



House of Commons  
CANADA

## Standing Committee on Finance

---

FINA • NUMBER 065 • 1st SESSION • 38th PARLIAMENT

---

EVIDENCE

**Thursday, June 2, 2005**

—  
**Chair**

**Mr. Massimo Pacetti**

All parliamentary publications are available on the  
"Parliamentary Internet Parlementaire" at the following address:

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

## Standing Committee on Finance

Thursday, June 2, 2005

• (1535)

[English]

**The Chair (Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.)):** Good afternoon, everybody.

Good afternoon to the witnesses. Thank you for appearing on such short notice. I know some of you were contacted just a day or two ago, so I appreciate the fact that you made it here. I think it will enlighten some of the members on the committee.

The instructions I have are that you are here pursuant to the order of reference of Thursday, May 19, 2005, Bill C-43, an act to implement certain provisions of the budget tabled in Parliament on February 23, 2005.

I am not going to have a problem if you address some of the points in Bill C-48, but I'd like to keep it to Bill C-43.

I'd also like to have the witnesses keep their interventions to five minutes if possible—I know some of you are going to go a little bit longer—because then the members are going to want to ask questions, and they're going to have seven minutes allocated for the first round and then five minutes after.

I have a list of witnesses, and the first group I have on my list is l'Association canadienne des constructeurs d'habitations. Mr. Wassmansdorf, you're first.

**Mr. David Wassmansdorf (President, Canadian Home Builders' Association):** Thank you, Mr. Chairman.

First of all, I'd like to introduce myself, David Wassmansdorf. I'm the president of the Canadian Home Builders' Association for this year, 2005-06. I'm a home builder and land developer based in Burlington, Ontario, and I'm pleased to be here today speaking on behalf of the Canadian Home Builders' Association.

Joining me today is John Kenward, the chief operating officer of the association, and David Crenna, the director of urban issues.

First of all, I'd like to touch on the Canadian housing framework. We appreciate the direction this framework is going in. Canada needs a national housing strategy with full federal, provincial, and territorial cooperation and engagement. We are anticipating increased emphasis on income solutions for those needing assistance in meeting the cost of decent and suitable accommodation. The vast majority of those who are defined as being in “core housing need” require income support.

At the same time, we want to see housing supply solutions for those with special needs, such as victims of family violence, and for

those in areas of the country where housing markets have yet to evolve, such as in the north and in aboriginal communities throughout Canada. These groups should have priority in the allocation of funds available under the affordable housing initiative.

Overall, we expect the national housing framework to provide assistance in the most cost-effective way possible to give first priority to those in greatest need and to ensure that people are helped quickly. There's no question that the magnitude of housing need in this country makes it a national priority, and it requires fast and determined action by all levels of government.

We support a tool box approach. All policy tools should be in the national tool box, allowing local communities to apply those that best suit their local circumstances and challenges.

I'd like to turn to market housing. The success of the national housing framework depends on actions to remove impediments to the effective functioning of housing markets. Tax reform is essential. We need a rational tax regime to encourage private investment in rental production. This is not a call for subsidies or incentives; it's quite the opposite. What is required is the removal of tax impediments and disincentives to investment in rental production. As well, there needs to be a change in the way the Canada Revenue Agency values self-supply rental units for GST purposes. Actions on both these fronts are necessary to address the serious shortages of rental accommodation across Canada. Increased supply is a key to increasing the availability of modest rental housing and addressing housing need.

On the homeowners' front, it is time for the federal government to fulfill its commitment to index the GST rebate. As the Vanier Institute of the Family has pointed out, young people have fallen further and further behind in achieving their dream of home ownership. The national housing framework will fail if it is not accompanied by tax reform for well-functioning markets.

Turning to infrastructure investment, we are pleased to see the federal government investing in municipal infrastructure. I'd like to make four points. This investment must secure three principles: transparency, accountability, and a net benefit. We are pleased to see in the recent agreement with the Government of Alberta that the provincial government and municipalities “will not reduce, eliminate or clawback any funding which is currently being made available for Municipal Infrastructure”.

Funding for provincial programs is subject to legislated appropriations. This investment must be well targeted to clean air, clean water, clean land, and efficient transportation systems. As well, this investment must have a housing lens. There must be a connecting of the dots between infrastructure investment and improving housing affordability and choice, and this investment must be made in cooperation with our industry in order to maximize benefits through shared business planning.

The private sector is the engine of economic growth and prosperity and actually builds as much infrastructure each year as municipalities do. We have recommended that the Minister of State for Infrastructure and Communities, the Minister of Labour and Housing, and our industry work together to secure progress toward developing and applying a housing lens on infrastructure investment. This is key to the success of the national housing framework.

• (1540)

I'll turn to the underground economy. It is essential to come to terms with the fact that the underground economy continues to flourish in our industry. The only response thus far is the contract payment reporting system—an utterly futile effort. The underground economy is a paperless economy. It works outside the legitimate economy. While the legitimate new home builders and renovators fill in forms, the underground operators continue to have a field day. We have asked the Minister of National Revenue to initiate a comprehensive study on effective ways to deal with this issue. Let me add that the revenue losses to government through the underground economy far exceed the expenditure for helping those in housing need.

On the human resources and skills development front, I'd like to indicate that the shortage of skilled people in the residential construction industry is becoming more and more serious. I'd like to make two points in this regard. The human resource development action plan that was developed in cooperation with CMHC and the former HRDC needs to be activated. Immigration rules must be changed to encourage people with the skills required to work in our industry to immigrate to Canada.

Last, with respect to innovation and research, the federal government has two outstanding agencies, CMHC and the Institute for Research in Construction. They are tremendous resources for Canada's housing future and the foundation of the federal government's indispensable role in housing and community development.

Thank you, Mr. Chair.

**The Chair:** Thank you.

The next group I have is Advocates for Childcare Choice. Ms. Tennier.

• (1545)

**Mrs. Kate Tennier (Founder, Advocates for Childcare Choice):** Our organization, Advocates for Childcare Choice, believes the child care portion of this budget is deeply flawed and represents an extremely bad use—indeed, a waste—of taxpayers' money, for the following reasons.

I'll highlight them quickly and then go into details: one, we have absolutely no idea how much this program is going to cost; number two, the federal government should not be involved, as this is an area of provincial jurisdiction; three, we should not be constructing a huge, monolithic, inflexible system that is not responsive to future societal changes; number four, there are families in real need to whom this money should be directed right now; five, the sheer economics, the enormous costs—actual cash—that Canadians are going to have to pay for this; six, evidence of money already being wasted politically on this program; seven, the opportunity costs; eight, the unforeseen future costs; nine, the final point, the cost of building something that Canadians have clearly said they do not want.

On point number one, Ken Dryden is on record as saying many times that he has absolutely no idea how much this program will end up costing the public. One simply cannot implement a program where the costs are not only listed as erroneous but haven't even been estimated.

Number two, this is a provincial jurisdiction, not federal. The federal government should not be involved with “strings attached” unless the Constitution is changed drastically and they take over all financial responsibility for such a program. Already one can see the confusion, uncertainty, and lack of planning felt by provincial governments when the federal government is involved on this issue.

Then I give a link to the Ontario government's confusion about waiting to see whether this money is going to come or not.

On number three, furthermore, this is a very unresponsive program. We cannot predict how changes will happen in society. The U.S. Census Bureau released a report with a press release entitled “Labor Force Participation for Mothers With Infants Declines for First Time...”. This document shows that changes may be afoot that make this program obsolete before it even gets going. While this is an American study, it points to the notion that changes may be occurring that we simply cannot perceive. British reports also suggest the same phenomena.

Number four—and this is one of our most important points—there are real families in real need who should be getting, in Ontario, the bulk of this \$270 million directed toward us. We don't want to see it going toward bricks and mortar, bureaucracy, legislation, and infrastructure that are not needed.

Concerning number five, the sheer cost, even though Minister Dryden says he has no idea, they rely upon two economists, Cleveland and Krashinsky, who have given—I'll have to be careful not to be slanderous—something that can only be termed “voodoo economics”. We have serious concerns about how they've arrived at their numbers.

Their numbers are based on very hypothetical predictions of the number of women who would enter the workforce because of free child care and, even more bizarrely, on the so-called future earning power of these women—a bit of a Ponzi scheme there.

They use these predictions to make the program look even less expensive than it would otherwise be, because of the increased government revenue due to greater hypothetical workforce participation. What if all the women who accessed this new program decided they wanted to stay home, as they are entitled to do because of the universality part of this program that Dryden is promising? What would the numbers look like then? I've worked them out, and they come roughly to about two and a half times what Krashinsky and Cleveland are on record as stating.

The second part of the sheer cost is this. Another way they lower the look of the ultimate cost is to factor the cost of government-controlled day care as an actual cash benefit to society, by saying that this program will generate returns that non-government care would not. As a primary specialist teacher I find these findings to be nothing short of preposterous conjecture, material that should be banned from public discourse. For a concise critique of this, again I have the website listed here.

Finally, Cleveland and Krashinsky use \$9,350 a year—that's for the year 2002—as the amount needed to be spent to produce “good quality learning”. But in a new, groundbreaking book, Canada's well-known and well-regarded Gordon Neufeld and Gabor Maté, state that care, while not needing to be in a home, must be “home-like” to have a positive effect on young children. While they do not come up with numbers, we estimate that providing a “home-like” attached model of caregiving will cost considerably more than Krashinsky and Cleveland suggest—some people have suggested close to double.

•(1550)

Number six is the political waste of this money. Already we have seen this program suffer from waste of taxpayers' dollars on what we'd consider to be nothing short of electioneering. When these latest child care deals with Manitoba, Ontario, Saskatchewan, and Nova Scotia were hurriedly announced before the May 19 budget, there was an unseemly political nature about them. The photo ops accompanying the announcements were between members of the federal Liberal government and well-known, long-time universal day care activists who, it might surprise many to learn, are heavily funded by government dollars. In short, the federal government appears to be paying its own lobbyists and then publicly praising them for their long-term activism “on behalf of children”. The optics seem to have worked, but the truth is that these activists have routinely engaged in practices that have served to ignore all the other legitimate child care choices that the majority of Canadians want.

A small but tangible example of wasted taxpayers' dollars being used to promote government policy against the wishes of the electorate comes from reports we're hearing out of Saskatchewan, where children are being sent home with buttons saying, “My child attends a licensed day care”. The irony is that it was reported to our group by a parent who could not access her first child care choice—an “unlicensed home care provider”, a woman who had looked after

her older son for several years but was now unable to because of maximum enrolment in her home.

Number seven is opportunity costs. If factors such as projected future earnings and perceived educational benefits accruing only from government-controlled care are used in determining the cost-benefit ratio of this program, it is then necessary to look at the costs that will be incurred if universal day care meets its intended economic goal of having most mothers in the paid workforce. In short, what are the opportunity costs of such a venture?

On caregiving and unpaid labour, I won't go through the whole paragraph. I'd like to be politically correct, but the truth is that women do most of the unpaid caregiving and volunteerism in Canada, and to cover the costs of that—which would be eliminated because they would be in the paid workforce—would be astronomical.

How much time do I have?

**The Chair:** You have two minutes.

**Mrs. Kate Tennier:** I have two minutes.

Finally, I will deal with the cost of wiping out the existing system, and this is key. There is currently, already built, a thriving, efficient system in existence all across Canada. It is almost the perfect system, as it is diverse, flexible, non-bureaucratically run, parent responsive—and it's truly community oriented, unlike the counterfeit community of government-controlled care. It includes day care, part-time care, drop-ins, art and music lessons, parent co-ops, nursery schools, grannies, long-trusted neighbourhood care, and on and on. I have many examples of these types of systems thriving in Ontario, systems in which people work together to create real community and offer tremendously fantastic care to children.

What a huge and tragic and unnecessary waste it would be if we only offered government-subsidized and government-controlled care. If parents could direct their tax dollars instead to the care of their choice, this current efficient, thriving system would happily only get stronger.

There are unforeseen costs to families and teenagers, but because I was a teacher—and my time might be limited here—I'm going to focus on unforeseen costs to a child's education. This has been billed as early childhood learning. We contend children will actually end up having lower learning results if this plan of universal day care is put in.

While those who advocate universal government-run day care suggest this helps parents to fulfill their roles as nurturers and educators of their children, it does nothing of the sort. It actually has the opposite effect, working to disenfranchise parents even more from their pivotal role in their child's life. There is no part of the program budget directed toward giving parents direct support in understanding how young children learn and which environments are most conducive to that learning. When we leave parents at the school door, telling them their help is no longer needed, we are doing nothing to leverage and capitalize on the inherent interests all parents have in their children.

This is one of the largest acknowledged downfalls of schools. Parents are disenfranchised from their child's learning life. It's been documented in various studies that the rate of literacy in New England before compulsory schooling far exceeded anything we've seen since, at times approaching universality. It certainly exceeded, in spades, the Canadian literacy rate recently reported by the OECD, which outlined that 42% of Canadians remain functionally illiterate. The general conclusion from these studies of yore is not so much that parents taught their children to read, but rather that children were immersed in a literate environment, and that parents did not assume a child's education was someone else's responsibility.

Not one of these aspects of "quality early learning" has even been mentioned in the government's plans for universal day care, with the result that parents—the most necessary ingredient in a child's learning life—are pushed even further to the sidelines. Knowing these literacy statistics and the fact that there now exists in Ontario an unbelievable 30% yearly high school dropout rate, it is incumbent upon us to at least ask the question, is it wise to extend institutional learning to younger and younger children?

I'm going to read one e-mail, and then I'll conclude.

• (1555)

**The Chair:** Could you wrap it up in 10 seconds?

**Mrs. Kate Tennier:** Yes.

**The Chair:** Thank you.

**Mrs. Kate Tennier:** I got this from a high school teacher:

I'm very concerned about the growing trend toward institutionalizing children as soon as possible and keeping them institutionalized as long as possible. This is an alarming trend, and as a teacher, I see its negative results every day—kids who don't know who they are. These kids are suffering from school fatigue at 12 and 13. By the time I get them in grade 9, a good half have lost all interest in learning. They're tired of jumping through hoops. They've been robbed of their childhoods, and they know it. The earlier you start kids in any kind of institutional process the sooner they'll burn out and lose all interest in that process. We're going to reap a bitter harvest from a generation of over-institutionalized, over-programmed kids. I believe the rising incidence of depression and substance abuse in later adolescence is in part the product of kids growing up in overstressed, under-nurtured, state-run institutions that claim to serve their needs.

Michael Reist is head of the English department at Robert F. Hall Catholic Secondary School in Caledon East, Ontario. He has taught high school English for 22 years.

I'll leave my concluding remarks.

**The Chair:** Thank you.

Mr. Paton, from the Canadian Chemical Producers' Association.

**Mr. Richard Paton (President and Chief Executive Officer, Canadian Chemical Producers' Association):** Thank you, Mr. Chairman.

Thank you for the opportunity to appear before the finance committee on Bill C-43, which we'll direct our comments to.

I represent the Canadian Chemical Producers' Association. I've been working with 25 other companies and associations on climate change for the last seven years.

Gordon Lloyd is with me today. He's the vice-president of technical affairs. He has about 15 years' experience working with CEPA and understands a lot more about CEPA than I do.

I must say that I'm a little disappointed that you voted down the amendments to Bill C-43 proposed by Monte Solberg earlier today. I was hoping this presentation would be done before you made those decisions. I hope that my comments may reopen some of those questions or offer you other opportunities to reconsider those decisions.

CCPA supports good government policy to address the climate change issue and reduce greenhouse gases. For our plants to be able to make the investments required to make further progress, we need a policy framework and an approach by government that's workable, that recognizes technological realities, and that achieves both environmental and economic performance.

My comments today will primarily be directed to the specific issue of CEPA and the budget bill, not the various funds that have been proposed. Our core position is that we support the recommendation of the Standing Committee on Environment and Sustainable Development to remove section 15 from the budget bill. I'll explain why we support that committee.

In our view, the issue of amendments to CEPA, much like the environment committee concluded, should be dealt with in a comprehensive and thorough way, as part of the CEPA review process, which will begin in the fall. We have four reasons for supporting the environment committee. First, CEPA is the wrong instrument for a complex issue like climate change. Second, the process has been inappropriate. Third, the drafting raises serious risks, which Gordon will talk about. Finally, the CEPA changes are not needed now.

First, let's consider the issue of climate change. Climate change is not like any other environmental issue. It's an economic issue, an energy issue, and an environmental issue. The issue of greenhouse gas reduction affects the essence of how industry and society use energy. Since energy is a fundamental part of the Canadian economy and how Canadians live and work, it's a huge economic issue. Thus, legislating or regulating this issue is not like controlling sulphur dioxide from smoke stacks up in Sudbury; it's more like dealing with an issue as broad as free trade, the NAFTA accord, or GST. It is a fundamental change in how governments operate with respect to the economy and society. It will have huge impacts on energy supply and policy.

So notwithstanding the unique, complex nature of this issue, the government has chosen to use environmental legislation to regulate greenhouse gases. They have not just chosen an environmental bill; they chose a toxics bill. So we now have a toxics bill, with all the limitations it brings with it, to try to regulate an issue that is essentially economic, environmental, and energy based.

Even though the government will argue at this late hour that there's no other viable choice, it's still fair to say this is the wrong tool for the job. Using a toxics bill, even if the word is removed, to regulate an economic, environment, and energy issue will lead to serious distortions in the policy process and will not produce a sustainable approach to this important issue.

Ideally, climate change should be the subject of a broad enabling bill that would recognize the dimensions of the issue, the role of the provinces in climate change, and the need to develop partnerships with industry and other governments. However, if CEPA is chosen as the appropriate instrument, it should be done after a careful review and full discussion, not as a companion amendment to a budget bill.

Our second reason is that the process has been unacceptable. The CEPA review has now been referred to the Standing Committee on Environment and Sustainable Development, and that committee has already shown that it's fully engaged in the climate change issue and capable of bringing a rigorous approach to it. The committee, in its fifth report, outlined four reasons why the process has been unacceptable. We agree with their reasons.

• (1600)

First, they noted that after two years of discussion with industry by the Large Final Emitters Group and Natural Resources Canada, the CEPA option was never seriously considered or even discussed with industry, and not until just before the budget bill did we hear that CEPA would be included in a budget bill or even considered as the instrument chosen by the government to deal with this issue.

Second, the committee does not believe that part 15 of Bill C-43 is strictly a budget measure or inconsequential amendment.

Third, the committee rightly raised the concern that the amendments may have implications beyond the stated goal of facilitating regulation of greenhouse gases. Gordon will talk about that in a minute.

Finally, the committee raised the issue of whether the removal of toxics from CEPA is the best way of dealing with the climate change issue.

We agree with all these points, even though most industry groups, including CCPA, would dearly love the removal of the word "toxics" from CEPA, because it would probably make it easier for everyone. Members probably all remember the salt debate; calling salt toxic was a little bit difficult.

However, notwithstanding our desire to change that act in that way, we do not agree that this is an inconsequential amendment that should be undertaken in the budget bill. This is a serious change to framework legislation and should be considered in the context of a total bill and its provisions.

Gordon will talk about the other two reasons why we support the environment committee.

**Mr. Gordon Lloyd (Vice-President, Technical Affairs, Canadian Chemical Producers' Association):** Thank you.

The third reason we have is that this bill really was drafted in haste. There hasn't been much time, if any, for careful review of it. We think that has resulted in some significant drafting errors. Given the time limitation, I'm not going to elaborate on those now, but hopefully there'll be some questions on that area.

CEPA is an incredibly complicated piece of legislation. Making adjustments in one area is going to have impacts in others, and I just don't think those are being carefully considered in this.

Members might note that the word "toxic" has not been removed completely from the legislation. Where it is left, it no longer has a definition, and this is the foundation of some of the drafting problems and the confusion that we think are inherent in the bill. We're concerned that the proposed changes as presently drafted could have a lot of unintended consequences that are not well understood and haven't really been debated. We really think the environment committee in its brief review came to that same conclusion, and that's why they felt this issue should be taken up more fundamentally when they look at the CEPA review as a whole.

We feel it's a real concern that if the proposed bill goes through without taking these drafting problems into account, it's going to have implications much beyond climate change, but into other fundamental areas of how CEPA deals with the management of substances in Canada generally. We want to make sure this is done in a way that the time is taken to do it right, and that hasn't happened.

Our fourth point is that the proposed approach isn't really necessary if you're going to deal with climate change in CEPA. Right now CEPA, as it was amended in 1999, contains provisions under section 166 to deal with international air pollution. Those are intended specifically for situations like this, with the Kyoto Protocol. The provisions would involve the federal government in first engaging the provinces, in having discussions with the provinces on what they could do to address climate change, and that provision could be used now. It would require strong collaboration with the provinces, but we see that as a good thing.

To make progress in climate change, the federal government is going to have to work, and is starting to try to work, cooperatively with the provinces. Using section 166 in the bill would be a way to reinforce that, and we would see it as a far better way of proceeding, using the current legislation, without the need for these hasty amendments that we feel have some significant drafting problems.

• (1605)

**Mr. Richard Paton:** To conclude, we support the recommendations of the environment committee to remove part 15 from Bill C-43. We've told you there are four reasons: CEPA as a toxics bill is the wrong legislative tool for the climate change issue, which is really an energy, environment, and economic issue. The process has been inadequate and hasty. The drafting can create serious environmental policy issues. Finally, there are other options the government can use. They can use section 166 right now and these budget provisions are not necessary. Changes to CEPA that would enable the regulation of greenhouse gas should be considered thoughtfully in the context of the CEPA review.

The climate change file has a history of missteps, which continue to accumulate, and has made it very difficult for responsible industries such as ours to get on with the job of reducing greenhouse gases. We cannot afford another couple of years of working on badly thought out legislative frameworks creating endless regulations. Let's not repeat that history, let's do it right.

Thank you very much.

**The Chair:** Thank you.

We'll go straight to members.

Mr. Solberg, you have seven minutes.

**Mr. Monte Solberg (Medicine Hat, CPC):** Thanks very much, Mr. Chairman.

I want to thank all of our witnesses for being here today on pretty short notice.

I want to start by thanking Mr. Paton for his presentation and, really, for laying out some of the problems with addressing this through Bill C-43.

I wonder if you could maybe elaborate a little bit on the potential impact of this on things like investment in the economy. When you have this kind of uncertainty hanging over the industry, and when you have a process like we have now, where we're trying to deal with this through CEPA.... You've indicated it's the wrong instrument. Maybe you could talk a little bit about that. If you want to elaborate a little bit on why this is the wrong way to approach this, I think it might be instructive for members of the finance committee, who are really neophytes, frankly, on all of this, compared to their counterparts on the environment committee.

**Mr. Richard Paton:** Just as a quick background note, we've had a climate change policy in CCPA since 1995 and we've made huge progress in reducing greenhouse gases. In fact, if you went back to 1990 and took the whole Kyoto period, we would meet Kyoto targets. So the issue for us is not Kyoto; the issue is how the government is going to regulate an approach to Kyoto.

Members may not understand this, because this is a complicated regulatory process, but just think of what this bill means. This bill, according to Environment Canada, means they will work to develop a protocol, which will take about four to six months. It will go through the gazetting process. Then they will start negotiating with us on sector regulations in the chemical industry on very specific targets for companies and plants, which could involve equivalency agreements with the provinces. It will probably take, if regulations were developed, another six to ten months to get them through the gazetting process, and the consultation process will take another six months to a year. So we're talking at least two years before any of this comes to the point where the regulatory process exists.

We have a member of one of our companies here today, from NOVA, and that very company is ready to make investments now. It's ready to make changes now, but it's sitting here with a huge amount of uncertainty in terms of making those investments. If they make the investments, the track record so far has been that the government will not consider them favourably. They will scoop them, as we call it; they will say, Well, that this was business as usual. You would have done that anyway. You didn't really do it in response to a regulation, so it doesn't really count". So we're into a cycle here where in fact government policy is discouraging performance in the name of encouraging performance. It's not unlike the earlier presentation on child care. Government can do these things.

I think when you look at the economic impact of this, it's not only economic impact, it's environmental impact. We have been ready to sign an MOU on this issue for a year and a half. We've got an MOU ready. We're ready to make progress on that, set up a stable environment for our companies, and move forward. The government

doesn't want MOUs. Why do they not want MOUs? It's because they want to regulate under CEPA. Well, fine, wait two more years, but that's not good for us, it's not good for the environment, it's not good for the economy, and I can't really figure out why it's good for the government.

We can come up with better ways to work with the provinces on this. Some provinces, like Alberta, are ready to work. Quebec has a number of issues that are very particular to Quebec. We can make progress on this issue without all of this. The myth in all of this is that you need this to make progress. You do not need this to make progress. We can make progress without it.

• (1610)

**Mr. Monte Solberg:** Mr. Chairman, I'm going to defer now to Ms. Ambrose, if that's okay.

**Ms. Rona Ambrose (Edmonton—Spruce Grove, CPC):** I wanted to thank Ms. Tennier for being here today to speak about the child care issue and touch on a few things you had mentioned, one of them being the cost of the proposed program.

I want to share with you that actually a lot of numbers we've looked at that are preferred by day care advocates themselves have this plan costing up to \$10 billion a year. And in fact, that's based on a cost-share program where parents would pay 20% as a copayment. That comes from day care advocates themselves.

The other point I wanted to make is about being flexible and responsive—and I would add modern to that, because I think we're having a sort of bizarre post-modernist feminist debate on this issue. You saw years ago that women needed access to the workforce. But today the highest percentage of working moms with children under the age of six in the industrialized world are in Canada. So women are saying that in and out of the workforce, they want flexibility and they want all their choices treated equally. And that's why the Conservative Party is trying to come up with, and we have developed, a plan that we think financially empowers all choices equally. And the money goes directly to parents.

I'd add to that, as you said, that Canadians don't want this. We know that almost 100% of working moms and dads have said they would, if they could afford it, stay home part-time during their children's formative years. Also, with respect to universality, the \$5 billion over five years is actually going to only increase spaces from 3% to 10%. So it's a minimal increase. Not only is it not a national plan, it is not universal.

And more importantly to me, it's supporting a nine-to-three program, an institutional day care program. It has a very severe gender bias. It discriminates against women who work shift work—and more often than not, they're low income—and it discriminates against women who do not live in urban centres.

I wonder if you could comment on some of those things.

**Mrs. Kate Tennier:** Yes.

First of all, my estimates have actually come up to \$14 billion. All you have to do is look at Statistics Canada and see how many two- to five-year-olds are in existence in Canada and multiply it by \$10,000, I think it is, which is the minimum. So I actually come up with higher numbers.



Something we're really upset about is that Minister Dryden et al. have gone back and forth on whether this will be completely universal with no copayments. I mean, 20% is quite considerable, and he has been on record as saying there will be no extra costs for the 9 to 3:30 portion of it. That doesn't seem like 20% to me.

So one of our concerns is that the money has been all over the map, and he is on record as saying he has no idea. And that really concerns us.

Number two, our real concern is that children do not learn in institutions, and that's been documented over and over again.

You mentioned that people's first choice would be part-time work. We're not even getting into that. We're saying maybe you want to work full-time, but you should be able to choose the kind of care you know works for you. Right now we are discriminating against some of the best care. You could have Mary Poppins living beside you, but if Mary Poppins isn't licensed, a low-income earning family is not allowed to access Mary Poppins. My dad asked why Mary Poppins doesn't get licensed. There are legitimate reasons for Mary Poppins not to get licensed, because there's discrimination against being.... There's a real downfall to being licensed.

I want to make one point really clear. In Toronto right now—you can check this out on the Toronto Children's Services website—they list all the licensed home care providers. I have a real concern that those locations are in low-income, high-immigrant areas. I'm not going to quite call it exploitation, but I will border on calling it exploitation. The argument is that these women have no other opportunity for employment. And I'm saying that argument may or may not be true, but if it is true, we're trapping them in jobs for which I've worked out they can at best earn about \$10 an hour, and that's for a nine-hour day, no lunch breaks, no coffee breaks.

We're actually affiliated with a growing number of choice movements that are now galvanized around this across Canada. And I want to make that very clear, because we were stunned that this was rushed through, and we're now working together. A new one has just come on board from Saskatchewan, called Prairie Advocates for Child Care Choice.

What we're saying is take that cash and give it to people who need it. I think if you polled Canadians and asked if they would prefer to have this money put into bricks and mortar, bureaucracy, and legislation, or would they rather give it to pay these lowly paid, hard-working child care providers, I think they would pick the latter.

•(1615)

**The Chair:** Thank you, Ms. Tennier.

Monsieur Côté, and then Ms. Minna and then Ms. Wasylycia-Leis.

[*Translation*]

**Mr. Guy Côté (Portneuf—Jacques-Cartier, BQ):** Thank you very much, Mr. Chair.

I thank all our witnesses for their presentations. I would like to use my time mainly to make a few remarks to Ms. Tennier.

First, I want to make sure you can understand the interpretation clearly. It would be unfortunate if you missed the excellent performance of the interpreters of the House of Commons.

Ms. Tennier, there is one point in your presentation I agree with, and that is that the federal government should refrain from intruding into provincial jurisdictions.

Otherwise, I can only resent your remarks on day care, be angry, and surprised by these remarks. Should the parents have the choice between keeping their child at home or sending him or her in day care? Of course, they should.

Nonetheless, this choice exists only in theory for many parents, because both of them have to work. The Quebec system, which the federal government has used as a model, has been in existence since 1997. It is often referred to as public day care centres. I want to correct this impression. They are not public daycare centres, but private not-for-profit centres that are managed by the parents themselves. The priorities of the various centres are specific. No centre is identical to the next. Each one of them is there to meet the specific needs of a community.

You were talking about the need for space in day care in smaller communities. I live in the community of Pont-Rouge, which has 6,500 citizens. We have a daycare centre. Another community, Saint-Raymond, has family based day care.

I have to recognize I may be in a conflict of interest situation here. For seven years, I sat as a director of a day care centre, and I was the president of the board for two years. My wife is an educator in child care services. My three children went to day care centres, and so did my colleague's daughter. My three children are socially well adapted. The oldest one is in an enriched curriculum. My two other children also have excellent marks. It is a complete false to pretend that attending day care is not beneficial for kids. There is no proof to that effect.

That being said, should a parent have the choice to keep his or her child at home? Of course, he or she should.

We are not quite sure what Mr. Dryden's side of the story is, but he said payments to the provinces had no strings attached. In Quebec's case, we are still waiting, but that is a different story. If this money goes to the provinces, this will free up money for direct payments to families who keep their kids at home. Even if we say this is a matter of choice, it is not really, in many cases, because both parents have to work to make ends meet. Not all families have family members or friends to take care of their child. We do need day care centres. Saying the contrary would be to deny our reality today. It is really unfortunate that what is being proposed is compared to the nationalization of livestock farming. I really resent that, and I had to react. What you have been telling us, Madam, is sheer nonsense, and I wanted to put that on the record.

Thank you.

•(1620)

**The Chair:** Did you have a question?

**Mr. Guy Côté:** No.

**The Chair:** Fine.

**Mr. Yvan Loubier (Saint-Hyacinthe—Bagot, BQ):** But maybe our witness would like to respond.

[English]

**The Chair:** Okay, if you could, but very briefly, please.

**Mrs. Kate Tennier:** Our organization represents people who want day care—just to clear that up. Our organization is pro-choice. It's not discriminatory. There are people in our organization who use, as we speak, institutional day care.

I have made the point that what we enjoy right now, perhaps not in Quebec but in the rest of Canada...the form of day care we have is the form that I would keep. It's non-curriculum driven. It is play-based. That is not what Minister Dryden is suggesting. They are suggesting a curriculum-driven...really, public schooling. There is no other way for that, especially when you have tests involved and curriculum involved in it.

The other thing is that I'm quite stunned that you took my remarks to say this was only a choice between people working or not working. I've made it very clear to Ms. Ambrose that this is not about part-time or full-time. This is about choice in child care. Like the vast majority of mothers and fathers in Canada, I worked when I had children, but I will never have the government tell me what kind of care I am going to have for my child.

Thank you.

**The Chair:** Thank you.

Ms. Minna, and then Ms. Wasylycia-Leis and Mr. Pallister.

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

It's really hard to know where to begin on this one, I have to admit.

First, you talk about immigrant women's experience. I've worked with immigrant women for twenty years, so I can tell you, I know that experience very well. You say there are a lot of them providing child care unregulated and unlicensed, or if they are licensed, they're going to be low-paid, and you'd rather the money went to the women who are providing the service instead of the building. Well, where are they going to provide this service? In a barn? There needs to be an infrastructure in place, with all due respect, and the apartments—I've seen them—are not exactly the best places.

The other thing is that you keep talking about the minister talking about education as if he's saying children from age one are going to be sitting in a classroom doing rote ABC's and are going to be smacked on the hand if they don't do what they're told. It's just totally untrue, and it's not—

**Mrs. Kate Tennier:** Have I said that?

**Hon. Maria Minna:** Well, you've suggested that.

**Mrs. Kate Tennier:** Did I say “smacked on the hand”? Did anybody hear that?

**Hon. Maria Minna:** I'm exaggerating maybe, with respect, but you have said they would be in school—

**Mrs. Kate Tennier:** You be very careful, because I did not say that.

**Hon. Maria Minna:** Okay, you did not say that; I exaggerated on that. But you are saying they'd be in a school setting. That's not what

is being suggested. It would be age-appropriate early childhood development, depending on the child. In some parts of the world, at three years of age they do in fact start JK; in some places it's at four years. It would be up to the provinces to decide, obviously.

Another thing was suggesting that somehow the program that is being proposed does not allow for shift workers or for rural Canada choices. None of that is in the program. The provinces are setting the standards, the provinces are going to be delivering, and there is choice allowed in the program for for-profit and not-for-profit.

In terms of affordability, I want to say the tax deductions that are being suggested, which I think the honourable member Ms. Ambrose mentioned earlier, with cash going—

**A voice:** She didn't mention it.

**Hon. Maria Minna:** Well, no, she mentioned cash. I'm sorry; she said there would be cash money going.

**Ms. Rona Ambrose:** Six billion.

**Hon. Maria Minna:** Well, \$6 billion isn't enough. It would take you nowhere, with respect, because if you're really trying to give parents enough money for them to be able to keep one of the parents home and not go to work so they can be with their children or for them to buy a full year of child care, that is not enough. It doesn't go anywhere; it does not address the poor families, the single mothers, and it does not address low-income Canadians. The cost will actually be far greater than it would be in a system that had some infrastructure.

The program that is being recommended would in fact go to increasing the salaries of the caregivers. It would give them protection, better salaries, and development and upgrading of their skills, and it would give the children better safety. That is actually the opposite of what you presented to us here today.

The other thing you said that I find extremely interesting, and I'd like you to clarify some of this, was that we're creating the child care program so we can have women go to work. Frankly, a child care program is needed because women are working. There are 70% to 80% of Canadian women in the labour force; whether we like it or not, that's where they are.

You know, my mother worked all her life, and she had no choice—

● (1625)

**Mrs. Kate Tennier:** My mother worked raising five kids all her life.

**Hon. Maria Minna:** So did mine, and she worked the whole time. We don't have to repeat the mistakes of the past; we can improve things. Choice in the system is there.

Then you talked about unforeseen costs to child education. You were talking about kids dropping out of school, because some people are suggesting they're tired by the time they—

**Mr. Charlie Penson (Peace River, CPC):** Point of order, Mr. Chair.

**Hon. Maria Minna:** I have to deal with some of these issues. It's my time, with respect. I'll ask my question, and if I take up my time talking, that's my business. You do the same thing whenever you choose.

**The Chair:** Mr. Penson.

**Mr. Charlie Penson:** It's just that, Mr. Chair, there are a lot of questions being asked here.

**Hon. Maria Minna:** You're taking my time.

**Mr. Charlie Penson:** We have to give the witness a chance to respond. I've heard about fifteen questions so far. How is she going to respond—

**Hon. Maria Minna:** You seem to do the same thing when you choose to.

Does that come off my time now? These are things I need to put on the record. Let me finish.

**The Chair:** Let me finish.

Mr. Penson, we allow a little bit of latitude for people to ask questions or, if they want, to have a monologue all by themselves. We've seen it before. It's on her time.

I will not deduct this from your time, Ms. Minna.

**Hon. Maria Minna:** I'm nearly done.

The 30% dropout rate is supposedly attributable to the fact that children are tired out, that they've been in school too long. With respect, in Ontario we've had a 40% dropout rate, sometimes higher than that, for the last 30 or 40 years. I know; I was dealing with it for a long time in my work. A lot of it had to do with children not getting the proper attention. In fact, the early education would assist in that problem, and it's actually the opposite.

I'd like you to clarify some of these things, because quite frankly, you're putting everything on its head.

And it's the chair's business to decide whether I have time left or not, Mr. Penson.

**Mr. Charlie Penson:** I was just saying, give the witness—

**Hon. Maria Minna:** With respect, you don't have to interfere. You do this all the time.

**Mr. Charlie Penson:** You ask one question. Give him time to answer.

**Hon. Maria Minna:** You've done it as much as I have, and more, many times.

**The Chair:** Does somebody want to take over the chair? Because I have no problem with that. It's Thursday afternoon—for everybody. All right? Enough.

Ms. Tennier, would you like to answer some of those points?

**Mrs. Kate Tennier:** Where do I start?

**The Chair:** I'll help you. You've got two minutes. How's that?

**Mrs. Kate Tennier:** First of all, you've set up a false dichotomy, which has been one of the main problems with this. This is not about paying women to stay home. This is about making the tax system more equitable. Take the average child care expense deduction, the CCED, which amounts to between \$1,600 and \$2,300, pool that, and

give everybody a universal benefit. Let them decide whether they want to use that toward paid third-party care, or whether they want to help themselves.

We're not talking about paying women to stay at home. This is what's emphasized in this Cleveland and Krashinsky article, which we actually find to be quite right wing. That's the irony of this. In our group, we are non-partisan. We have big NDP people, we have Liberals, and believe it or not, we have Conservatives. We find a lot of this to be extremely right wing, far more right wing than anything the Conservatives are suggesting.

The statistics, everybody has to know, are very fuzzy. When they say 70% to 80% of women in the workforce, that includes a woman making \$500 a year. It includes a woman who chooses, as I have done many times, to do paid, tax-paying work at the house. I started a small business so that I could be with my children. Was it easy? No. But I did it for my kids.

So all of those people are included in that. The actual statistic of people needing third-party child care is much lower, and this is just one example of statistics that the Liberal government is using to ram this policy down everybody's throat.

• (1630)

**The Chair:** Thank you, Ms. Tennier.

I have Ms. Wasylycia-Leis, then Mr. Pallister, and then Mr. Loubier.

**Ms. Judy Wasylycia-Leis (Winnipeg North, NDP):** Thank you, Mr. Chairperson.

We've had a lot on child care. I'd love to continue, and if I have time I'll come back to Madam Tennier's presentation. But I'd like to spend a few minutes on housing.

It is a critical issue for Canadians. Mr. Wassmansdorf...did I pronounce your name correctly?

**Mr. David Wassmansdorf:** Perfect.

**Ms. Judy Wasylycia-Leis:** It's harder to say than Wasylycia-Leis.

**Mr. David Wassmansdorf:** I've been practising yours.

**Ms. Judy Wasylycia-Leis:** You've identified a number of problems and some solutions. I'm going to take Winnipeg as an example. Many people there have commented on the housing shortage, and many people have commented on the number of people who are in desperate need of basic housing. They've commented on the insufficiency of the federal government's patchwork approach to this whole area.

As a result of the need, and the failure of anything in this last budget specifically on housing, we negotiated as part of this deal an additional \$1.6 billion for affordable housing. Now we're looking for direction in finding the best way to ensure that we get maximum benefit out of this expenditure.

Once this budget is passed, the money will be able to flow fairly quickly when a plan is in place. We've stipulated that it must be for the creation of affordable housing, and that there must be some way to address the needs of the aboriginal community as part of it.

So I would like your suggestions on how best to proceed.

**Mr. David Wassmansdorf:** First of all, we're in favour of this total framework, essentially a tool box that will create tools that can be used. What works in my municipality, the Hamilton-Halton area, would not necessarily work in Winnipeg, and we know that. We've been encouraged by the fact that the moneys being committed right now will go to those special needs. In those cases, supply housing is something we're in favour of, but it needs to be coupled and leveraged by the private sector. It can't be done on its own through the moneys that are being invested by the government right now.

It is a combination of instruments. A rent supplement or a voucher-type system was the commitment made in Ontario. Something similar is already in the works in Saskatchewan. The Saskatchewan government didn't wait. They went ahead and got started prior to having an agreement in place with the federal government.

So it's a combination of tools and instruments. One of these would be some specific supply requirements that will meet special needs—aboriginals in Winnipeg, women who are victimized, battered women. But we also need to provide an opportunity for the private sector to build housing again and provide affordable rental housing to supplement the affordable housing initiative.

**Ms. Judy Wasylycia-Leis:** I appreciate that.

I want you to look for a minute at my community, Winnipeg North. We have—like, I guess, many inner-city older neighbourhoods—very old housing stock, and the population is not very affluent. Since the federal government basically bowed out of the whole housing issue on a jurisdictional basis, we haven't had a consistent approach applied, and so there are huge holes in the policy.

I know what you're saying about needing to support or work with the private sector to ensure they're a player in this field, but I'm also not sure how that would work in an area like this. In my mind, if we don't stop the hemorrhaging in some of these older areas, the problems just spread and get worse, and we're just creating new problems down the road.

**Mr. David Wassmansdorf:** Perhaps in some cases it's also investment in infrastructure to help those areas rejuvenate on their own as well. That might be part of the solution.

Maybe I can defer to Mr. Kenward here for a moment for a little more elaboration.

• (1635)

**Mr. John Kenward (Chief Operating Officer, Canadian Home Builders' Association):** I think Mr. Wassmansdorf was covering precisely the point I wanted to make. This is what we mean when we refer to a housing lens with respect to infrastructure investment by the federal government. We see a need to connect the dots here.

We could take a portion of Winnipeg, where you have a combination of problems. Part of it has to do with infrastructure; another part of it has to do with a housing challenge of one description or another; and another need is, of course, to get the private sector to the table as well. So we say, connect the dots. We urge the federal government, in fact, to connect the dots between infrastructure investment, housing, and so on, as well as look at this

important issue of tax reform for private investment and rental construction. It's a combination of things.

**The Chair:** David.

**Mr. David Crenna (Director, Urban Affairs, Canadian Home Builders' Association):** I just wanted to add that in Winnipeg there is actually quite an interesting new initiative to develop affordable infill housing. That also complements what you're talking about. And of course there's the residential rehabilitation program as well, which helps with the problem of deteriorated housing.

**Ms. Judy Wasylycia-Leis:** Thank you.

If I have a moment, I wouldn't mind just asking Kate Tennier a question on child care. I think we are all interested in making sure that working parents who have young children have good, decent child care, where their children are safe, where there are some assurances of quality care, where parents don't have to worry, and where you have some comfort in terms of professionalism. I guess my biggest concern is that I don't think you can achieve that through the tax system.

We have the child tax benefit system, which we think should be enhanced so that there's more flexibility for families to make the choices you're talking about. But on the other hand, we have to have a child care program that addresses families who have young children, single-parent families where the mother—or father—is working, or two-parent families where both are working.

A tax break even of the size the Tories are talking about—a \$2,000 tax deduction—isn't going to create these kinds of spaces where you can be sure of quality, safe child care. I've been through it. I've had two kids through the child care system. Before we found an actual non-profit centre, we went through.... You go through the newspaper and try to figure out whether this woman in her home is reliable, whether this is safe. I want to look to a system that is regulated—

**The Chair:** Thank you.

**Ms. Judy Wasylycia-Leis:** —and where government plays a role in providing the basic infrastructure. We're not talking about bricks and mortar—

**The Chair:** Ms. Wasylycia-Leis.

**Ms. Judy Wasylycia-Leis:** —but about trained, professional child care workers, adequate nutritional programs.

**The Chair:** What's going on today, guys? Ms. Wasylycia-Leis?

**Ms. Judy Wasylycia-Leis:** So my question....

I didn't hear you; I'm sorry.

**The Chair:** You have thirty seconds for a quick question, and you're telling me your life story!

**Ms. Judy Wasylycia-Leis:** I'm sorry.

My question was simply, wouldn't the buck go further, wouldn't we get a better bang for our buck, if we invested in a well-concocted system that was sensitive to parents' needs, and not through the tax system, where you're not sure what you get at the end? It doesn't create day care centres.

**Mrs. Kate Tennier:** First of all, there's a huge element of—I'm sure you know the economic term—moral hazard involved here. It has been a problem for public schooling as well. When you give parents a sense that something is regulated, it's a false sense of security. It lets them off the hook.

Listen, there was an abusive teacher at my son's school last year who they could not get rid of. That's actually another concern that's connected to what you're saying. If you give us only one system and the parents have trouble with it, they cannot speak up. They have nowhere else to go. Right now, there are a few people I could quote, but I won't because they have concerns about the day care centres that their children are at and they know they will be asked to leave. There's a huge element of “Let's just not talk about these problems”, because, first of all, this is the environment that your child goes to every day.

It's a separate point, but I'm sure you know what moral hazard means. You think something is much more secure if it's “insured” to be so. It actually lets parents off the hook from asking, is this a good program for me, is this working for me? Are there things that, even though the government is telling me are good about this, I should be checking up for myself?

• (1640)

**Ms. Judy Wasylcyia-Leis:** But that you can fix. That doesn't mean you shouldn't have a national child care system.

**The Chair:** Thank you.

Mr. Pallister.

**Mr. Brian Pallister (Portage—Lisgar, CPC):** Thank you very much, Mr. Chairman, and thank you all for your presentations.

On the issue of housing, one of the things that have concerned me that is a natural tendency, I suppose, among all of us, perhaps, is to try to appear to be doing good but to not give enough scrutiny to the actual gift or bestowing of the money that we're throwing around here.

In particular, that concerns me when it comes to aboriginal housing. As a person from Manitoba who grew up next to a reserve and spent my whole life in that environment, I have seen so much money poured into housing to so little effect. It concerns me.

I see in the budget a commitment to 6,400 new units on reserves. The NDP napkin budget talks about \$1.6 billion more, or maybe not—we don't know, because we don't know whether the agreement will be honoured or whether in fact it's specific enough to direct resources in any intelligent way at all.

The problem I have with all of this caring and compassionate throwing of money is that aboriginal women don't have any property rights. Aboriginal people don't have any property rights. Aboriginal women don't have human rights protection. What are we doing here? You talked earlier about things working differently in different communities. That may be true, but surely, if there's one thing we must understand after all these decades, it's that there are some things that don't work, like the tragedy of the Commons, like throwing money at houses that no one owns and no one is responsible for. Why we keep doing it is beyond me, unless we're so misguided as to think that makes us compassionate, because it sure doesn't.

Aboriginal people are onto it. Of the 600 communities across Canada, first nation reserves, dozens are now embarking on programs that I'm sure you gentlemen are aware of, that are generally very effective at making the investment in the housing stock work. Why in heaven's name we haven't developed a national strategy to deal with this is beyond belief.

So instead of just comparing the numbers to show how much we care, would you gentlemen like to comment?

I'm sure you're familiar with some of the first nation communities that have embarked on these pilot projects, some of them of long standing. I expect you are quite familiar with the degree to which they're working to improve the neighbourhoods of the people who live there, the security of the families, reducing vandalism, reducing crime, because people are responsible for the properties. People don't vandalize their neighbours' property when they've just finished painting their own.

Why do you think this government, after more than a decade, hasn't proceeded with any kind of leadership on this file? Can you explain this to me?

**Mr. David Wassmansdorf:** I'm not going to comment specifically on what the government's activities in the past have been—

**Mr. Brian Pallister:** Fair enough.

**Mr. David Wassmansdorf:** —but what I will say is the notion of accountability and transparency is of utmost importance, whatever the investment in our communities is, whether it's infrastructure development or whether it's moneys towards housing groups with special needs.

The key, as you've said, though, was getting to the grassroots and what works at that grassroots level. What works in Manitoba may not be what works in Six Nations in Brantford, as an example.

We have examples, and they are involved in our association of native bands who have done wonderful work on R-2000, for example, building wonderful R-2000 homes that are going to last for decades and decades because they've taken care; they've done it right. They started right from the community level, and they've taken responsibility for what they've done. It's working very well.

Being targeted, being accountable, and being transparent is key for that to happen. So I would agree with you and our association would agree with you in this regard.

**Mr. Brian Pallister:** I appreciate your response. I think there is an underpinning, though. Those are good words, and I agree with them in a general sense, but it's important to have a substructure that causes those things to happen.

I've spoken to chiefs in my province. Unfortunately, there isn't an example, to my knowledge, of a first nations community that has instituted some kind of a personal home ownership program on their territory. I've spoken to a number of chiefs on this issue. I'll share the comments of one of them. He said, “You mean, I wouldn't get calls at 2 o'clock in the morning to repair window screens?” That's the problem.

The problem is these numbers I've seen show that with respect to the housing investment we make on first nations communities where no ownership responsibility exists to speak of, the housing stock deteriorates twice as fast as the housing stock does in jurisdictions where such structures are in place.

Do you have studies that contradict that or concur with it? Have you any further detail you can share with the committee?

• (1645)

**Mr. David Wassmansdorf:** I'm not sure if I can pull something out of my back pocket, but what I will say, though, is that we have invited the bands to come and work with our association, for example, with our technical research committee, which is the group that really works on housing—technical issues and building good housing—and we've invited those groups to work with us.

Obviously with our industry in the private sector we know what works well and we can provide that resource to native groups, and we've welcomed that opportunity. I think the sharing of the resources and the sharing of the knowledge so they do take advantage of it and can build housing that will last and that they will take responsibility for, I think, is a possibility that can happen by working through groups like ours.

**Mr. Brian Pallister:** Thank you.

I'm told my time has elapsed but I will be allowed a closing comment, and I would just say this. The myth that aboriginal people haven't had private property in their heritage is just that. Aboriginal leaders across the country, forward-looking people, want to see something happen on this front. It is a tragedy in this country that nothing has been done to date.

You spoke of leveraging private sector partnerships and so on. Until we make the fundamental structural changes in this country to see that happen, we're going to see more and more Davis Inlets, with more and more money thrown to move people into another circumstance, which won't change a damn thing. It's a tragedy, and to me it's the most unaddressed tragedy in this country today.

**The Chair:** Thank you, Mr. Pallister.

[*Translation*]

Your turn, Mr. Loubier, and then we will have Mr. McKay.

**Mr. Yvan Loubier:** Mr. Chair, I was discussing with my colleague from Portneuf about the clauses in Bill C-43 on the environment. Concerning the reduction in greenhouse gases, Mr. Paton and Mr. Lloyd said the drafting of the bill had many shortcomings.

I have two questions, actually. You have been talking about drafting problems, including a lack of precision of certain concepts. I would like to know, in general terms, what kind of amendments to the bill you would have in mind. First of all, we need to know if something can be done or if we should start again from scratch because of poor drafting. This is my first question.

And then, I would like to talk about the new agency that would be established, namely the Canada Emission Reduction Incentives Agency. An advisory committee will have to look after this. Its responsibility is to advise the minister and the agency on the type of work that is likely to result in an important reduction in greenhouse

gases emissions while promoting competitiveness and efficiency in the Canadian industry.

Mr. Paton, you said earlier you were sorry we did not know what kind of projects would be eligible, and to what kind of organization projects would be submitted. Does this not give you some reassurance?

[*English*]

**Mr. Richard Paton:** Frankly, no, it doesn't reassure us. On this file the government tends to use the word “competitiveness” to sugar-coat everything and never really deal with the economic realities. There is nothing in the climate change plan. There is no real analysis of economic impacts. They're overstating constantly the fact that there will be economic benefits and constantly understating the potential costs of regulation and impact on the economy and on energy, and that doesn't reassure us.

On your question of amendments, though, Mr. Lloyd here has in fact thought about that. It doesn't deal with our overall question that it's the wrong tool, but one could make it a better tool and Gordon could explain that.

• (1650)

**Mr. Gordon Lloyd:** The problem in the bill is that they have proposed to remove the word “toxic” from about 100 places, but there are about eight more places in CEPA where “toxic” appears. The way it would be done is that where the eight phrases with “toxic” continue to appear, they're no longer attached to a definition. Previously there was a definition in section 64 in the CEPA legislation that talked about what “toxic” meant. “Toxic” is no longer part of that section. Instead, they use the term “meets or is capable of meeting the criteria in section 64”.

A simple fix to the problems would be to take “toxic” out of those eight other places and put in that language: “meets or is capable of meeting the criteria in section 64”. That would be a particularly easy fix for the biggest problem, and that's subsection 65(1) in the act, which talks about “virtual elimination”.

As those of you who were here when the CEPA 1999 legislation was passed are aware, virtual elimination was one of the most controversial and difficult issues. But it was very clear consistently that virtual elimination was supposed to be defined in terms of substances that met the section 64 definition of toxic, and that involves considering both hazards and risks.

The way the bill is proposed right now, that definition would be lost in subsection 65(1) when they're talking about virtual elimination.

It would be a very simple amendment to fix that. Your obvious question is, why didn't they do it? I asked that question. The answer I was given was they only wanted to make a minimal number of changes. The fact that there had been over 100 changes made and this had not been made didn't make much sense to me.

There seems to be no reason why this change is not made, unless there is a desire to change the provisions of how virtual elimination works. That would be, as the sustainable development committee concluded, an inappropriate thing to do in a budget bill. They felt there was this risk as well, and they point that out in their report, and they would instead like this to be looked at comprehensively.

For the other changes that also could be made, the solution could be the same one. They largely refer to where the word “toxic” is used in eight places in the preamble. I am told by government Justice lawyers that it would be somewhat inelegant in the preamble to say “meets the criteria of section 64”, which is a later section outside the preamble, but there might be a more elegant solution. Even if it's inelegant, it would still save the integrity of the bill that “toxic” would only be used in a sense where it's defined as meeting the section 64 criteria of combining both hazards and risks. That's the way CEPA works right now.

If the bill goes through the way it is now, that will be changed in the areas I've described. It's particularly important for virtual elimination, and we hope this doesn't happen. It would be a very straightforward amendment to fix it.

I hope I've been clear.

**Mr. Richard Paton:** One thing this did show, though, is just how complicated the bill is.

**Mr. Yvan Loubier:** And that you hate “toxic”.

**The Chair:** Merci, Monsieur Loubier.

I have Mr. McKay.

**Hon. John McKay (Scarborough—Guildwood, Lib.):** I have a collateral question to Mr. Loubier's question.

The budget provides several things with respect to the environmental file, if you will, or the Kyoto file—the climate change file. It keeps getting different names.

I take it you're generally supportive of the technology fund and generally supportive of the credit regime.

**Mr. Richard Paton:** Yes and no. Yes, we find that they're innovative. There are some benefits to the approach, in that I don't think anybody wants to send Canadian money overseas, so I think there is some mechanism there to try to keep the money in Canada through the technology fund. However, as an industry we don't see any real benefits to us of those funds. The technology fund as it's currently designed won't really help our companies, and we don't agree with the idea of buying credits. Generally, we think it is essentially a carbon tax; that's basically our view of buying credits.

We're not opposed to those provisions; we just don't see them as very helpful. We see them as expensive and as very complicated.

•(1655)

**Hon. John McKay:** Surely the government should approach it in such a way that it sets up a menu of options for large final emitters. You can clean up. Sometimes that's very difficult for a particular industry—to clean up. They've driven their emissions down about as low as they think they can go under current technology. I understand that. That seems to be one preferred solution.

The second preferred solution, though, would be, well, I've driven my emissions down as far as I can go within my fiscal and technological framework, so maybe I could buy a credit here. I'm curious as to why you would limit yourself to a national credit when purchasing an international credit might in fact be a cheaper solution for you. In other words, you'd get a larger bang for the buck.

And the third question is that I'm not quite sure what, at this stage, eliminates your industry from the technology investment fund.

**Mr. Richard Paton:** Let me try to answer, Mr. McKay. You're quite familiar with Responsible Care. In the chemical industry we take environmental performance very seriously. The idea of spending money to buy a credit from another country, in our view, is not responsible. That is not a responsible execution of how we would like to modernize our plants and improve our performance. It may meet an arbitrary number that the government has set, but it doesn't meet the community's interests. There are other ways we could spend that money, on other priorities. Greenhouse gases aren't the only emissions we have. We have other emissions that are important to the health of Canadians and our communities. So we don't see those as choices.

We see it in this way. We're doing the best job we can technologically. We are aiming to be the best we can be in terms of environmental and economic performance. If we have to do more than that, it's not a choice, it's a carbon tax. You're taxing us. The tax is...you can spend money on a technology fund. Well, we have a thousand technologies in our industry. It's not very likely that any money that goes into a technology fund is ever going to come back to us, so it's just giving the money to a technology fund. We buy a credit; it makes our numbers better. Yes, maybe that's makes you feel better and maybe it makes us feel better, but we don't really think it does anything for the environment. We would rather spend the money on improving our performance either on greenhouse gases or something else that's environmental.

So the idea that this legislation creates a new set of choices, I think frankly, is just a nice way to sell something that is not very helpful to the industry. I must say, though, that the choices are a bit better than the program the NRCan group had before, in which they didn't care if you bought the credits from Russia or not, as long as it met the numbers. I think the funds are a little bit better in terms of recycling money and focusing it on Canada. Therefore, I'm not objecting to the funds. I'm just saying that, in the final analysis, they really don't do very much for us.

**Hon. John McKay:** I want to direct my last question to Mr. Wassmansdorf.

Largely, your industry is driven by the availability of cheap money. If there's cheap money, people build houses; if there isn't, they don't. That's pretty well the pith and substance of your business.

One of the access points is that a lot of people can't save for their down payment. I hope you can correct me on this, but my recollection is that CMHC will go for 95% of the mortgage, but they'll charge you a fee of somewhere between 1.25% and 2.5%, either in upfront money or by working it into the mortgage. I'm wondering whether you've ever conducted any studies as to whether there could be a little boost in the affordable housing scenario by virtue of either running your 95% up to 100% or playing with the amount of fee charged, which is essentially an insurance fee for the high-risk mortgage. I was curious as to whether you had any quick off-the-cuff answers for that.

• (1700)

**Mr. David Wassmansdorf:** First of all, Mr. McKay, actually the mortgage insurance premiums have gone down recently. There have been two reductions in the premium over the last nine months, the most recent one being announced by the government just less than a month ago. So the reduction in premiums has come down. Obviously that's another input cost for housing, and if that can be reduced, then that's good for Canadians.

**Hon. John McKay:** I don't recollect the amount.

**Mr. David Wassmansdorf:** It's gone down.... You know, I can't remember for sure.

**Hon. John McKay:** Is it below 1%?

**Mr. David Wassmansdorf:** We can confirm that for you.

We recognize that insurance premiums.... I think there are people out there who recognize that if insurance premiums can go down, it will help first-time home buyers.

We had an interesting discussion at our board meetings just last weekend, this Canadian Home Builders' Association. We had a member from Newfoundland at the board who caught everybody off guard when he made a comment about just what we were doing in terms of sustaining our Canadian housing industry—how all of us were sustaining it by looking at things like changing mortgage insurance premiums and tweaking little things here and there, and whether or not that was setting people up for a problem down the road.

The boardroom of 40 people went quiet because there was a recognition at that point that if you just continue to tweak things, you're not solving the problem. If we're really going to get at issues, then we have to look at the true costs and try to reduce some of these issues so we can actually create more affordable housing. That's dealing with fees, whether they are mortgage insurance fees, the fees that municipalities charge, or the like.

So there's an underlying concern that we can mask. Low interest rates right now are masking more fundamental issues that we have in terms of delivering housing, whether that's the government or us in the private sector.

I'm not sure if that answers the question fully, Mr. McKay, but that would—

**Hon. John McKay:** You've scratched it.

**Mr. David Wassmansdorf:** That's the issue. You're right.

**The Chair:** Thank you to all the witnesses.

I think I have an intervention by Ms. Wasylycia-Leis.

**Ms. Judy Wasylycia-Leis:** Mr. Chairperson, I'd like to give notice of motion. I will move that the Standing Committee on Finance meet every day that the House sits until clause-by-clause considerations of Bill C-43 and Bill C-48 have been completed and both bills are reported back to the House.

**The Chair:** Are you still keeping the notice you deposited this morning?

**Ms. Judy Wasylycia-Leis:** I also have the notice I gave this morning for June 10, so there are two motions.

**The Chair:** Thank you. We're going to put them on the order paper.

Is it okay with everybody if we address them on Tuesday—but not debate them, just vote on them?

**Mr. Monte Solberg:** Sorry. I'm coming in late here. Pardon me?

**The Chair:** On Tuesday—

**Hon. John McKay:** I don't see how you can do that.

[*Translation*]

**The Chair:** First, we will have the tabling, and then we will take care of the motions. I would like to start the clause-by-clause study.

[*English*]

We already had a future business meeting. Okay, I'll talk to you later.

I want to thank the witnesses for coming by on such short notice and for making their time available. It was really appreciated. Have a good day. Thank you.

This meeting is adjourned.









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

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

**Also available on the Parliamentary Internet Parlementaire at the following address:  
Aussi disponible sur le réseau électronique « Parliamentary Internet Parlementaire » à l'adresse suivante :  
<http://www.parl.gc.ca>**

---

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

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