productive years, the Canadian space program was funded through a series of long-term space plans. These plans identified major projects of national importance and provided the funds for carrying them out. It's been 10 years since the last long-term space plan was approved. There's been enough discussion on this subject. We need a long-term space plan and we need it now. We've been told that the Canadian Space Agency is bringing forward for government consideration such a new plan with specific major program initiatives to address current critical national needs. We strongly urge the Government of Canada to reinvigorate its national space program with innovative new projects to meet specific and growing needs of Canadians for space-based systems and services to secure our well-being and our future.

Our colleague John MacDonald, the found of MacDonald-Dettwiler, referred to space as "the visible tip of the knowledge economy". We are the best in the world. We need to celebrate our successes by investing in the future and securing the future of Canada and Canadians.

Thank you very much for being so patient for listening to me.

● (1555)

The Chair: Thank you.

We may have unlimited money, but we have limited time. So if you take too much time, then we can't ask the questions.

[*Translation*]

We will now go to Ms. Lemay, from the Canadian Council of Professional Engineers.

[*English*]

Mrs. Marie Lemay (Chief Executive Officer, Canadian Council of Professional Engineers): Thank you very much.

Good afternoon, ladies and gentlemen, Mr. Chair.

[*Translation*]

My name is Marie Lemay and I am Chief Executive Officer of the Canadian Council of Professional Engineers. It is a pleasure to submit our recommendations to the Standing Committee on Finance.

[*English*]

The Canadian Council of Professional Engineers represents the 12 provincial and territorial regulatory bodies that issue licences to more than 160,000 engineers across the country. We're not a self-interest group for engineers. We advocate on behalf of our members, the provincial and territorial regulators. We have one very important common objective with this government, and that is public safety.

It is from that angle that I want to present to you today two of the three recommendations we have submitted on very important issues. We believe they would help build safer communities and provide Canadians with the economic tools and skills to flourish in the new millennium.

I'd first like to speak on the issue that the government has labelled "foreign credential recognition", or FCR. CCPE and its members share the Government of Canada's belief that well-coordinated and innovative approaches to credential recognition provide value to skilled immigrants, whose active participation in society enriches all Canadians.

To apply some facts, in 2001 Citizenship and Immigration Canada recorded that 44% of skilled workers entering Canada indicated their intention to work in a regulated occupation. Of those 44%, 63% self-identified themselves as engineers. That translates into thousands of international engineering graduates, IEGs, arriving in Canada every year, making engineering the single largest occupational group emigrating to Canada.

While the engineering profession in Canada has been licensing IEGs for decades—already, 12% of Canada's 160,000 engineers have received their education outside this country—not all of the IEGs who come to Canada are able to find work in engineering. They also face challenges such as adapting to a different business culture, and some also have the issue of learning the language.

To respond to those needs, in December 2002, with full funding from the HRDC, CCPE and the provincial and territorial regulators began work on a comprehensive project examining the licensure, settlement, and employment landscape. The project is called From Consideration to Integration, or FC2I.

In the interest of time, I'll briefly say that FC2I has been a huge success thus far. After consulting with more than 200 people and dozens of different stakeholders, through FC2I's work 17 recommendations were unanimously approved by the CCPE board of directors at its May meeting in 2004.

• (1600)

[Translation]

Our recommendations come under four headings: research, employment, communications and licensing.

CCPE and Human Resources and Skills Development Canada have a continuing close cooperative relationship. Both organizations recognize that merely implementing the recommendations under one heading will not fully resolve the problems facing workers trained abroad.

[English]

We now have a road map for the engineering profession. We have a very good understanding of what improvements and/or additions have to be made. You have our commitment. We will put the necessary human resources—volunteers and staff—toward implementing the recommendations. However, the government's financial support will be needed by the engineering profession and other groups, such as the immigrant-serving agencies, in order to ensure that the energy and money spent to date does not result in a great report that stays on the shelf. And that is the commitment I've made

to my profession, that the report would not stay there, that these recommendations would be implemented.

This important financial support to groups like us cannot stop until the job is done. It is not, unfortunately, a short-term project. Therefore, we recommend that more and longer-term federal funding for the foreign credential recognition program should specifically be devoted to the regulated professions, such as engineering.

The second issue I'd like to address is infrastructure. Yes, engineers have also been involved on the infrastructure front. Just as Canada's physicians and nurses are the conscience of the domestic health care system, engineers are the social conscience of infrastructure. In 2003 CCPE partnered with other stakeholders to unveil what we call the "technology road map" on infrastructure. The TRM is a comprehensive report that contains 10 objectives, 10 recommendations, aimed at addressing what needs to be done in order to put Canada at the forefront of innovation in civil engineering infrastructure in the next 10 years. One of the key recommendations calls for the creation of a national round table on infrastructure, or NRTI.

There are very good ideas out there. Innovation is taking place, resources and energies are being spent, all trying to address issues surrounding infrastructure. But the potential is not being harnessed. The dollars and resources being spent—a good part of it, I might add, by the federal government—are not maximized. They're not maximized because there's a gap. There is no mechanism or forum to allow the sharing of knowledge, best practices, ideas, and innovation, and the list goes on. There is no forum to ensure that these dollars and resources are spent working in the same strategic direction. There is no forum where the larger infrastructure community can discuss and agree, and give advice to the government, on the priorities in terms of infrastructure needs.

[Translation]

We believe in a roundtable on infrastructure involving all stakeholders. I am not talking here only about stakeholders in technical areas, but all stakeholders, including urban planners and representatives of municipal, provincial and federal governments as well as those in the community, social and economic spheres.

[English]

We believe the federal government is in the best position to do this; in fact, they may be the only one that can do this. This concept has received very positive feedback from many groups. We now have a working group, led by CCPE, finalizing the governance structure. We are working with the FCM, the Canadian Construction Association, the Conference Board of Canada, the Canadian Public Works Association, and Infrastructure Canada.

We recommend that a well-coordinated strategy for infrastructure renewal must include funding and political support for the creation of a national round table for infrastructure. NRTI membership would be selected from a large community of infrastructure stakeholders. Once selected, they would, among other things, maximize the investment in the federal government, develop a national infrastructure strategy, and advise the Government of Canada on spending priorities.

In closing, let me say that Canada's engineering community is justifiably proud of our actions to date. We firmly believe a federal commitment, matched by dollars, to support the three recommendations we've highlighted in our brief would help make Canada a better country for this and future generations.

Thank you for your attention.

[Translation]

Thank you for your invitation and attention.

[English]

The Chair: Thank you.

[Translation]

We will now go to Mr. Courtois, from the Information Technology Association of Canada.

Mr. Bernard Courtois (President & CEO, Information Technology Association of Canada): Thank you, Mr. Chairman.

[English]

Our association represents the information and communications technology industry in Canada—that is, the people involved in computers, telecommunications, software, and the semi-conductors that run many of the things in modern life, from your cellphone to your automobile.

We are quite a success story in Canada. Canada is world renowned for its capacity in information and communications technology. I should only mention, for example, the BlackBerry that many people here in Ottawa and throughout the country use so much. This helps Canada be world renowned in advanced technology.

Like other business groups such as the Canadian Chamber of Commerce, our association supports sound fiscal management and discipline, as well as investing in growth through tax relief, both on the personal side for, say, the average Canadian, and corporate taxes, and in particular, accelerating getting rid of the capital tax, which is a disincentive to productivity and therefore prosperity in this country.

Our particular expertise is in the areas of globalization, innovation, and the knowledge economy. Our sector represents about 5% or 6% of GDP, but about 45% of the private sector R and D done in this country. Many of our members export 80%, 90%, or 95% of what they produce.

What we want to highlight at this time, and we mention in our short brief, is that there's something fundamental going on around the world at the moment in the form of effectively a new global division of labour. As we mention in the quote from the United Nations Conference on Trade and Development and as we are very much aware in our industry, there's something going on that resembles what happened in the 1970s and 1980s in terms of manufacturing production and trade. We are at the very heart of it, because our technologies actually enable the easy displacement of these jobs, but also our members advise a whole range of corporate operations that themselves we know now are looking very differently at the displacement of jobs around the world.

In this area, Canada has advantages, and Canada can lead and succeed. Indeed, from our perspective, we absolutely must do so.

The future of our country and the future and the jobs of our children depend on it. This is all a matter of how you succeed in a knowledge economy, which we know is already government policy, but the situation requires a bit more of an edge, more focus, and more intensity if we are to succeed in the much more dynamic world that we're now entering.

Our recommendations are, first and foremost, to put two and two together when we address our national priorities. What we mean by that is that whether we're thinking about trying to solve the health care system, our environmental challenges, national security, or more effective government, use of innovation and technologies like information and communications technology will definitely produce better results for Canadians. But we must be aware that at the same time it will feed our capacity to continue to lead and succeed in the knowledge economy.

The second thing we'd say is that we must continue to invest in our future capacity in terms of R and D. That means continued support for advanced R and D capability in universities, in government labs, and in collaborative enterprises such as the Centre for Microelectronics Assembly and Packaging, which brings together universities and the marketplace to build a research capability. That advanced research capability is the best way to train and attract the brains that we will need and that then go through our economic system to ensure Canada's future. It is really Canada's number one, number two, and number three most important resource, and in this regard, our government must continue to invest as if we mean to lead. We have that opportunity, and it would be just terrible if we didn't take it.

The third area is the question of venture capital. If we want to invest smartly...in the last budget there was a canny investment injecting more venture capital into our economy. Now, what you're hearing from the angel investors organization and others is that there is a gap that would be useful to fill in encouraging investment by angel investors in technology industries. Angel investors bring not just money, but business experience and judgment that really helps innovative companies develop.

•(1605)

We favour trying to encourage adoption and investment by users in Canada, particularly small and medium-sized enterprises, in advanced technologies. We, like others, support continued improvement to our SR and ED tax credit program, which has been so instrumental in our success in R and D, but it requires some improvement so that companies that cannot and would like to take advantage of their investment in research can take advantage of the credit.

We also support targeted efforts to accelerate commercialization of what we've invested in, in terms of research, and for that we favour models that bring commercial enterprises to the table, because commercialization is a core competency not of universities, not of government, but of commercial enterprises. We like the Precarn model, which is a good illustration of bringing customers and commercial enterprises together with researchers.

There are other recommendations in our brief and in the short appendix. Thank you.

•(1610)

The Chair: From the Toronto Board of Trade, Mr. Bradley.

Mr. Robert Hutchison (Vice-Chair and Honorary Treasurer , Toronto Board of Trade, Toronto Board of Trade): Mr. Chair, my name is Bob Hutchison. I will be speaking for the Toronto Board of Trade. With me is Cecil Bradley, our director of policy.

Thank you, committee members, for inviting us here. I would like to acknowledge in particular our regional members, Mr. Layton, Ms. Minna, and Mr. McKay.

The Toronto Board of Trade, as many of you know, is the largest organization of its kind in Canada, representing primarily the voice of business in Toronto. Our mandate is to champion a competitive and vibrant city. In doing so, we're advocating on behalf of all urban centres in Canada.

We have tabled with you today our submission under the heading "Creating Wealth for All". Our agenda is urban oriented to a large degree, but the two themes in this title—creating wealth and creating wealth for all—are at the core of our submissions to you.

Minister Godfrey spoke to us earlier in the fall. He indicated that now that health has been dealt with to a large degree, next up to bat is the urban agenda. Our expectation and hope is that this will be the case and that the budget, which we are making submissions on now, will reflect this.

It is an incontrovertible fact that the Toronto region is the primary economic engine of Canada in the sense that it is a larger producer of jobs and wealth than any other sector or region in Canada. The same can be said for other urban centres on a slightly smaller scale, but the fact is that because Toronto and other urban centres are unique in their economic contribution to Canada, they deserve a separate and a different response. It's not for their own sake; it's for the good of all Canadians. That's the position and recognition of not only the Board of Trade, but I think all Torontonians. We're proud of our contribution, the basis on which we participate in equalization across Canada.

Just to continue the metaphor, an engine needs fuel to run, and occasionally it needs some tinkering and tune-ups. Our submissions address those needs as well.

There are four particular things I want to draw to the committee's attention. The first is the announced sharing of the federal gas tax. That is absolutely critical to Toronto transit needs and regional needs. There has been discussion as to the basis of what a fair sharing formula would be. In our view, it should relate to actual use and ridership, because that reflects the realities of the needs. Any other formula, in our view, wouldn't have the expected and responsible strategic impact for spending.

Another submission of the board, which is consistent with its advocacy in the past number of years, is the adoption of a national housing strategy. This is particularly important for urban regions of Canada and others as well. We have to be able to house the people who work and produce wealth in those regions. Specific recommendations outlined in our submissions relate to GST adjustments, donations of land, and that sort of thing.

Skills development is related to housing in terms of making sure people can work and produce wealth in the urban areas. We need to improve the basis of skills our workforce has so we can compete internationally on a successful basis. I was happy to hear other submissions along those lines today.

The last thing is immigration. It's a fact that approximately 60% of immigrants to Canada end up in Toronto. However, less than half of the immigration settlement funding in all of Ontario is allocated there. We need to correct this imbalance so the immigrants, the workforce of the future that's coming in, are properly settled and made productive earlier rather than later.

•(1615)

One particular commitment this government made a number of years ago relates to the waterfront. We recognize that this is a particularly local issue in some respects; however, it is a commitment. It's a commitment that's good for Canada. It parallels some very successful developments in other parts of the world, and we believe Toronto should follow those models. The committed contributions of the three levels of government, including the federal government, should be maintained and followed through with in the forthcoming budget.

Our last comments are more general. We laud the government in terms of its debt reduction efforts over the past number of years. We urge the government to continue in that regard. Strategic spending within the parameters of the rate of inflation is important. There are ample resources, if they're allocated properly.

Last, submissions have been made by other presenters here in terms of general tax reductions. We have to remain competitive—and, again, we are pleased with the progress that's been made to date. But we have to keep current and continue in that regard.

Those are our submissions, Mr. Chair.

The Chair: Thank you,

The next group I have here is

[*Translation*]

Ottawa Centre for Research and Innovation.

Mr. Dale.

[*English*]

Mr. Jeffrey Dale (President & CEO, Ottawa Centre for Research and Innovation): Thank you very much, Mr. Chairman.

It's a pleasure to be here today. OCRI, or the Ottawa Centre for Research and Innovation, is the local economic development association of Ottawa as well as the technology association. We represent business, government, as well as academic and educational groups, on a number of collaborative efforts. Our efforts go from one extreme, supporting industrial research chairs with such companies as Mitel, Nortel, and Alcatel, to, at the far end, supporting social programs such as the school breakfast program, where we're feeding 6,500 kids per day in 110 schools.

We understand the need for a balanced approach to budgeting in terms of priorities. Our recommendation to you in terms of the priorities for the federal government is to take a look at that balance, a balance between what we are going to do in social programs and what we are going to do in terms of driving economic development and activities.

Our submission, which you should have in front of you, has a number of recommendations—and the benefit of going last is that a lot of them have already been covered off, so I'll just try to highlight some of the areas that have not already been covered. I will, though, highlight one of the ones that was mentioned by ITAC, and that's the need for the review of the SR & ED tax credit system.

The SR & ED tax credit system is one of the finest programs we have in terms of encouraging innovation within our industries today. However, like most programs, over time others have caught up and it needs to be modified. We wish the SR & ED tax credit system to undertake a review. Such companies as Nortel have almost \$100 million in unused tax credits; JDS Uniphase, \$50 million; RIM, approaching \$60 million of unused tax credits.

This program was originally designed to keep research happening here in Canada. However, with such engines as Nortel, RIM, and JDS Uniphase not having any financial benefit, there's no reason for the jobs they provide not to go elsewhere. Therefore, we need to take a look at a program that allows such companies to offset their SR & ED claims against other payments, such as their EI.

Commercialization is a topic discussed at federal, provincial, and municipal levels. Canada has been doing a great job in terms of investing in research over the past number of years. Over \$13 billion has gone into granting councils. It is important that we continue to fund research at the rate we have been in order to keep the innovation agenda moving forward in Canada. This innovation allows us to have top-level researchers come to Canada, who in turn train our people, which keeps them competitive. It's important we make sure that we continue to maintain the support for research engines.

The commercialization side should be dealt with separately. Rather than looking at discovery-level research, we should be looking at programs that allow for market pull rather than technology push. We need to allow companies—small and medium-sized enterprises—to look out for specific technologies they can partner with, either in research institutions and or educational institutions, in order to be able to find that next level of innovation for their next product or service.

On access to capital, you've heard about the angel investment side of the access, which should be addressed in order to ensure that we continue to bring up and have an exploding number of high-tech innovative companies. One of the ends I would like to talk about is that for us to support the innovation strategy outlined by the federal government a number of years ago, it's going to take billions of dollars. There's no way the federal government could apply any amount of money in order to make sure this is implemented. We need to get private equity working in Canada.

One of the recommendations we're making is that we need to get the over \$1 trillion that is in our pensions funds today to start

working for our innovation strategy. How do we get 3% to 4% of this money invested in private equity to support early-stage investments, venture capital investments, mergers, acquisitions, mezzanine rounds, where it would support all levels of the economy, not just the high-tech industry? Some of this would go to mining, forestry, and aerospace.

Our suggestion is to have a program that links the foreign investment of the pension funds to how they are invested in private equity. Say for every 10% invested in foreign equity, 1% has to be invested in private equity. If we allowed pension funds to go to 40% in terms of foreign ownership content, this would actually drive between \$40 billion to \$50 billion into private equity that would fund innovation.

• (1620)

In terms of infrastructure, one of the items that has not been mentioned today is broadband. Broadband is the infrastructure of the 21st century. Where roads and rails were the hub of commerce in the past, broadband will be the hub of commerce in the 21st century. Those who have it will prosper, those who don't have it will decline.

Broadband is not an activity that you do once. It's an activity that has to be sustained over a long period of time. We need to take a look at how we're going to continue to fund and support broadband and the expansion of broadband, not only for access, but also in terms of the applications and how we, as Canadians, are going to use it.

One of our recommendations is that the federal government look at considering broadband as one of the investments for the infrastructure programs, in the same way as we would look at roads, sewers, and water systems. Broadband is the infrastructure that we need for the future.

We also need to support companies under export market development. One of the best programs, and an example of this, is the community investment support program, CISP, which is the replacement for PEMD-I. This is a program that allows communities to take a look at how they want to attack new markets in order to invest in the future. We recommend that the federal government continue to support the CISP program and increase its funding to the level of \$50 million per year.

Finally, we want to support what the Toronto Board of Trade has said. In Ontario, 50% of the GDP is driven by Toronto and Ottawa. We support all of the recommendations that they have made for the new deal for cities, and they're contained in our brief.

Thank you very much.

The Chair: Thank you.

Mr. Penson.

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

I'd like to welcome this panel. It's a good panel today. You have the honour of being the last of the groups here. We are in the process of finishing our pre-budget consultations. It seems that it was quite a long time ago that we posed some of the questions Mr. Paterson referred to.

Mr. Paterson and Mr. Williamson, I would like to congratulate both of you. I think you're the first ones to have ever dealt with the question of which programs should be reduced in funding.

We have a lot of people here who talk about the need for more and more spending, but I believe there are some themes that have been fairly constant. Those themes have been the need for government to control spending, from a lot of groups as well, to try to get rates down to something like population growth plus inflation; and the need for further tax cuts in anticipation that our major trading partner, the United States, is about to move again—and we haven't caught up to them in terms of effective rates from before—corporate tax rates, capital tax, capital cost allowance, and faster writedowns.

But the other major issue is that of productivity, the lagging of our productivity behind that of our major trading partner, the United States, and the problem with lack of investment. Direct foreign investment in Canada has been dropping. In its share of global investment, our country has been receiving less and less direct foreign investment, but Canadians are increasingly looking outside our country to invest. I think it's a real concern that we all need to take stock of.

One thing that has struck me is that we are in a cycle where program spending by this government is at 6%, 7%, or 8% a year. A lot of people say it can't be sustained. I think the problem is that if we don't get a hold on it, how competitive are our industries? Will we ever close that gap?

That's really my question. Considering that exports account for over 40% of the GDP of this country, if we're not competitive on the tax side, will the standard of living that we all want be there 20 years down the road?

I'll start with Mr. Williamson and invite Mr. Paterson to comment, if I could.

•(1625)

Mr. John Williamson: Your point is well taken on the productivity side. In the last number of years we've seen corporate taxes come down in this country. There's a commitment by the government to eliminate the capital tax, which should be sped up.

But I want to maybe come at it from a different side. Have we not considered perhaps that the use of subsidies, regional development agencies, corporate welfare, is one of the reasons why our productivity lags? The case has been made in the past, I think, that those corporate tax reductions haven't boosted productivity to the extent some of the advocates claimed they would, and perhaps there's some truth to that. I would submit that in fact the other side of the coin has to be looked at, which is getting out of the grant-giving and subsidy business altogether.

Let me give you a small example from my home province, New Brunswick. Recently, the New Brunswick government provided a \$13 million or \$14 million subsidy to Molson. It's not a large amount, but right away one of the local brewers, Moosehead, announced they would be reducing their employment levels.

While the taxes have become more competitive, I think there's still a sense out there, across the land and outside of Canada, that to operate in this country you have to deal with governments at all

kinds of levels when it comes to receiving grants and contributions. I think that does have an impact on our productivity growth. It makes our corporations less competitive. It makes them, I would argue, more lazy and more dependent on government.

So while I think we want to keep our eye on the ball when it comes to corporate taxes, we can't just assume that lowering taxes will solve this problem. Increasingly I think the solution is to link lower corporate taxes with lower subsidies and to address them in lockstep, and not to move ahead on one without moving ahead on the other.

Thank you.

Mr. Charlie Penson: Thank you.

Mr. Paterson.

Mr. David Paterson: Thank you. You stole my example. I was going to use that Molson-Moosehead one myself.

CATA's view is that the government needs to create a stimulative environment in this country for investment by companies and by people. The point that Mr. Williamson made about whether direct grants don't actually reduce competitiveness is one that we have raised before. When we call for strong support for R and D, we specifically mean strong support for the SR and ED program, which two other speakers here have raised.

The SR and ED is a horizontal program. Anybody can apply for it. It doesn't matter where they are or what business they're in; if they are doing research and development that meets the definition, they get the grants. It's not one of those things where you have to be in a certain kind of business or a certain kind of location; if you're at one end of the country, you can get a grant to go out and do some R and D that somebody at the other side of the country can't get, thereby creating unequal competitive circumstances and effectively disrupting the economy instead of stimulating it.

•(1630)

Mr. Charlie Penson: I'd like to ask Mr. Keating a question in regard to the Space Agency. Your industry has received a fair amount of federal government money over the years, but you are here today to tell us that you haven't got any for a while, I understand.

I guess the question I have is, if the federal government is to support you further, is there a point where you can be self-sufficient? I see that your revenues this year are something like \$2 billion. The question is, and people would like to know, if they're going to offer further support, where can you get to break even or actually make money where you won't have to be taking taxpayers' dollars?

Mr. John Keating: I appreciate the comment.

I've heard discussions about corporate welfare several times today. I think we'll just clear the air straight away on that, because that's clearly not the case in the space industry at all. We don't receive any money directly in terms of subsidies or corporate welfare, or anything of that nature. What happens is that the Canadian Space Agency provides services that are necessary for the well-being and success of Canada. It launches programs and activities that do things the 19 government departments think are necessary, whether they be helping fight forest fires in B.C.; looking for people slipping oil off the coast of Newfoundland; helping in terms of natural resources, agriculture, and coastal security; or looking for drug interdiction and helping our sovereignty.

Mr. Charlie Penson: Are you thinking of things like satellite surveillance?

Mr. John Keating: Absolutely, all of those things.

What happens is that the Government of Canada does programs the Government of Canada wants; what we do is support those programs. The Canadian industry has a record second to none in taking the technology developed through the programs that Canadians need and leveraging it into economic and financial success.

My company, for example, exports 90% of what we make. There's very little revenue that comes into my organization through any of the Canadian government programs. We are an organization that's been profitable through its space products business for decades. We're very successful, with 800 high-paying, well-skilled jobs, and world leadership in the markets in which we operate.

So it's certainly true to say—

Mr. Charlie Penson: I'm sorry to interrupt you, but we don't have much time. I'd just like to explore a couple of other things.

My understanding is that you're looking for more federal government money for the industry in general.

Mr. John Keating: No, I think what we're saying is that the space sector is a strategic national asset, which is important. I think what we're saying, and I think what the Canadian Space Agency is saying, is that through a policy of benign neglect the amount of money that is funding those necessary programs is being gradually diminished and reduced over the years. What we're saying is that we think that has consequences for Canadians, and Canadians don't really understand what those consequences are.

The Chair: Thank you. Your time is over.

Since we're at it, I might as well ask this question. In your brief, just to make it clear, there is a request for money. You are requesting \$170 million over 10 years, then you're asking for \$100 million over three years, and for new money of \$40 million.

Is the only new money that \$40 million?

Mr. John Keating: No, if you look back over time, historically there was a funding level of about \$450 million a year from the government into the Canadian Space Agency to support the programs I speak of. Today, that amount of funding has declined considerably over a period of time. What the Canadian Space Agency and interested parties are saying is that we need to push the level of funding back to where it was many years ago, so that those

programs can be reinvigorated. Canadian industry can benefit from that in the sense that not only is revenue created, but the technology is also developed that leads to export success.

The Chair: How much is that today? Would you have that available?

Mr. John Keating: The A-base funding the agency gets is a little less than \$300 million a year.

The Chair: Thank you.

Monsieur Côté.

[*Translation*]

Mr. Guy Côté (Portneuf—Jacques-Cartier, BQ): Thank you very much, Mr. Chairman. Thank you for your presentations. I have a few questions and would like to make a few comments.

First of all, Mr. Paterson, although my reasons are probably not the same as yours, I am very happy to hear someone state that the federal government's regional development programs are a total failure. We agree. Unfortunately, once more, this government wants to reward this failure by creating a new ministerial position and providing that person a chauffeur. But that is another story.

My question is about credential recognition for immigrants. I have a short question because I am not sure of the proper answer. Is credential recognition a matter for federal or provincial jurisdiction? I do not know.

• (1635)

Mrs. Marie Lemay: Professional licensing is of provincial jurisdiction. I often call this a multijurisdictional nightmare because it is indeed a mixed bag. Immigration is a federal matter while licensing of professionals is provincial. There are agencies that support immigrants, there are the employers and municipalities.

Why have our approach and our project be with success because we had a horizontal approach. We said we needed to get rid of stovepiping. In the field of engineering, we brought everybody together around the table. At the steering committee table, we had representatives of provincial governments but also employers, academics, regulatory bodies and immigrant support agencies.

This is why we were able to achieve recommendations that are not aimed only at those working in the profession. This is why I said the government will need to invest money not only in professional organizations such as ours but also in agencies that deal with integration.

In fact, we drew up a road map and recommended a number of projects. We said these projects will have to conform to a set of objectives that have been identified. Various projects will be carried out by different groups.

We are now at the stage where we can identify those groups. Within this jurisdictional mix, different groups say they will carry out such and such a project. The information is not necessarily to be found within professional organizations. Obviously, anything to do with licensing is part of our mandate, but there are also issues of communication and many others. There is also the whole issue of employment.

Mr. Guy Côté: You recommend a number of measures in your brief. Earlier, my Conservative colleague was delighted to see that some people propose the elimination of some programs. In some cases, it might be a good idea.

You do not say how much it might cost. At least, I did not see anything on this. Did you estimate how much this might cost?

Mrs. Marie Lemay: Are you talking about the assessment...

Mr. Guy Côté: Let us say, more specifically...

Mrs. Marie Lemay: ... of credentials?

Mr. Guy Côté: Yes.

Mrs. Marie Lemay: It depends on the projects. One thing is very important at this stage. The program is designed so there is a ceiling. There is a maximum level of 2 million dollars per organization. In the envelope set aside for credential recognition, the amount identified initially for professions was proportionately high, but it decreases over time.

We have one concern. Large efforts were made initially, but funding will really be necessary for implementing the regulations and these levels need to be sustained. Unfortunately, the projects are many, which makes things a bit difficult at this stage.

This is why we say we should at least maintain the level and not reduce funding for the professions. At this time, the plan is to reduce the amount of money for professions within the envelope.

Mr. Guy Côté: Finally, I like your suggestion to undertake a national study on the impact of climate change on infrastructure. It is a good idea.

Mrs. Marie Lemay: Unfortunately, I did not have much time to talk about this area. However, I am glad you raise it because it is of crucial importance. We absolutely must be able to identify those structures which will be impacted upon by climate change and identify priorities. It will be a very important study.

Mr. Guy Côté: Thank you.

The Chair: Thank you, Mr. Côté.

[*English*]

Monsieur McKay and then Monsieur Layton.

Hon. John McKay (Scarborough—Guildwood, Lib.): Thank you, Chair, and thank you, panellists, for your presentations today.

We have an interesting philosophical divide on this panel, and I want to highlight that and get both sides to comment on that philosophical divide.

We have the Information Technology folks saying we need government support for R and D because essentially the research is done here while the commercialization is done elsewhere and everybody else gets the money, and I buy that point. I agree with it. We need government support.

The venture capitalists' argument is that Canadians won't invest in technology ventures unless there are some tax credits. A presenter this morning said, if I remember his numbers correctly, we have 11% direct support and 28% indirect support through tax credits, so that's 39% government direct and indirect support for venture capital. So again, there's a government subsidy.

The Space Industry Executives folks say they want the budget of the Space Agency restored, saying it's gone down 20% in real terms in the last number of years. And the Centre for Research and Innovation says there are too many unused tax credits floating around and asks why we don't offset this against EI, a form of direct and indirect taxation.

If you will, those three groups, make me the argument that this just doesn't make you, to quote Mr. Williamson, "more lazy and more dependent on government".

• (1640)

Mr. Bernard Courtois: Maybe I'll start off and say our basic position, as I said, is that we favour broad tax relief across the entire economy, and also my first recommendation was actually to save money. Remember, I said let's seize opportunities to achieve government goals in a way that'll be more effective and more cost-effective by using technology so we kill two birds with one stone. If you're thinking about generating more money, it's not only done by shutting down programs; it's done by getting more bang for the buck.

When you have that and you decide what programs you spend on, obviously in today's economy we look for an overall environment in Canada that attracts people to either stay here or come here. That's why we support things that help the health care system and so on, but we want to spend smart. But then, if you want to invest to generate growth for the future, we're saying to make targeted investments that you know will generate growth and success in today's economy, and that will in turn enable you to pay for everything else.

Hon. John McKay: Not to put too fine a point on it, I would suggest that Mr. Williamson might well argue—and I'll let him speak—that's government picking winners and losers, and we're singularly inept at doing that. How do you meet his argument?

Mr. Bernard Courtois: There are two things here. First of all, when I talk about support for this country's general capacity for research and advanced research, that's not picking winners and losers; that's just training the next generation of advanced brains in this country. But I have to say, when we look at the money spent in universities and by government on R and D, we see that about 3% or 4% of it is spent in our sector, information and communications technology. But when you look at what the private sector spends, you see 45% of it is spent in information and communications technology. Something is wrong there in the redistribution.

Hon. John McKay: That's almost entirely Nortel spending, and Lord knows where Nortel is going.

Mr. Bernard Courtois: No. Our sector has a list as long as your arm of major spenders, in the millions and the billions, on R and D in this country. Certainly Nortel is the largest one, but it's nowhere near responsible for the predominant amount spent. The fact is that there's a dichotomy between what the private sector sees as what will generate economic growth and what we spend on our R and D generally. Therefore, that says to us you can make intelligent and targeted spending.

We're not advocating spending billions or hundreds of millions of dollars, and we are aware the government will have to choose between priorities. We are proposing to you areas where the government can get a lot of bang for the buck in terms of how it ensures Canada's future and generates growth.

Hon. John McKay: Mr. Keating, what's your response?

Mr. John Keating: I think there's an assumption underlying this that these things are all in conflict, and that's not necessarily so. I'll give you a specific example. A couple of years ago one of the funding projects the Canadian Space Agency embarked on was to provide broadband to remote and rural communities, and we heard a moment ago how critical that was for those communities and for their economic success.

What happened was, the Canadian Space Agency provided \$80 million of funding, which enabled Telesat to build on to their next-generation satellite a Ka-band element that provided broadband access to all Canadians in remote communities. That money enabled technological development of a product that was placed onto that satellite. That's been commissioned today and is going to be available to all of us in the near future.

The net result of that was that Telesat was able to provide \$80 million worth of access through that satellite. The services were provided through Telesat to the Canadian people, and consequently a company like mine, which got a part of that work, was able to develop Ka-band technology and drive our export success. We recently announced a \$28-million contract for Ka-band technology that is directly related to that investment Canadians made. It really is a win-win situation if those things happen.

The dilemma we have, unfortunately, is that the funding has to be there to create those innovative programs that provide benefit for all of us.

Hon. John McKay: Let me give Mr. Dale a shot, and then Mr. Williamson. Mr. Dale.

Mr. Jeffrey Dale: We've heard that the SR and ED tax credit system is something that can be applied ubiquitously across Canada. It's not a regional program. It does support local businesses. I was talking about major companies that are competitive in the world now.

It used to be that Nortel and JDS provided mostly technology for the North American market, let's say 10 years ago. That's not the case today. Jobs are very mobile.

In the nineties, as we grew and doubled the number of people we had employed in technology, we were able to put in ATOP programs that allowed us to increase the number of engineers in our schools, and then we were also allowed to increase our immigration levels. Well, I can tell you that those companies now have offices in Beijing, in Kuala Lumpur, and in Bangalore. The jobs they're posting today are not being posted just in Canada; those jobs are being posted around the world. We have to be competitive, and competitiveness in terms of what we are going to do is going to come from innovation.

I make no apologies for saying Canada should have an unfair advantage by making sure we support research to make us competitive in terms of innovation levels.

•(1645)

Hon. John McKay: We certainly seem to do it all right on the government side; it seems to be a little light on the industry side. That seems to be where the issue is here.

Anyway, I'm running out time.

Mr. Williamson.

Mr. John Williamson: Just very quickly, I'll say that as a point of principle the idea of a tax credit is less insidious than providing grants to companies directly, because at least with a tax credit it's open to anyone who wants to take advantage of it. There is less of the who-you-know as opposed to just getting on with the job.

That being said, though, once you open that door it does mean higher taxes on those corporations or individuals who don't qualify for it, so there is that constant trade-off. Again, the preference, I think, should be for lower taxes across the board as opposed to trying to gerrymander the system.

There are two balloons I want to pop, though, right away. First, the idea of subsidizing broadband distribution across this country is a decision for corporations and companies to make when they see there is a market for that in rural areas.

The other area is the issue of using the EI to offset tax credits. Under no circumstances should the government go in that direction. EI is meant to be a fund for workers who are out of work. The goal of this government should be to reduce premiums. These are taxes on jobs, and as we all know, the more government taxes something, the less of it society will produce.

Unemployment remains stuck at over 7% in this country despite the fact that our economy is running on all cylinders. We need to get these rates down, not use the funds to offset taxes everywhere. There should be a firewall built between the EI program and general corporate taxes.

The Chair: Thank you.

Mr. Layton.

Mr. Jack Layton (Toronto—Danforth, NDP): Thank you very much to the panel for interesting presentations. They certainly give us a lot to think about.

I'd like to pick up on the previous questioner who pointed out that there is a divide in the point of view that's been expressed in the group and at the table. I'm glad to see it, quite frankly, because it used to be, as it were, the business and professional sectors spoke with one voice and said, cut, reduce, eliminate, make way for us. Now there's a rising up of an investment approach beginning amongst some of the wiser, if I may put it that way, sectors.

Of course, that's because it agrees with our approach, so naturally I'll be positive towards it. But I also think it reflects the reality of good business practice as well. I don't know a single large corporation or many small ones that wouldn't borrow money in order to expand, succeed, develop. The first thing we did at Toronto Hydro when we were made into a private corporation was to establish a debt-equity ratio and get out there and get the capital that was needed to allow us to be a successful organization.

So I'm very happy to see, for example, the presentation from the Toronto Board of Trade that is arguing we should invest in affordable housing and have a housing strategy. It was one of the first boards of trade to do that and to recognize that having affordable housing in a community is fundamental to an economy that is going to actually work. I salute it and I think it's path-breaking, and eventually more and more business organizations are going to get on board.

After all, we'd have never had a country if we had waited around for the private sector to build the railways. I don't know how we'd ever have roads built and cities if we waited for a private sector to build them. Who's going to build sidewalks? Maybe the government shouldn't do it. Let's just wait until somebody's willing to go through a turnstile at every block. This is absurd thinking. The notion that the only thing that we should be concerned about is debt reduction constantly enumerated according to government expenses puts aside the concept that we're building up other deficits and other debts. For example, what is the value of the deficit left to great-grandchildren if they can't breathe? What happens if the parts per million of CO₂ reaches 1,000? There is no model that shows that we will not achieve that level. By the way, in Ontario that defines a dangerous workplace.

So I'm very excited to hear some of the presentations here, because they're picking up on this notion that we have to invest and we have to invest wisely. We're also very pleased to hear references to the notion of industrial strategies, for example, in the aerospace sector—that there need to be strategic investments in order to help us move ahead in certain industrial areas. I'm assuming the purchasing organization—the professional sales association—was not speaking for people who sell cars, because the auto industry was actually very interested in having strategic investment in the auto sector. We were happy to support it and we're pushing for a green car strategy, etc.

I do have some questions, though, because even the Toronto Board of Trade at the end, almost as though it had to be mentioned, said, yes, and we also want tax cuts and deficit reduction too. Of course, we often say that we want all of these various things, but in the end there do have to be some decisions.

Would it be suggested in your submission that after the large tax cuts that have happened—the significant reduction of deficit and now debt; \$61 billion of surplus applied to the debt without debate; certainly enough to deal with the entire municipal infrastructure as identified by the TD Bank, the CanWest Foundation, and many others—maybe we should be slowing down our focus on debt reduction while we deal with some of these other deficits?

● (1650)

Mr. Robert Hutchison: Yes, I think I would agree with that. That's a difficult question in terms of timing, as to when you reach the point where you can take that position.

I guess I would say this. As you observed, our comments and our submissions are investment oriented, whether it's housing, skills, immigration settlement, and particularly education, which we didn't mention. If those things happen and we achieve success out of that investment, the other issue that you mentioned takes care of itself over time through the revenues that are generated. The balances that you're talking about take care of themselves. You noted we referred

to them at the end, because we do prioritize them that way. I think if we stick on that track, on a disciplined basis, within the parameters that we've described, we will be able to take that position and do strategic borrowing to fund the social cost that Canadians are going to bear.

Mr. Jack Layton: Very good. I appreciate that. It mirrors also what we're hearing from the Conference Board of Canada and some other organizations.

I would like to know a little bit more from the engineers about the work that's proposed in climate change adaptation, picking up on the reference my colleague made, which I think is very important. I'd also draw your attention to a group—I know you already work with the Federation of Canadian Municipalities, which actually did an inventory of some of the impacts of climate change on municipal infrastructure. I think it may be one of the few studies around. It's actually quite worrisome when you begin to look at some of those impacts, particularly in the north.

I wonder if you could elaborate a little bit further on what you see as some of the vulnerabilities. You indicate quite directly here, "Vulnerabilities to Save Lives and Ensure Economic Security". That's pretty strong language. I happen to agree with it. Coming from an engineer rather than a politician, it might carry a certain ring of credibility that I'm sometimes unable to muster by virtue of the occupation I find myself in.

Mrs. Marie Lemay: They are strong words because it's a serious issue.

The role the engineering profession is attempting to play here is that mitigation is one.... We're always talking about mitigating the climate change. How can we mitigate? It's good that we can start working at it now, but it's still going to change, and that's a fact. The climate is changing. Then there's the other issue. We have to adapt. Who will be working in the adaptation and who will have to look at whether the critical structure is what needs to be adjusted? How do we face this? In all likelihood it'll mostly be the engineers. That's why the engineering profession a couple of years ago took the lead on this and gathered the scientists and engineers and said, okay, how do we start looking at adaptation?

One of the recommendations from the two-day workshop this group had was that we need to have this vulnerability study. It's extremely important to know across the country—where are the hot points, what are the priorities? We're not talking...well, I was going to say we're not talking about small money, but it depends, relative to what? This could be a \$10-million investment if you look at it over several years, because it has to be seriously done.

There is right now a group already working on scoping out the job, working with NRCan. This study will come to the government with a serious proposal in terms of the money attached to it. Hopefully this government will take it seriously because it will be an extremely valuable tool that has been asked for by the provinces also. There have been discussions with the provinces on this, to have this national approach to evaluating the critical structures and vulnerability of the country.

● (1655)

The Chair: Thank you.

Ms. Minna.

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

First, I do want to congratulate the Toronto Board of Trade for their presentation, especially in having the housing strategy. It's something that I've been pushing for quite some time. Having your support on it is good to see for the first time. The other one is the skills development.

I've been on this committee now...I think it's my third year. At the beginning, whenever business organizations met or came before us, it was tax cuts, debt reduction, further or other forms of tax breaks, and what have you. That was generally the norm of discussion. There was rarely any discussion about education, skills development, and productivity. It was always discussed in terms of tax cuts, not in terms of skills, brain drain, brain gain, and all of those things—the credentials, the immigrants, the human resources—that all go to the issue of productivity.

So I'm glad to see that today not only the Toronto of Board of Trade but others have brought up the issue of skills, education, knowledge, and that kind of thing as being very much a fundamental part of what we need to invest in. Otherwise, we can have very fantastic new ideas and technology and invest in aerospace and all the other things, but if we don't have the manpower to deal with it and the labour turnover that we need, then none of it will actually happen. So I was quite pleased to see that.

Of course, I have to pick up on the divergence, or the differences, in the room that come primarily from the tax relief for all Canadian organizations. I cannot help but pick up on the issue, which to me goes to productivity, goes to all of the things that have been mentioned, and that is the issue of tax cuts, tax credits, rather than subsidizing institutional child care. That's one. The other is, of course, increasing the personal exemption.

I want to ask a question because I do not see how giving a personal exemption.... Although it will put some money in people's pockets, it does not give us the infrastructure for early education, does not give the institution, does not give the environment. Just as we don't have this in elementary school, we don't give people vouchers. We have elementary school systems and post-secondary school systems. Early education is not child-minding.

I need you to explain to me how you see that would work better than what we are proposing, which is an early education national child care program—I've been pushing for that for some time—and why you think the child tax credit would work better than the institutional day care. I need to hear that because I don't see how that would fit with what else is going on around this table today.

Mr. John Williamson: With where the government is going, I believe it's in danger of favouring day care, institutional care, as opposed to coming out with an approach that's more neutral and allows parents to decide what approach is best for their children. The idea that government would subsidize day care but not provide a subsidy, if you want to call it that, or assistance to stay-at-home moms or dads—

Hon. Maria Minna: Okay, can I correct you for a second?

If I may, Mr. Chairman, I need just a bit of latitude here, because I want to correct something.

My understanding of the early education and care program is that it's not just for parents who work. It is meant for all children. Even if mom and dad happen to be home with the child, that child ought to have the early education portion at least for part of the day. This is not just a child-minding problem.

Mr. John Williamson: But what if a parent decides they want to keep their child at home and raise that child at home? My understanding is that this family would be exempt from this program. So there is a bias toward care outside of the home as opposed to care inside the home.

● (1700)

Hon. Maria Minna: Do we allow parents to decide whether they will or will not go to elementary school at all? Do we say elementary school is optional and they can go or not go if the parents like?

I'm not trying to ridicule you. What I'm trying to explain here is that, first of all, 70% of women work in this country. If you're suggesting that by giving them a top-up on the tax so that it means they can stay home, it's not realistic. Another \$3,000 in someone's pocket is not going to create an infrastructure for an educational system. That's not going to do it. That 70% of women are working women is a reality. For some it's because they have to, and for some it's because they like to. That's part of their profession.

Number two, there's also the aspect that, from all research, it's clear that there's no doubt about the fact that brain development, the wiring of the brain, starts from the time the child is born. Early education is fundamental if we want to have a real head start for children that will deal with all the productivity issues that we've just discussed. To me, it's an issue of health, of productivity, and it's apart from the benefits to the family and obviously to the child. So I don't understand why you would still—

Mr. John Williamson: I would say the data in fact suggests that in the first two years, the best thing for children is to stay at home. From two to five years the data is mixed, and beyond that there is evidence that, yes—

Hon. Maria Minna: There is no mixed data, I'm sorry. I think the data you're reading—

Mr. John Williamson: That's simply not true, and to say the proposal on where the government seems to be going is actually going to encourage more parents to enter the workforce as opposed to staying at home with their children...I think people should make that choice.

Hon. Maria Minna: Mr. Williams, 70% is very high. When you say “more”, how much higher can you go? You might go to 80%. But 70% of women—not just parents, but women—is very high.

Mr. John Williamson: Yes, but if government makes it more financially attractive to take advantage of certain financial tax credits, people will do that. It's natural, it's quite normal. If you incentivize people to follow a certain route with money or tax relief, they'll go that way.

Again, I think we have to get back to the idea that raising children should be left to parents. If parents want to stay at home with the child, they should be given the same playing field. It's really a question, I think, of choice when it comes to—

Hon. Maria Minna: Am I over?

The Chair: Yes, you're over, but just finish your point.

Hon. Maria Minna: May I ask why you're making the difference between the elementary grade one—because I don't think you would eliminate elementary school—and early education and child care? Why are you making that differentiation?

Mr. John Williamson: Again, I think it really should be up to parents to decide in those early years. If they want to go the route you're suggesting, or if they want to raise children at home, it's a simple choice.

The Chair: Thank you.

I want to thank the groups for coming. We're pretty good on time, so I don't have to apologize for being late for once.

The meeting is suspended, and we'll start again in five minutes. Thank you.

• _____ (Pause) _____

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• (1710)

The Chair: We're ready to go.

I just want to thank the witnesses, the groups,

[*Translation*]

for having come here this afternoon. This is our last meeting devoted to pre-budget consultations.

[*English*]

I'm going to ask for a little bit of patience from some of the witnesses, because some of the members have been at it for I don't know how many hours now.

At any rate, the way it basically works is that I'm going to give you an opportunity to speak for about five minutes. Please respect the time allocations for your opening remarks or opening statement. We have six or seven groups. If you could respect the five-minute time limit, I would really appreciate it.

I will follow the order in which you appear on my list. The first group will be

[*Translation*]

the Multiple Sclerosis Society of Canada.

Ms. Groetzinger.

[*English*]

Mrs. Deanna Groetzinger (Vice-President, Communications, Multiple Sclerosis Society of Canada): My name is Deanna Groetzinger. I am vice-president of communications for the Multiple Sclerosis Society of Canada.

The MS Society is a national voluntary organization that supports both research and services for an estimated 50,000 people with MS,

as well as their families and caregivers. We're very pleased to have this opportunity to provide input, and we thank you in advance for your consideration.

We are very much encouraged by the increasing receptiveness among parliamentarians to disability and health issues overall. We also want to recognize the federal and provincial governments for having reached an agreement for a 10-year plan to strengthen our health care system. We are optimistic about what this could mean for better access to proven medications, diagnostic technologies such as MRI scanners, and for expanded home care, all of which are critical services and will benefit people with multiple sclerosis.

In view of the most recent economic update and the announcement by the finance minister that the government's revenues for the foreseeable future will be significantly higher than previously anticipated, we urge this committee to recommend that a portion of these new moneys be dedicated to helping Canadians with disabilities, and support the recommendations we've made in our submission.

For today's meeting, I would like to focus specifically on the issue of income support, and share with you a few of our recommendations.

Income support, or income security, is an issue of critical importance to people with MS because of the profound impact this illness has on their ability to work. MS usually strikes people who are between the ages of 15 and 40, just as they are finishing school, building careers, and starting families. Unfortunately, many people with MS have to leave the workforce 10 or 15 years after they are diagnosed, and live on greatly reduced incomes.

One of the main federal programs to provide some income assistance is the Canada Pension Plan disability program. However, we believe this program is greatly in need of reform. CPP disability benefits are a key support for people with MS. Unfortunately, the unpredictable, fluctuating nature of the disease precludes many individuals not only from participating regularly in the workforce but also from qualifying for disability benefits.

In 2003 the House of Commons Standing Committee on Human Resources and the Status of Persons with Disabilities tabled a comprehensive report, "Listening to Canadians". It is worth noting that all of the MS Society's recommendations to the committee were endorsed in the final report, which ultimately pointed to serious program deficiencies and called for significant reforms to modernize and improve the program. Today I am asking this committee to consider recommendations for disability benefits reform that are both economically viable and necessary to ensure that Canadians with cyclical illnesses are not excluded from available income support programs.

For people with MS, one of the issues that still needs to be resolved is the definition of disability. This disqualifies many, because the disease is episodic and unpredictable rather than prolonged, as stated in the legislation. In addition, the more recent four out of six contribution years rule that replaced the five out of ten rule has made it difficult for many people with MS to qualify for the program, and introduces what we believe is a type of systemic discrimination. It does not recognize the nature of episodic illnesses.

Another key recommendation is that CPP provide dropout provisions for caregivers that would be the same as the child care dropout. This would address the inequity currently faced by caregivers who are penalized when they stop work to care for someone who is ill or disabled. Not only do they have to face loss of income when they leave the workforce, but they compromise the future level of their pension at retirement. This is unfair in view of the fact that caregivers save the government thousands of dollars in annual costs for hospitalization or long term care institutionalization by enabling disabled or chronically ill family members to stay at home.

The disability tax credit, or DTC, also contributes to income security by providing some small level of tax relief. We recommend changes that would allow more people with severe disability and episodic illnesses to be eligible for the disability tax credit.

The Technical Advisory Committee on Tax Measures for Persons with Disabilities will be issuing its final report shortly, and we remain hopeful that a fair and equitable solution will be adopted.

• (1715)

In closing, the Multiple Sclerosis Society of Canada is pleased that the federal government has demonstrated leadership on a long-term agreement to improve the health system for all Canadians, including people with MS. We hope the input we have provided today will assist in these efforts. We would be pleased to continue to share our expertise with the federal government whenever possible.

Thank you.

The Chair: Thank you.

The next group I have is the Council for Health Research in Canada, Ms. Gordon-El-Bihbety.

• (1720)

Ms. Deborah Gordon-El-Bihbety (President and Chief Executive Officer, Council for Health Research in Canada): Good evening, everyone.

My name is Deborah Gordon-El-Bihbety, and I'm the president and CEO of the Council for Health Research in Canada.

The council is a national not-for-profit, voluntary organization. Our mission is to promote the health of Canadians by making Canada a world leader in health research. Our members are comprised of the leading health charities and hospital-based health research institutes in Canada.

On behalf of the council, I would like to thank you for this opportunity to present to the Standing Committee on Finance's pre-budget discussions.

As many of you are aware, the health research enterprise in Canada is on a journey, and the federal government has been a very important part of that journey. Health research in Canada has enjoyed significant national attention and financial backing in recent years. In 2003, just over \$5 billion was spent in Canada for health research. Of this amount, the federal government contributed 20% in terms of indirect and direct funds for health research. Other sectors contributed close to 80%. That includes the contribution of the private sector, the largest single funder of health R and D, at 30%.

The increase in contributions made by other sectors, including those made by the foreign and private not-for-profit sectors, occurred at the same time as the increases made by the federal government. In other words, for a 20% investment, 20¢ on the dollar, the federal government leveraged an 80% investment in health research from other sectors.

This increased spending in health research has also resulted in another very important what I call "return on investment". It has contributed to bringing the health research community together so that it takes responsibility, collectively, for the overall strategic direction of the enterprise, and for the health and social outcomes and economic returns of health research in the interest of all Canadians.

In September of this year, 122 leaders in health research in Canada—from teaching hospitals, universities, regional health authorities, research institutes, the private sector, health professional organizations, and governments—came together to develop a vision and a strategic plan of action for health research in Canada that would critically respond to the policy questions that governments were asking about their investments in health research in Canada. It's a strategic plan that proposes steps to increase collaboration and coordination of effort among health research funding organizations and programs at the federal and provincial levels, including those within the private and health charity sectors, and sets us on a course to develop accountability metrics for measuring returns on health research investments. Those are only two of the constructive and what I would call "nation-building" exercises that your dollars are buying.

If this is not what government has always wanted for its financial investment in the health research enterprise, I don't know what else there would be.

Research is critical to sustaining Canada's health system. We know that significant investments over the past decade have yielded an unprecedented number of exciting discoveries that drive evidence-based change in our health system. Research should not only be an integral part of any plan for health care reform, but as Dr. Alan Bernstein says, it must be the centrepiece. Evidence resulting from health research provides care providers, consumers, and governments with the information they need to make sound decisions that ensure a health system that is adaptable, responsive, innovative, cost-effective, and accountable.

Health research is also the source of new drugs and diagnostic techniques as well as greater understanding of the mechanisms of disease, providing our health care system with the tools it needs to effectively diagnose and treat Canadians. And very importantly, speaking as someone who's spent 10 years working in public health, health research is also critical to understanding what works and what does not in achieving health promotion and prevention goals.

The Government of Canada's 10-year plan to strengthen health care, which Deanna referred to, agreed upon by all 14 first ministers at the first ministers meeting in September 2004, included a very clear recognition of the importance of science and research, both in accelerating the pace of discoveries and in converting these discoveries into new treatments, technologies, and practices that improve health care, promote health, and treat disease.

The return of Canada's investment in health research can be measured not only in terms of health, but also in terms of wealth. Research-intensive public institutions and academic researchers form a nucleus of discovery around which innovation, commercialization, and economic diversity revolve to the benefit of all.

As a result, health research can play a leading role in the alignment of government's social and economic policy objectives by creating high-quality value-added employment opportunities for Canadians directly and through the creation of spinoff companies. The scope and scale of these opportunities to be realized in Canada could generate several millions of dollars in economic and health benefits.

The universities and academic institutions are developing technologies with commercial value. The protection of their intellectual property, or IP, and its licensing has become a revenue stream for institutions, as well as one of their objectives.

The demonstrable benefits of health research in Canada clearly generate the need for what I call a fundamental paradigm shift in terms of how funders of health research view their contributions to the enterprise. Essentially, for government, it is much more accurate to think about its financial backing of health research not solely as a current expenditure vying for its fair share of the public purse, but as an investment for the future.

In the spirit of this paradigm shift, the council recommends sustained multi-year growth in health research funding and doubling the current health research budget for the Canadian Institutes of Health Research by the year 2007, investing \$1.2 billion in health research.

Also, building upon the solid foundation for health research funding in this country, the council recommends that we complement

the creation of the many agencies like CIHR with an integrated strategy for health research funding that fosters collaboration and coordination among and between these agencies, their structures, and programs. It's crucial for Canada to extend this integration strategy beyond the purview of federal agencies to those at the provincial level, as well as to cultivate collaborative and cooperative approaches to working with the charities, which alone contribute more than \$300 million a year to health research, as well as the private sector.

Therefore, the council recommends that the federal government, in collaboration with a multi-sectoral partnership at both the federal and provincial levels, develop a national integration strategy for health research in Canada that fosters collaboration and coordination among and between funding agencies, their structures and programs.

In terms of indirect cost—and I won't go into it in detail because I know I'm running over my time—the council recommends that the federal government announce a specific long-term plan showing how federal support for indirect costs will increase and how this funding will be targeted and administered.

Finally, the council supports specific federal government incentives, including tax policy incentives, that improve alignment and integration within the health research enterprise. For example, new incentives could be based on increasing the scientific research and experimental development tax credit rate for small business expenditures incurred on collaborative R and D. Providing a tax incentive for collaboration by Canadian small and medium-sized enterprises with Canadian universities, teaching hospitals and RHAs, and government laboratories, for example, holds the possibility of promoting innovation and investment activity in Canada.

The Council for Health Research in Canada is grateful to the Standing Committee on Finance for the opportunity to submit this brief, and we commend the federal government for its successive commitments to health research over the past several years. We call on the government to sustain the momentum in the coming years, engaging in a meaningful and appropriate partnership role with the funding sectors in strengthening the health research enterprise in Canada.

Thank you.

● (1725)

The Chair: Thank you.

I'd like to respect the five-minute time limit, only because the members are going to want to ask questions, and just to be fair to everybody. I really don't want to interrupt, because if you're trying to make a point, it's not for me to interrupt. So if you could cooperate, I'd appreciate it.

From the Canadian Mental Health Association, Mr. Campbell.

Mr. Robert Campbell (Vice-President, National Board, Canadian Mental Health Association): Good afternoon, and thank you.

My name is Robert Campbell, and I am the current vice-president of the national board of the Canadian Mental Health Association, Canada's only voluntary charitable organization that deals with both mental health and mental illness. Our mandate is to promote the mental health of all Canadians and to support the recovery and resilience of people with mental illness.

Also with me today is Penny Marrett, CEO of our national office.

Too often referred to as the health system's poor cousin, mental health and mental illness concerns are often sidelined. Over the years, services in these areas have been the first to be cut to balance budgets and reduce deficits. It is estimated that all direct and indirect costs for mental health problems, including mental disorders, total \$17 billion in Canada. This includes an estimated \$6 billion in short-term disability due to time away from work and other normal duties.

A recent study by the global economic and business round table in Canada estimated that depression alone costs the Canadian economy \$33 billion a year. Nearly every one of us knows someone who is affected by mental illness and other serious mental health problems, as family members, co-workers, neighbours, employers, or we personally experience the day-to-day challenges of life.

During the last couple of years, the Canadian Mental Health Association led a project that has engaged participants in the process of developing a mental health policy framework. This document, entitled *Citizens for Mental Health*, provided a mechanism to discuss the impact of the social determinants of health on mental health policy. Two of the determinants that were identified as a priority by Canadians, from across the nation, were housing and income support. Today we want to focus on those two in particular.

Research on housing has demonstrated that as many as 30% of people in core housing live with a mental illness. Another estimated 75% of homeless single women live with mental illness. Those with mental illness who are housed often live in substandard conditions. Between 1980 and 2000, the number of affordable housing units created by the Government of Canada dropped from 24,000 to 940.

As David Hulchanski has rightly stated, the lack of affordable housing cuts off significant numbers of Canadians from supportive communities, from access to employment, and indeed, from the exercise of their citizenship rights. Try to get a job when you don't have an address.

Quite apart from the morality of the situation, this represents an enormous waste of human potential, with serious consequences for the community at large. Therefore, the Canadian Mental Health Association recommends that in the next federal budget, as part of the federal government's commitment to affordable housing, funds

should be allocated for the following: 20,000 new housing units; 10,000 units of rehabilitated housing; \$300 million to ramp up the Affordable Housing Framework Agreement; \$150 million for homeless initiatives; and \$500 million over the next five years for a new housing rehabilitation fund.

The secondary focus is on income security. Income security is a key determinant of health. As we've already heard from our associates, this is a key issue. It is a determinant of health related to mental health in our communities.

Low-income Canadians are most vulnerable to poor health. Over the years, research has shown that chronic conditions are more prevalent in the poorer regions of Canada. Approximately 15% of children and youth, one in seven, experience mental health problems serious enough to affect development and functioning. Children from poor families are more likely than children from higher-income families to experience low self-esteem, associated mental health disabilities and difficulties, and injury from exclusion from cultural activities and/or sports.

Related to this are issues related to the working poor. The National Council of Welfare's 1993 report underlined the sharp decline in the value of minimum wages since 1976, and the trend toward part-time, precarious, and temporary work, instead of well-paid, secure jobs. The result of the diminishing minimum wage is that no minimum-wage worker could even reach the 1998 poverty line by working 40 hours a week, even if they were without dependants. We could go on and list many other examples.

● (1730)

CMHA recommends that the federal government address the limitations of income security programs as they impact the people of Canada and their mental health. More detailed information about this is contained in our submission to the committee.

We would like to make a couple of comments about the involvement of charitable organizations in the development of public policy in Canada. Since its inception, CMHA has been a charitable organization, as identified by the Income Tax Act in Canada. As a result, we have benefited from the generosity of Canadians, corporations, and foundations throughout the years.

During the last several years there's been much progress made for a less onerous system for reporting to the Canada Revenue Agency. However, a much more cumbersome system has been instituted for contributions received from the federal government, and we think this needs to be addressed. This has resulted in greater resource allocations than ever to reporting, and it's very onerous for not-for-profit organizations to meet these reporting requirements. We believe this needs to be looked at. Therefore, the Canadian Mental Health Association supports the proposals that were put forth by the Voluntary Sector Forum.

In conclusion, despite a healthy, highly competitive Canadian economy, we in Canada still face high levels of homelessness, household debt, child poverty, diminishing health care services, and the exclusion of many segments of Canadian society from a quality of life that should be expected in a country as rich as ours.

In order to extend the benefits of this economic growth, the Government of Canada must demonstrate its leadership by ensuring in the next budget a substantial investment in affordable housing and by enhancing income security for all the people of Canada. The government must also ensure that the social fabric of this country continues to grow and respond to the needs of its citizens through a number of different initiatives, including the strengthening of the voluntary sector initiative.

Thank you.

• (1735)

The Chair: I know you have prepared briefs, but your conclusions are all pretty well the same. Try to get to your recommendations, because we're just going to run out of time. I apologize, but I have to control the time.

The next organization is the Chronic Disease Prevention Alliance of Canada, Ms. Hostrawser.

Mrs. Bonnie Hostrawser (Executive Director, Chronic Disease Prevention Alliance of Canada): Thank you.

I'm going to turn it over to Patricia Pelton to make the presentation.

Ms. Patricia Pelton (Steering Committee, Chronic Disease Prevention Alliance of Canada): Thanks, Bonnie. It's a pleasure to be here this evening.

I am Patricia Pelton, the vice-chair of YMCA Canada. YMCA Canada is an active member of the Chronic Disease Prevention Alliance of Canada. I'm also the CEO of Northern Lights Health Region in Fort McMurray, Alberta. I volunteer for the YMCA and have worked in health at the community, provincial, and national levels. I'm here with Bonnie, the executive director of the Chronic Disease Prevention Alliance of Canada, fondly referred to as CDPAC.

CDPAC currently includes 55 member organizations and works with over 1,000 individual participants. The alliance brings together governments, NGOs, professional associations, private organizations, and academia at local, provincial, territorial, and national levels. We are working together to ensure that Canadians have access to a comprehensive, sufficiently resourced, sustainable, and

integrated system of research, surveillance, policies, and programs that maintain health and prevent chronic disease.

We are pleased to be on the panel this afternoon alongside two of our founding member organizations, the Heart and Stroke Foundation of Canada and the Canadian Diabetes Association. This afternoon you will clearly hear, through these three presentations, that investment in chronic disease prevention is essential.

We know that the greatest gains in the Canadian health system over the next few decades will be a reduction in premature death and disability. The health sector has been focusing on the repair shop of health. Now it is time to place equal focus on the demand side. Reducing health care demand will help us protect our cherished health system in Canada.

Chronic diseases are the leading causes of death and disability worldwide. In Canada, nearly three-quarters of total deaths, or 161,000, are due to cardiovascular disease, cancer, chronic obstructive lung disease, and diabetes. By a conservative estimate, the major chronic diseases account for \$83 billion per year in direct and indirect health care costs in Canada.

Up to 70% of deaths in Canada could be reduced or delayed through prevention. Sustained efforts to prevent chronic diseases will mean that Canadians will live longer in good health and that rising health care costs will be contained.

It would be simple for all of us at CDPAC to be represented only by colleagues around this table who represent so-called disease organizations. We can no longer do that. Solutions to chronic disease prevention rest inside and outside of the health sector. You'll hear from our recommendations that investments made across government departments will contribute to healthy communities and healthy Canadians.

YMCA Canada, as well as many other non-traditional health organizations, works hand in hand with our traditional health partners to pull together the intersectoral solutions that are needed for healthy lives in healthy communities. That is why I volunteer, and why I made the trip from Fort McMurray today.

We ask the members of the Standing Committee on Finance to provide leadership by supporting three key recommendations.

First, CDPAC urges the federal government to call on the provincial and territorial governments to earmark a portion of the increased resources provided in the 10-year plan for public health activities, and that a specific portion of that be used for evidence-based health promotion and chronic disease prevention.

Second, CDPAC urges the federal government to invest in comprehensive, integrated chronic disease prevention within the pan-Canadian public health agency's public health strategy by investing \$5 million for the development of health goals. We need national goals. They give us a common target and a way to measure progress.

Next, invest \$35 million dollars to enhance local surveillance of risk factors and determinants of chronic diseases in Canada. Collecting, sharing, and using information is not only important for common risk factors of diseases like tobacco use, eating behaviours, and physical activity patterns, but also to link this information on important determinants of health, such as socio-economic status, geographic location, and education. Those have been talked about previously. Also, \$5 million dollars should be invested in intersectoral capacity required to implement a comprehensive chronic disease prevention strategy.

Our third recommendation is, through the new deal for cities and communities, to invest at least 7% to 10% of all infrastructure spending on community, social, and physical infrastructure designed to promote active transportation and active living. That 7% to 10% of infrastructure spending represents a fair share of spending for these important forms of community infrastructure. While 7% to 10% of Canadians already use active modes of transportation to get to work or school, they often do not benefit from the safe and convenient infrastructure for walking and cycling that is provided to automobile users.

• (1740)

More than 10% of adults and children utilize the social infrastructure of libraries, green spaces, and community centres, which are so integral to community living, yet facilities are aging and not keeping pace with our growing population. A fair share of infrastructure spending is needed to support these vital community indoor and outdoor activities. As well, to help build a society that is naturally active and healthy, we should explore funding incentives for municipalities that would build bike paths, more green spaces, and safe walking trails in rural and urban communities.

Thank you for your consideration of these recommendations. In this country, we simply have to make headway in this growing and challenging area of chronic disease prevention.

The Chair: Thank you. Pretty good, not bad, in terms of time. I have to qualify that, in terms of time.

Let me just get through this. Next we have the Heart and Stroke Foundation.

Mr. Myers, thank you.

Mr. Cleve Myers (Chair, Heart and Stroke Foundation of Canada): My name is Cleve Myers. I'm the chair of the Heart and Stroke Foundation of Canada. With me today is Stephen Samis. He's our director of health policy.

The mission of the Heart and Stroke Foundation of Canada is to improve the health of Canadians by preventing and reducing disability and death from heart disease and stroke through research, health promotion, and advocacy.

Today, our brief focuses on the importance of addressing obesity, healthy lifestyles, and health-promoting environments in order to reduce the increasing burden of chronic diseases such as heart disease and stroke.

Cardiovascular disease inflicts a terrible toll on Canadians. It's the leading cause of death in Canada. Almost 75,000 Canadians die annually, representing 33% of all deaths. Cardiovascular disease also

represents the leading cause of hospitalizations in the country, about 430,000 a year. It's the single leading cause of drug prescriptions. It's a costly disease, responsible for about 18.5 billion annually in direct and indirect health care costs. This burden is compounded by obesity, which is a significant risk factor for heart disease and stroke. Approximately 50% of Canadians are either overweight or obese.

The foundation has been increasingly active in the promotion of healthy lifestyles and obesity control. We have, among other things, recently led the campaign to reduce trans fats in our food supply, developed a recognized food information program known as Health Check, which involves over 400 healthy products in your grocery stores, and we funded innovative obesity-related research initiatives.

We believe that in order to promote healthy living and to reduce obesity we must do a number of things, and there are five of them, which I'll describe here.

One, the federal government should utilize tax incentives and tax disincentives to promote healthy diets and physical activity. For implementation purposes, of course, relevant stakeholders should be consulted. In particular, tax incentives should be used to encourage physical activity and healthy dietary habits. There are many healthy foods that are currently taxed in restaurants. The GST should be removed from these foods to encourage people to choose them. As well, the federal government should consider removing the GST from sports equipment, such as bicycles. Canadians are supportive of these measures. For example, a recent Environics poll conducted this fall found that 85% of Canadians agreed that the sales tax from healthy foods should be removed.

Tax disincentives should be also considered. There are a number of examples of jurisdictions in the U.S. currently applying some type of tax to unhealthy food products or junk foods. By and large, small taxes have been used as a means of funding healthy living programs in the United States. The GST should be applied to unhealthy foods that are currently untaxed in retail stores, such as unhealthy cereals and shortenings, for example. This type of tax is also an excellent means of raising revenue for healthy living and health promotion programs. More research is needed in the area to examine the precise health impacts of taxation. In the recent Environics poll, approximately half of Canadians agreed that additional sales taxes should be applied to unhealthy foods or junk foods in order to reduce obesity and improve health.

Second, we recommend that the federal government allocate at least 7% of relevant infrastructure funds to facilitate the development of community infrastructure that can promote healthy living. Building on the federal government's commitment to a new deal for communities, serious consideration should be given for using existing infrastructure funds for social infrastructure and active transportation projects that can facilitate active living. This would include parks, recreation facilities, walking trails, sidewalks and biking trails. As Dr. Avi Friedman, a noted expert on the built environment, from Montreal, recently said, we've planned active living out of our cities and communities. It needs to be planned back in.

Three, mass media programs can be effective within the context of a comprehensive strategy to encourage healthy living by addressing unhealthy diets and physical inactivity. We urge the federal government to implement a mass media campaign to address these risk factors. The Heart and Stroke Foundation of Canada is ready and willing to work with the government on such an initiative.

Four, the fourth area where the federal government should assume leadership involves the tracking and monitoring of the status of the health of Canadians and their health care system. Currently in Canada there are significant gaps in our ability to track information on the status of chronic diseases and their associated risk factors. Without this information, it's very difficult to make good health policy and resource allocation decisions.

For example, we presently do not know precisely how many Canadians suffer heart attacks annually or how many have strokes. At a broad level, therefore, we are without timely data; standardized data that is comparable across the country; national monitoring of risk factors, interventions and outcomes; and integration of data. It has been estimated that a comprehensive chronic disease and risk factor information system would require an investment of approximately \$35 million annually.

If we're truly going to combat the burden of heart disease and stroke, we need to invest much more in the promotion of healthy lifestyles and obesity control. Currently, as a nation, we only dedicate a minuscule 2% of our total health care resources to public health activities. This needs to change.

• (1745)

Number five, with a view to establishing a more complete evidence base in the area of healthy living and obesity, we need a strong health research enterprise in this country. Other organizations that have appeared here have recommended that the federal government announce its intention to increase CIHR's annual operating budget to around \$1 billion within three years, and we concur with that.

At the end of the day, we know from the history of disease prevention that if we make the investments proposed in this presentation, and with others, we will prolong life, improve quality of life, and reduce costs relative to the treatment of heart disease and stroke. In light of the budget surpluses we have been enjoying in this country, we need to have the foresight and the courage to invest in these types of health promotion and disease prevention measures. In short, this would be money well spent.

Thank you.

The Chair: Thank you.

[*Translation*]

L'Association des paramédics du Canada et ambulance Paramedics of British Columbia.

[*English*]

Mr. Ernie Mothus (Committee member, Paramedic Association of Canada, Paramedic Association of Canada & Ambulance Paramedics of British Columbia): Thank you, Mr. Chair and committee members, for this opportunity to speak to you today on a matter that's fairly important to paramedics and their patients across Canada. Thanks for hanging in there at this late hour. I know you're all starting to get tired, just looking around the tables here. Maybe we should all stand up and do a bit of a stretch or something, I don't know.

My name is Ernie Mothus. I'm with the Paramedic Association of Canada and I'm a committee member with them. With me today is Mr. Pierre Poirier, who's the deputy chief of the paramedic services here in Ottawa and is the chief executive officer of the Paramedic Association of Canada.

The Paramedic Association of Canada is a national professional organization that represents 14,000 paramedics across Canada of the 17,200. We're here today asking that paramedics be recognized and included as a public safety occupation as outlined in the Income Tax Act regulations, subsection 8500(1), thereby allowing paramedics the opportunity to negotiate earlier, unreduced retirement benefits like those in other public safety occupations such as police officers and firefighters, whom we often work alongside.

The regulation itself was created in exception to the normal retirement guidelines allowing for individuals under the public safety occupation designation to negotiate the right to early retirement with no actuarial reductions. That's actually in the submission that has probably been handed out to you, on page 3. I'll go into that a little bit more in depth.

Currently, the PSO designation includes police officers, firefighters, corrections officers, air traffic controllers, and airline pilots. The criterion to meet this PSO designation is very narrow, and it was intentionally done that way. In essence, it's not the riskiness of the occupation per se, but the risk posed to the public safety that is the factor. That's outlined again for you in the submission on page 4 under paragraph (b), last paragraph on page 7, and again on page 8 under number 3.

We have demonstrated throughout the submission that we meet this very narrow criterion. We have obtained an independent third-party report to prepare a comprehensive occupational analysis of the occupations of paramedics, police, and firefighters, and the report appears under tab 10 of that submission.

This report and other material indicate the following. The work we do and the work environment that we, as emergency service, function in are very similar to those of the police and firefighters. In fact, you can see some of those environments in the submission, as well as in the other package that's been handed out to you, of all the very similar situations that we encounter with them. These environments in large part are uncontrolled, unpredictable, and often hazardous. We have compared injury statistics among the three organizations, and again they have come out to be very similar. They are found under tabs 6, 7, 8 and 9.

We have compared physical and psychological demands, and although they are very comparable, it is clear that paramedics encounter far more frequency in what is classified as very heavy work, and that's clearly outlined on pages 14 to 16, page 23 again, and under tab 10.

The significance of this is that these very characteristics of very heavy work, unpredictable work environment, combined with increasing age that made it more difficult for police officers and firefighters to perform their physical tasks and would ultimately lead to public safety being put at risk, is what got them the PSO designation.

Paramedics are in the same position. According to Statistics Canada 2001, 96% of paramedics no longer work after the age of 55, and that's outlined on page 11 of the submission for you. Much of this is due to the combination of increasing age, the deteriorating physical ability associated with increased age, and the very physical nature of the work we do. Although the paramedics are leaving by age 55, they leave with a pension that is penalized under the Income Tax Act anywhere from 3% to 5%, in that they are short of their particular age and/or formula. So they're leaving penalized, although they can't make it all the way to get a full retirement.

We are more than just ambulance drivers. Not only is the scope of pre-hospital medical care increasing as laid out in this submission, but paramedics across this country are on the front line with things such as hazmat teams, emergency response teams, heavy urban rescue teams, riot squads, marine response units, search and rescue teams, and in all of these we are working shoulder to shoulder with police and fire services, on the front lines.

• (1750)

Our submission is strongly supported by the EMS Chiefs of Canada, which is an employer group that employs a significant portion of paramedics from across Canada. That's outlined for you under tab 1 of the submission.

The costs to government have been characterized by the Department of Finance as negligible. The dollar value has been estimated by the department at approximately \$1.2 million a year. However, this figure applies only if paramedics are able to negotiate a full, unreduced retirement benefit. It is not something that is automatically given to them by being added on to that designation.

In summary, paramedics work in the same uncontrolled, physically demanding, and unpredictable work environments as do police and firefighters, with the common objective of preserving life and limb of the public. While police officers and firefighters have been designated as PSOs, paramedics have not. Paramedics are

seeking a level playing field and request to be added as a public safety occupation as they clearly meet the criteria, the spirit, and the intent of the regulation.

We thank the committee for the time they've afforded the Paramedic Association of Canada.

• (1755)

The Chair: Thank you.

The Canadian Diabetes Association, Ms. Philip.

[*Translation*]

Mrs. Karen Philp (Director, Policy and Government Relations, Canadian Diabetes Association): Thank you for having kept the best for the end.

[*English*]

My name is Karen Philp. I'm the national director of public policy and government relations for the Canadian Diabetes Association. With me today is Christine Flammer, who is the associate director.

We're here today to talk about diabetes—type 1, type 2, and gestational. Diabetes is a tsunami that's washing over the world right now. The slides in the package we prepared for you give you a sense of how serious this issue is.

In Canada it's already an epidemic. More than two million Canadians live today with diabetes. Another 60,000 Canadians are going to learn from their doctors this year that they have diabetes. That's one person every eight minutes. This number is going to jump exponentially by 2016. Research out of the University of Alberta at the Institute of Health Economics predicts a 72% increase in the number of Canadians with diabetes.

Diabetes is a real risk in Canada. First nations, Inuit, and Métis people are three times more likely to have diabetes than other Canadians. Practically everyone in this room who is over 40 is considered at risk of type 2 diabetes, particularly if they have a family history of diabetes, are overweight, or are physically inactive.

More tragically, we're now seeing children as young as eight with type 2 diabetes. This was unheard of 10 or 20 years ago, and we're getting more and more cases.

What can I say? It's tragic.

Both type 1 and type 2 diabetes are life threatening. Eighty per cent of people with diabetes will die from heart disease or stroke. It's one of the risk factors for heart disease. Forty per cent of the people with diabetes will develop debilitating complications. They'll lose a limb, go blind, or have to be on kidney dialysis. One in ten hospitalizations lists diabetes as the main or underlying cause of admission—and this is under-reported, because when you have diabetes and you check into hospital with a heart attack, they register you as a person being treated for a heart attack.

We really don't understand the clear linkage and relationships between people with diabetes and the diseases they are being admitted and treated for in hospital.

It's expensive. Diabetes costs all of us. It costs government, through direct health care costs, approximately \$480 million a year—and I'll have to clarify that number; it's not written down. But the big piece is that it's going to increase by 75% for all Canadian governments. Hospitalization alone accounts for approximately 50% of government health care costs just to treat people with diabetes.

But the good news is that type 2 diabetes is largely preventable and the complications can sometimes be prevented or contained. Early diagnosis and aggressive treatment may prevent or delay the complications from both type 1 and type 2, and healthy eating and active living may prevent or delay type 2 diabetes—which is why we're members of the Chronic Disease Prevention Alliance of Canada.

I want to stress that good work has been done in Canada on diabetes, particularly in diabetes research. From Banting and Best to James Shapiro in Edmonton, Canada leads the world in diabetes research. We don't often admit it and don't often acknowledge it. I think that's really good news that the government should be looking at more carefully.

We're here today to ask the committee for an immediate and ongoing federal commitment, including a minimum of \$50 million a year, to a national diabetes strategy. Why? Because we believe that strategy is one of the building blocks for all the broader national strategies that are underway. It's part of a national chronic disease prevention strategy, and it's a supporting feature of the pan-Canadian public health strategy.

We need a national diabetes strategy for those Canadians who live with diabetes. It's not to prevent it; it's to help those who have diabetes today and who will have it tomorrow. They face special challenges and have specific needs.

Please recommend to the government that the current federal commitment to diabetes that ends on March 31, 2005, be extended. Please recommend an immediate and ongoing federal commitment, including a minimum of \$50 million a year, to a national diabetes strategy.

Thank you.

• (1800)

The Chair: That was less than five minutes—pretty good.

I remind the members that I have Mr. Cullen, who wants a special favour from all of us, so I want it to be recorded. Then we'll have rounds of seven minutes.

Go ahead, Mr. Cullen.

Hon. Roy Cullen (Parliamentary Secretary to the Minister of Public Safety and Emergency Preparedness): Thank you, Mr. Chair, and Mr. Penson. I'll be very brief.

It's nice coming back to the finance committee. My new responsibility is as Parliamentary Secretary to the Minister of Public Safety and Emergency Preparedness, and I have to run back to the

chamber to do what is called a “late show”, or an adjournment motion.

I had one question, Mr. Mothus.

Given the important role that paramedics play in the public safety of Canadians, has it ever been explained to you why paramedics are not defined as a public safety occupation in the regulations to the Income Tax Act? Do you have a sense for why that is, or has it ever been explained to you?

Mr. Ernie Mothus: Yes, it has, actually. I was talking with a person by the name of Mr. Keith Horner, who was a senior chief financial officer with the tax department and was there in 1989-90 when this regulation came into effect, and he simply said we weren't at the table. It wasn't something they purposely excluded paramedics from; it was that when they asked, through the consultation process, who was interested and who would put submissions in, we weren't organized enough at that time. We didn't have a national voice at that time.

The Paramedic Association came into effect in about 1994. Had we had the opportunity to be at the table, he said there's no doubt that we clearly meet the criteria and would have been part of that designation. But by virtue of not being there, we weren't added on. They just didn't think of us.

Hon. Roy Cullen: Good, thank you.

I think the timing is good to revisit that, Mr. Chairman, and I hope the committee will have a serious look at their proposal.

Thank you for the time.

The Chair: Thank you, Mr. Cullen.

Mr. Penson.

Mr. Charlie Penson: Thank you, Mr. Chair. I enjoyed the presentations of the panel today. They gave us a lot of food for thought, certainly.

I'd like to start with you, Ms. Groetzing. I know we talked about this issue before in Toronto a couple of years ago when you made a presentation to the committee. I see, though, that we still have a problem with the Canada Pension Plan disability in relation to the MS group fund, and the definitions of “severe” and “prolonged”.

What can you tell me? How would you advise us to act in order to deal with that problem, where people who suffer from MS sometimes are in remission, and then the disease flares up again? Can you give us some advice?

The reason I ask is that parliamentarians don't only need to know the problem, we need to know what the solution is. That is best coming from the people who work with it, so maybe you can advise us.

Mrs. Deanna Groetzing: Sure, I'd be happy to. Thank you very much.

The question of the definition of what it means to be prolonged affects the disability tax credit as well as CPP disability benefits. We have no argument with the fact that, to be able to qualify for either the DTC or disability benefits, the disability should be severe. In fact, we've made quite a bit of progress in the DTC area.

The problem with cyclical, episodic, call-them-what-you-will illnesses such as MS, but I would also say lupus, arthritis, and some mental health problems, as well as HIV and AIDS, is that with diseases like those, your health is unpredictable. You may have an attack, you may be severely disabled for quite some time, and you may recover to the point where you're not at that degree of severe disability, but you are still disabled. The current language of the legislation is much more restrictive, and I think it needs to be much more flexible.

I'm happy to let you know that a group of us are meeting with officials at Social Development Canada on Monday to actually look at some of these very issues. We do want to provide solutions to this, and I thank you for that question.

• (1805)

Mr. Charlie Penson: But would one of the ways be to have some voluntary record-keeping, so that when people are able to work or at least are in remission...? I'm sure they would also want that they wouldn't necessarily collect full-time on the Canada Pension Plan disability. They don't want to have to reapply every time it flares up, isn't that...?

Mrs. Deanna Groetzinger: Exactly. In fact, we often help people with MS on appeal if they're turned down for CPP disability, and one of the things they find very effective is to do that kind of informal record-keeping. It actually shows the adjudicators how the disease affects them in day-to-day life. But frankly, flexibility within the benefits themselves....

There have been advances—I do recognize those—and there's a quicker in and out of the system. That's been great. It does help people if they attempt to go back to work. If for some reason they can't succeed in that workplace, they can be reinstated on benefits quickly. I think that actually has been very beneficial, but I also think there are ways we could make it much more flexible administratively.

So we're making some progress, but we need to continually address this issue not just for people with MS, but for a number of people with episodic illnesses.

Mr. Charlie Penson: Thank you. That's helpful.

The other area I want to address here is the concern that all of us have for what I call an epidemic in obesity. It's not so much with older people; people tend to put on a few pounds as they age. But with youths, it seems to me that it's absolutely out of control. I've heard some ideas expressed on taxing junk food, but I'm not sure that's the answer. It seems to me that we need a massive public education program. We have a ticking time bomb on our hands, and I think some of you have already identified that.

I sat in an airport recently and had a couple of hours to watch people, and among young people 18 years old, 80% of the people coming through were having severe problems suffering from obesity. I'm at a loss for words on what we are going to do about it, but I

think we have to look at some really creative ideas in convincing people that they have to look after themselves. If we think we've got problems in our health care system now, wait until that starts to ripple through the system.

I'm not sure what the answer is, but I would be happy to engage Mr. Myers on this.

Mr. Cleve Myers: I think you're quite right to point it out. There is a growing concern about obesity, there's no question about that. I don't think there's any one solution that will address it. I think it's a variety of things.

If you look at the way tobacco was approached, for example, it was a comprehensive, multifaceted approach to address the problem. It wasn't any one thing, it was a level of taxation, it was massive education programs, and it was a full-court press on making people aware and bringing a whole bunch of information to bear on people so that there would be a massive change in the amount of tobacco used. I think the same thing has to be done with obesity.

First of all, it has to be recognized as a looming problem. It's a problem today, but as you point out, it's going to be a huge problem ten and twenty years down the road. The time to get started is now. The massive promotion campaign is quite right. I think that's very important, and the federal government has to look at that. Most of us remember the ParticipACTION program from years ago. It's gone by the wayside now, but if you say the word "ParticipACTION", most people remember that and what it was about: get busy, do something. We don't have that right now, but we need to have that. It's going to be a big problem.

Stephen, do you have anything to add to that?

Mr. Stephen Samis (Director, Health Policy, Heart and Stroke Foundation of Canada): I would also add that, like tobacco, with which we dealt with the social environmental aspects and did not just focus on individuals, I think it's important to look at the money that's now going back into communities and infrastructure. We need to look for real opportunities to make sure our communities are more walkable and safer, and that there are opportunities for children and youths to play in safe parks and other aspects of our community. I think we have to reintroduce play into children's lives, and that often is in public places.

I know that in the city of Ottawa last summer, when it was 90°F outside, the public wading pool was dry because there wasn't enough money in the municipal budget to put water in the wading pool for children. It's dry four of the seven days a week; it's open three days a week. There are many ways, through the municipal infrastructure funding for cities, that we can encourage physical activity for children and youth in a number of ways.

•(1810)

The Chair: Thank you.

Mr. Cleve Myers: I do want to add something on the trans fat issue. Keep on that one.

The Chair: Mr. Côté.

[*Translation*]

Mr. Guy Côté: Thank you very much, Mr. Chairman. Thank you for your presentations. I will not be the one to talk about trans fats. It is a little inside joke. Nothing serious.

I listened to your different presentations. As the Chairman mentioned earlier, you are the 32nd and final group to meet with us. We have heard approximately 200 spokespersons from various sectors.

It is sad to have heard through you and through many other witnesses of the crying needs that still today exist in Canadian society and in the society of Quebec. It is unfortunate that so many basic needs have yet to be fulfilled, despite seven years of budgetary surpluses.

Sixty-one billion dollars have been devoted to paying down the debt, without any public debate. As we speak, this government is providing for a 31.5 billion dollar contingency fund. Let us not tell ourselves stories: once again, this money will most probably be used to pay for debt service. We are told that approximately 7 billion dollars held by various foundations have not yet been expended. Many of these foundations are naturally involved in the area of research. I will not even make mention of the 46 billion dollars that were stolen from the employment insurance fund.

As I was just explaining, after having heard these statements on essential needs, after having seen Mr. Martin, as Minister of Finance and then as Prime Minister, let the situation deteriorate to such an extent, I dare not ask you to delve any further into your list of requests. I am embarrassed at the idea. I dare not ask you to quantify your requests in terms of dollars, because it is so embarrassing.

A single question comes to mind, and I will conclude on this. I will not even ask you for an answer. How is it that we allowed this government to let the situation deteriorate to such an extent?

I thank you for your presentations.

[*English*]

The Chair: Mr. Blaikie.

Hon. Bill Blaikie (Elmwood—Transcona, NDP): First of all, I want to say that there is such a thing as progress and hope. You mentioned smoking. I've been a member of Parliament for a while, and I remember when we used to sit in the health and welfare committee and smoke. Somebody would be taking a long drag on a cigarette and asking the minister of health what more the ministry was going to do about prevention and stuff like that. Of course now there's no place on the whole Hill to have a cigarette.

Hon. Maria Minna: There are some cheaters on my floor.

Hon. Bill Blaikie: Maybe—every once in a while you get a whiff.

There used to be ashtrays along the back of the House of Commons, in the chamber behind the curtains, and people would smoke. Things do change, although sometimes change is a little odd.

As I said recently, 25 years ago you could smoke almost everywhere and you couldn't gamble anywhere. Now you can't smoke anywhere, but every time you turn around there's a VLT machine. The consequences of that, for a great many people, are sometimes much more instantaneous. They can ruin their lives in a week. With smoking, it sometimes took decades. Someday we'll get onto the gambling thing.

I just wanted to pick up on the remark you made. I don't really have any questions. I have nothing to quarrel with in what you've said. Some of you I have met with individually over the last week or so. This is a minority Parliament, so hopefully the committee will have the consensus. I am only here briefly. I'm replacing our finance critic, Judy Wasylycia-Leis. I hope the committee can make the kind of recommendations to the Minister of Finance...and that he'll actually follow up on them, because ministers don't always do that. I hope it will happen this time.

The thing that struck me about what you had to say, Mr. Samis, is the thing about play. Many times when I come back from being around the neighbourhood or whatever, I'll say to my wife, "Where are the kids?" They're not out. We were always ruining somebody's flower bed, or jumping over a hedge, or climbing fences and playing games that would probably be politically incorrect now. But the neighbourhoods were always full of kids, shooting each other or whatever, using their hockey sticks as rifles, playing.

I think it's partly this whole sort of psychology that parents have. They're afraid to death their kids are going to be kidnapped. Not only do they not play outside, kids are driven everywhere. Everywhere I used to walk—and I live in the same community as I grew up in—you don't see anybody walking anymore. You see older people walking, because presumably they're not going to get kidnapped, but you don't see young people. They're being driven everywhere by their parents. At schools the cars are lined up for blocks.

All this normal daily exercise has been taken right out of our routine, and it seems to me that this has consequences far beyond.... People are doing this with the best of intentions, with parental anxiety, that no harm should come to their children. In the old days, so to speak, parents would say, "What's the matter, did you break your leg? Walk home". That kind of attitude is gone for some well meaning and not entirely groundless reasons.

I'm rambling here, but I want to agree with you emphatically that we need to find a way to reinvent real play—and I don't mean video games, because they don't do anything either.

•(1815)

Mr. Cleve Myers: That's a problem.

Hon. Bill Blaikie: But how do you do this? How do you change a culture? You can't regulate it.

Sorry.

The Chair: Do you want to take a shot at it first, Mr. Samis?

Mr. Stephen Samis: There are a few good examples in some communities in the country. Nova Scotia has the “walking school buses”, where parents are getting together and starting to actually create walking teams of parents, taking turns walking kids to a school bus, even, or walking them to school if they're in a community. So that kind of community organizing is really important on a number of levels. It's starting to happen. It's always done through one-offs, because the communities say they don't have enough money to make that a part of most of the communities that are in any given city or town around the country.

The other thing I think we need to think about is that schools have a significant role to play in even getting kids used to being physically active, and yet education departments are always complaining that they don't have enough money. One of the very first things they cut when it comes to education funding in schools is physical education and other forms of physical activity in the schools.

So it's really important, I think, that we start to enhance our funding for education for those things beyond the three Rs and at least get kids being physically active where they can, which is in schools.

Thank you. I agree with you completely around the importance of creating safe, healthy neighbourhoods where kids can get together and play.

Mrs. Karen Philp: May I just point out, however, that the objectives of those—

The Chair: We have an order.

Ms. Hostrawser wants to go, and then Ms. Pelton. If you'd like, I'll let you, but just quickly.

Mrs. Bonnie Hostrawser: Thanks. I really appreciate the question and the comment around childhood obesity. CDPAC as well has prioritized this for next year. That's the 50 members working on this.

I appreciate your comments around physical activity. The complex situation of childhood obesity needs to be seen as just that, as complex. We live in a society now that's frightened to have kids outside. Also, we live in a society that has fantastic video games and computer technology that is great, but it sits you down for a good, long time.

We also have a society that has portion sizes that are beyond comparable measure ever in any other generation. If you went to a fast food restaurant just 20 years ago, you could not get a pop that was over 10 ounces. Now if you order a pop you have to ask for the child's size, because all the pop is about a litre to a litre and a half in size.

So I would be very happy if the finance committee made some recommendations to reduce obesity in Canada. That would be an essential step forward. As Cleve was talking about, the comprehensiveness is essential, because what's amazing is that as well as all of the other examples that you talked about needing to invest in—taxation, programs—do you know that we don't have information in

this country on what kids eat and why they eat it? So we don't even have the data to make some policy decisions and programming decisions at the community level.

• (1820)

The Chair: Thank you.

Mrs. Bonnie Hostrawser: Just one last point, there's some fantastic research to go along with what Stephen and Cleve have said, out of the States. Suburbs are also a big problem around obesity in Canada. In the suburbs you take this long, winding route to the grocery store, so the fastest way to get there is in your car. If there's a creation of a walking path that even is about 50 metres long from residential area to the service that you need, physical activity rates skyrocket in that residential area. It's amazing.

So it's these simple approaches that we need. Sustainable funding right at the front-line community level would make a difference.

Thanks.

The Chair: We're doing okay on time.

Ms. Pelton, Ms. Philp, and Mr. Campbell, but quickly, please, because I have one more member who wants to ask questions.

Ms. Patricia Pelton: Thank you.

Briefly, regarding the idea of sterilizing our environment for our children, we actually sometimes contribute to it. I have environmental health that reports to me in my health region, and the big craze about seven years ago was to look at injury rates in playgrounds. So we now have very strict playground set-up and equipment and criteria that we utilize. In fact, we have made such safe playgrounds that kids don't want to play in them anymore, because they're no fun. Are we going to have more kids who have long-term health trouble with obesity, or are we going to have a few injuries? I think there must be a happy medium there, but truly we have to pilot-test.

The other piece is the parenting deficiency syndrome, which is what we often call it. I walk into people's homes and they have libraries of videos. It is an easy way to parent, to just plug in a video or a video game. So organizations like the Y bring in families and bring in kids. They have activities together. We really have to get on that.

Thank you.

The Chair: Thank you.

Ms. Philip and then Mr. Campbell.

Mrs. Karen Philp: Stephen made a comment about one-off project funding. The Go For Green project—the children's school bus where parents walked their children to school—was funded under the Canadian diabetes strategy, in which the federal government invested in 1999. It was a community project. It was fabulous, and it would be one of the things that would potentially roll out if you extend ongoing funding to a national diabetes strategy. Those are the kinds of projects we're talking about.

The Chair: Thank you.

Mr. Campbell.

Mr. Robert Campbell: Again, there is also a real correlation between mental health and physical activity, and when people have opportunities for physical activity, it improves their overall mental health and well-being.

The other piece, I think, around the obesity issue is that if you look at families on low income, you'll find there's a higher correlation of obesity with people who can't afford Canada's Food Guide because of limited income and so on. I think we need to look at those issues as well—look around the whole issue of the social determinants and their impact on our physical and mental well-being.

The Chair: Thank you.

Ms. Minna.

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

Well, I don't have a whole lot to disagree with you either. Actually, I really like all of the presentations this afternoon—how you've taken pieces out of the infrastructure program, the 10-year health, and other pieces to put them into the public health stuff, and show how we don't have to look for additional funding since it's the funding we've dedicated already. Preventative health and prevention is very important. It's critical. And diabetes is a major issue.

When I think of children as well...we criminalize kids too nowadays. You can't walk on anybody's lawn. I remember my mother was deathly afraid of us playing on the sidewalk, because we'd be on the street and the cars were coming down and we were going to get run over. So what do you do? You keep kids inside in the living room—it's safer—or have them play on the verandah only, that kind of stuff. It used to be that you'd get a kid by the ear and say, "Okay, what did you do?" And the neighbours would look after it. Now if you get on somebody's lawn or somebody's apple tree to pick their apples, or what have you, the police are called in and it's trespassing. To some degree I think our society has gone overboard in all kinds of things that we've discussed.

In Ontario, for instance—someone mentioned the schools—only now has the Minister of Education made phys. ed. compulsory in the schools. Actually, prior to that it was eliminated. Not only that, but in the communities you have user fees. So kids couldn't go into community centres or into parks and into games, and what have you, unless they had money to pay, with the exception of the Boys and Girls Clubs and things like that. So there's a whole lot of things that we've done.

I have two questions and a suggestion. How do we get high-glycemic foods in addition to trans fats out of the hands of children—and adults, for that matter? When you eat high-glycemic foods, all you want to do is eat more an hour later, right? It goes to sugar pretty quickly. So by 9 o'clock the kid's hungry again and he's going to want to have his pop, just as I would be if I had a doughnut for breakfast and the Pop-Tarts and whatever else we feed them.

How do we put on these boxes this great ugly thing, as we've done with smoking? Can't we put on the boxes of all the high-glycemic foods and trans fat foods a great big head of this fat kid and say, this is what it's going to do to your child because he's going to be hungry two hours from now? I don't think it's getting through. Commu-

nication has to be aggressive. Is there anything we could do with the food and regulation stuff?

I just think that somewhere, somehow, the information is really not getting through to everybody. With cigarettes it wasn't either until we started bombarding things.

I have one other question also. Do you want me to get to the other one right away?

• (1825)

The Chair: No, Mr. Samis wants to address it.

Mr. Stephen Samis: There's an interesting paper that's just appeared in Britain, and it's the white paper on public health in the U.K. They're proposing in there, or at least discussing, trying to come up with a new way of labelling foods that would be basically a stop light system where you have red, yellow, and green.

Some foods are just obviously very healthy foods. Those are green label foods. Some foods are marginally healthy or somewhat healthy foods. Those are yellow label foods. And those foods that are just really bad food for you are red label foods. It's an interesting proposal. It would be done on a national basis in the U.K., and it's an interesting—

Hon. Maria Minna: In some cultures red is good. The Chinese say red is good. You have to be careful with colours. You have to explain what the colours mean very carefully.

Mr. Stephen Samis: It's an interesting way of looking at it.

The other thing is this. There's some really interesting research in Edmonton, and I think that the environmental aspect of this is important. Some very interesting research at the U of A shows there's an over-concentration of fast food outlets in poor neighbourhoods in the inner city of Edmonton, and very few are in upper-income neighbourhoods.

In their research, the same group also showed that the same food is 12% more expensive in the inner city of Edmonton than it is in the wealthier suburbs. It's the same store and the same food, but it's 12% more expensive for people who generally have less access to vehicles and the means to shop in the suburbs, where the very same food tends to be cheaper. We really have to look at the environmental aspect of the problem in many ways.

Mrs. Bonnie Hostrowser: I would only add that I absolutely love those comments.

There's a lot of research that indicates if you use pricing strategies to decrease the price of healthy food and increase the price of unhealthy food, then you will see families choosing healthy food. It's absolutely true that you don't see grocery stores with lots of fruit available in poorer neighbourhoods; and if you do, it is more expensive. As long as a two-litre bottle of pop is half the price of two litres of milk, what do you choose when you have limited income?

Hon. Maria Minna: Maybe you're right and we need to look at the pricing issue. I don't know. Perhaps taxation is one way to go. Taxing the heck out of bad foods may be one tool, but something has to give.

Before I'm taken away here, I want to quickly go to the mental health and MS groups because, to some degree, episodic employment affects both groups—and others, as you mentioned earlier. We were talking about CPP and all kinds of things. Of course, housing is fundamental, but income security is also very important. What about raising the old chestnut about guaranteed income?

There are all kinds of different groups of people, and inevitably some group falls through the cracks and keeps falling. Then you patch this piece and you get another piece breaking open somewhere else.

There was a study done when I was part of the HRDC committee back in 1994, when I was on the social security review, the huge marathon that we did back then. At that time, there had been an analysis of what it would cost for a guaranteed income, what kind of existing programs would go into it, and what the sustainability was. Is anything being done on that now?

• (1830)

Mrs. Deanna Groetzinger: If I could, I'll start off on this.

I agree with you. I think what we're talking about today is a bit more patching, and there is some kind of philosophy behind it. But one of the things we're certainly starting to do, as a sector concerned about this, is to look at whether there could be something.... Is there a disability pension? Is there something more overarching? Is it a guaranteed income?

I'm not quite sure what one would call it, but I think there are many people who fall outside the various criteria. As I mentioned, if you don't have enough years to contribute to CPP, then you don't get it.

Hon. Maria Minna: It's not a solution, it's a partial one.

Mrs. Deanna Groetzinger: Yes. Changing the rules a little can be helpful in the short term, but in the long term, I think we need something that is more far-sighted and more of an umbrella. A number of us are starting to talk about that, and hopefully we would also involve parliamentarians to help bring this forward.

It is something that is complex because it involves the federal, provincial, and territorial governments. Whenever we get together as groups and talk to people, we see that the patchwork of programs that people have to negotiate to get the most modest kind of income is incredible. Certainly, I don't think we want to be talking about patchwork for much longer.

The Chair: Mr. Campbell.

Mr. Robert Campbell: It's addressed in our presentation, but I guess the short answer to your question is yes, something like a guaranteed income would certainly be part of it. We think we need to address reasonable social assistance, disability programs, and so on.

Minimum wage rates are also another issue. There's great disparity across the country around that, and we think it's really important.

Related to that is the whole area of people who are affected by mental illness in the workforce. Again, there need to be programs that can help episodic illness, as we said.

We need to improve employment provisions for temporary or contract workers and pro-rate benefits for part-time workers, again, because it's a big issue.

In general, I think we would say yes.

Hon. Maria Minna: Thank you.

The Chair: Thank you.

I just have a quick question. We seem to have had the same request yesterday from the health panel, because we had people from the Cancer Society, and the people from the HIV association. There's the same request from the Heart and Stroke Foundation, and a similar request from the Diabetes Association. Then there's the Multiple Sclerosis Society, which is a little bit different. But I guess my question is directed to the Council for Health Research.

What do we do? Do we give a whole bunch of money to the council and let it decide where all this money is? You've got all these members. Do you want the finance department officials to decide which disease is more important and where the money should go? Or should we let somebody who knows about diseases decide? It's a question that everybody may want to answer. I'm not sure what the solution is, but there are a lot of requests out there.

How do we manage it, and how do we determine what the right amount of money is? I think the Diabetes Association has been managing with \$30 million, and now they've asked for \$50 million. So how do we manage all this? There are more requests. The Canadian Cancer Society has a plan. They want us to implement the plan, but is it the finance department that has to implement the plan? With HIV it's the same thing. Somebody else today wants us to come up with the plan. If I'm not mistaken, it was in one of the first briefs.

How do we reconcile all of this? You've got 10 seconds.

• (1835)

Mrs. Karen Philp: First, I'd like to clarify. We're asking for \$50 million to go to Health Canada for the implementation of a national diabetes plan that has been developed by all the key stakeholders, including the provincial governments. Stakeholders like the Canadian Diabetes Association, the Heart and Stroke Foundation, and the Assembly of First Nations are at the table. So it's a broad plan.

The Chair: So the plan is there already. That wasn't clear.

Mrs. Karen Philp: The plan is ready. The federal government has already paid for the plan development, and now it's time to implement the plan. It's \$50 million because we're adding a few components. There needs to be more money for aboriginal diabetes initiatives, because diabetes is such an epidemic in aboriginal communities. We're rolling in research. There was no money for research in the original strategy, and we think there needs to be more money not only for finding a cure for diabetes, but for finding ways to prevent it, evaluating which programs work, and that sort of thing.

Mrs. Deanna Groetzinger: Maybe I can take a stab at that overarching question of how money is to be divided up. I think many of us aren't necessarily asking for money to come directly to our own organizations. We're really looking at public policy areas in which funds should be spent to help Canadians be healthier, to help Canadians manage better as contributing members of society. But I think it's also important that this afternoon you could see by our presentations how we are working together and identifying priorities together.

I think there has been a lot of guidance here in terms of some of the areas we would like to see, as health charitable associations working together.

The Chair: The presentations are fine. It's just not clear who the messenger is, or how we're going to deliver it. That's what I'm having problems seeing.

We had the sports groups in, and they asked that a separate secretary or separate ministry be created for sports. We said okay, because it helps with health, so do you want to be part of health? But they want to be kept separate. The sporting matters group felt there was a health component there. So again, who has to decide where...? That's why I'm looking to the Canadian Council for Health Research for a bit of direction, because it seems to be one of the umbrella groups.

Ms. Deborah Gordon-El-Bihbety: In a sense we are, and we're not. Many of these organizations are members of the Council for Health Research in Canada, but they're members for a single purpose, and that's because they concur with our mission to increase public investment in health research. So many of the members of this council today spoke about investing in health research because research is an aspect of their mandates. It is not the only aspect of their mandates.

The sole aspect of our mandate is to lobby the federal government to increase investment in health research. So that would mean dollars going into the Canadian Institutes of Health Research, the Social Sciences and Humanities Research Council—the portion of that council that funds health research. Health Canada is both a funder and a performer of health research, so moneys would go there as well.

That's what we're doing in all of these organizations, because in their strategic plans, research is a critical part of solving the challenges they are addressing in their respective areas. So that's the relationship between my council and these organizations. It's not quite as you thought it was, but I wanted to clarify that for you.

The Chair: So in an ideal world, if the Canadian Institutes of Health Research got the right amount of money, and the Social Sciences and Humanities Research Council got the right amount of money, would they be able to trickle it down to your organizations?

Ms. Hostrawser.

Mrs. Bonnie Hostrawser: Just to follow up on Deborah's comments, you heard in her presentation that one of the priorities was for an integrated research strategy, which is one of the important components of all of these pieces. If you notice in our brief, the Chronic Disease Prevention Alliance of Canada has all of these members and is working for integrated research, policies, and programs for chronic disease prevention. So we are coming together in the way you'd like to see, and that's why all of these organizations to which many belong have put together the recommendation that there be an integrated chronic disease prevention component in the Public Health Agency of Canada, which coordinates this activity.

That also recognizes, as Deanna said, that there are areas we have in common—that's why people come together in an alliance like this—and there are also areas that are unique. So there are areas that are unique in diabetes, unique in cancer, and unique in heart and stroke, etc. But there's that overarching piece that we are now advocating strongly for and working on with the Public Health Agency, and we would really like the finance committee to match some of that vision with investment.

• (1840)

The Chair: Great. I'm going to leave you on that note, because I saw a lot of the witnesses nodding their heads. I think I got part of the answer...if I can get my brain to absorb it.

Thank you. Thanks for your time.

The meeting is adjourned.

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