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Chair

Mr. Massimo Pacetti

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• (1120)

[English]

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

[Translation]

I would like us to begin because otherwise we will finish late. We're already starting 20 minutes late. The Salvation Army has to leave early. Without further delay, we are meeting today pursuant to Standing Order 83.1, on the pre-budget consultations 2005. Each group will have seven to eight minutes to make their statements. I do not want to have to interrupt you.

[English]

Please stick to the seven or eight minutes.

I'm going to go to the list. I understand those of you from the Salvation Army have to leave. Would you like to go first? Yes?

Then if that's okay with everybody, we'll start with the Salvation Army.

The members are going to want to ask questions later. That's why we need to keep to the time limit.

From the Salvation Army, we have Mr. Shepherd.

[Translation]

Mr. Glen Shepherd (Colonel, Chief Secretary, Salvation Army): Thank you, Mr. Chairman.

On behalf of the Salvation Army, I would like to thank you for giving us the opportunity to meet with you. I am Glen Shepherd, the Chief Secretary of the Salvation Army of Canada. I am accompanied today by Ms. Mary Ellen Eberlin, head of our social action section, and by Major Kester Trim who is responsible for government relations in Ottawa.

Given the amount of time we have today, I would like to touch on certain key points of our brief. I will be quoting some of the paragraphs and pages from the English version of our brief. Therefore we will be using the same text throughout our presentation. I will begin with page 3 of the English version.

[English]

With annual operating budgets totaling in excess of \$434 million, a workforce of over 10,000, and a volunteer force of over 65,000 people, the Salvation Army has become one of the largest non-governmental providers of community-based social services in the country. We provide support and services to Canadians of all ages,

from birth to the end of life, and we are present in the provision of health care, child care, seniors care, addictions treatment, housing, correctional and justice services, to name just a few examples.

The importance of these hearings for us is in the fact that we benefit significantly from funding partnerships with all levels of government. Fully 58% of our annual operating budget comes from federal, provincial, and municipal government grants, and a further 29% percent comes from public donations. You will understand readily the importance of government spending policy and taxation policy in financing the work of the Salvation Army.

Our value is that of quality of life for all. We believe the way in which we deal with the disenfranchised members of our society is a measure of the quality of the Canadian community. We're asking the government to use surplus funds to build a social safety net and to reinforce and create caring communities so that the marginalized can attain their full potential.

Let me address housing first of all.

The Salvation Army has benefited significantly from the Canada Mortgage and Housing Corporation's residential rehabilitation assistance program and the creation and extension of the national homelessness initiative. With the assistance of the federal government, we have been able to refurbish or expand existing emergency, transitional, and permanent supportive housing, and we have been able to assist countless individuals and families to make the transition from the streets back into a stable housing environment. We look to the government to continue taking a leadership role in providing resources to address the problem of homelessness.

While capital funding through programs such as supporting the community partnerships initiative has been helpful, additional operating funding is needed if programs offered by community and not-for-profit organizations such as the Salvation Army are to continue to exist and prosper. Moreover, sustained funding is also required to meet the continued needs of Canada's homeless and at-risk populations and to ensure that supports for clients are adequate to achieve desired outcomes.

The rationale behind the position we take and the request we make for sustained funding is simple: merely providing housing is not the solution to homelessness. Many people, the people we serve, require ongoing support in order to remain in stable housing. As we point out on page 7, there are many homeless individuals for whom housing alone is not enough, individuals who suffer from mental health problems or addictions or social isolation or a combination of the three. We're asking the federal government to continue to allocate resources to address all forms of homelessness and to adopt a broad, holistic view of homelessness that goes beyond simply the problem of being homeless.

To give a sense of our commitment and implication in this issue, we currently operate in excess of 4,000 emergency and short-term transitional housing beds across the country. That's in excess of one-third of all of the housing beds available.

Interventions at emergency shelter systems—for most, the first point of entry into the housing service system—need to address both the service and housing needs of those who experience homelessness. Emergency shelters are not the solution to addressing housing affordability problems or homelessness, but the provision of emergency shelter is an integral part of the solution, and the accountability and the role of governments and elected officials are absolutely essential to seeing a proper plan carried through.

In our brief we talk about the need to treat the whole problem, and there we make a plea, outlined on page 9, for careful planning. As an organization that receives considerable funding from all levels of government, including the federal government, we have found that there is often, from our point of view at least, insufficient time to prepare well-researched proposals to deliver community-based services.

To this end, the Salvation Army recommends and asks for an increase in the notice period allotted for submitting proposals. This would assist us and organizations like ours in fully evaluating community needs, and it would ensure the viability of the proposed programs. It's a practical way of enhancing the investment in the needs of our communities without incurring additional costs. Such an approach would allow for more careful planning on the part of individual organizations, governments, groups such as ours, and communities as a whole.

● (1125)

That, in a sense, addresses this dimension of our work, in which 58% of our budget is funded directly by one of three levels of government. We also address the question of tax incentives, given that nearly a third of our budget comes through donations that often qualify for tax rebates. The investment the federal government has made in the Salvation Army's work by using the tax system to give ordinary Canadians incentives to assist us in our objectives is one of the keys to our effectiveness, and we're very conscious of, and grateful for, the support the government allows us in this way.

We outline three areas we would like the government to consider with respect to tax incentives for charitable giving. The first, we would ask, is simply to have the deadline for donations adjusted so that it would be the same as the year-end for RRSP donations.

Charities, and particularly the Salvation Army, do extremely well at Christmas. Nearly half our charitable gift income is realized in the month of December, but we then find ourselves competing for dollars during the biggest spending time of the year following Christmas, in January and February. Charitable donations—for us, at least—plummet while people are making decisions about RRSP investments, and those are being marketed very aggressively.

The tax incentives of donations can somewhat measure up to tax incentives offered by RRSPs, but the delay in being able to use the incentive means charities do not get meaningful donations during that period. Since there is, in a sense, a competitive marketplace for charitable giving and for allocation of spending decisions, we would like to work on a level playing field with the same year-end considerations.

We raise points, and they're in the brief, regarding whether or not the Salvation Army—or any charity, for that matter—can roll over RRSPs directly into annuities. We, like other charities, do not do this because of our understanding of how they would be treated by the Income Tax Act, and we ask for some clarification on that in our brief.

Finally, we raise the suggestion that gifts from RRSPs and RRIFs should receive some element of tax incentive, just as capital gains from appreciated securities do. We find this does put us at a certain disadvantage when people are making decisions about how to treat capital gains and the income coming from that; the taxation treatment seems to work against us.

We raise those issues. Essentially, what we're pleading for is continued government support—for the spending and budget decisions by the government to reflect the values of a caring community—and then we raise these issues of facilitating charitable gift donations by private donors.

We thank you for the opportunity to submit our recommendations. We look forward to the dialogue. Certainly, should you have any questions or wish to receive any further information, please contact me through Major Trim in our government relations office here in Ottawa.

Thanks very much.

● (1130)

The Chair: Thank you, Mr. Shepherd.

I know you have to leave, so my question on that third recommendation will be quick. I've never seen it before. Is there a big request to have the RRSPs and RRIFs transferred directly to your organization?

Mr. Glen Shepherd: I wouldn't say it's a big issue. It's not a major issue for us, but we have noticed that a gain on the stock market would be treated as a capital gain, and the tax treatment of that would be more favourable than the same gain made with stocks placed in an RRSP. It's not a big issue, but it is what we would call an inequity in the tax treatment of the same gains; that's why we raised it.

The Chair: Okay. It's a good point.

Thank you.

We can start from the beginning of the list. Next is Ms. Rothman, from Campaign 2000.

Ms. Laurel Rothman (National Coordinator, Campaign 2000): Thank you.

I'd like to comment on the questions around productivity. As the challenges of productivity are addressed, it's certainly our coalition's belief we have to ensure this is a race to the top of the productivity agenda rather than a race to the bottom. To refresh people's memory, we're a coalition of more than 90 organizations—everyone from the auto workers to psychiatrists, to the faith communities, to health care and child care providers, to parents, to low-income people—seeking to monitor the implementation of the 1989 unanimous House of Commons resolution to end child poverty by the year 2000.

We contend a progressive productivity agenda will ensure that economic gains are widely shared among all segments of society, thereby helping to achieve a social inclusion agenda. So the human element in the productivity equation has to be enhanced, and growth must be balanced with equity.

Let me say the current situation we outlined in the brief on page one demands a new agenda. We were pleased the Conference Board agreed with us last week in their report on performance and potential, and indeed cited worrisome concern about the child poverty rate in Canada. I hope you'll get a chance to look at that first page, because that graph is pretty shocking.

For the past 30 years, Canada's child poverty rate has hovered around 15% to 16%, or about one out of every six children. It's tenacious, and we have to do something about it.

We argue it's decision time for Canada. We must move forward significantly on ending child poverty. We've always proposed a multi-pronged solution and a multi-year approach, including income security and labour market measures, high-quality early learning and child care, affordable housing, and accessible post-secondary education and training. I know my other colleagues over the weeks have focused on a number of these matters, so today I'm going to focus on the economic security dimension.

Basically, down that route we see two main pathways—a healthier labour market and a stronger, more generous income security program—to help prevent families from falling into poverty. With regard to better jobs, we want to encourage the federal government, with its range of powers and influence, to help shift direction away from part-time contingent work with no benefits to more value-added full-time employment.

I want to point out that about 45%—almost half of low-income children—have parents who work full-year, but still are in poverty largely because of low wages and an inability to get full-time work. Shockingly, one in four low-income children have parents who work full-time, full-year, and are still in poverty.

As part of updating the Canada Labour Code, which is currently under review, we're suggesting the federal government reinstate a federal minimum wage, set it at \$10 per hour, and index it to the growth of the average hourly wage. We know this will have a small but important symbolic impact, affecting maybe 12% of the labour force, as we understand it. But is it possible also to strike a living wage commission with the provinces to take a look at strategies that

are going to improve wages and the availability of full-time work across this country? All our social programs are pushing families into the workforce, but we need to make that labour market work for people, which it's not doing on many occasions.

Regarding stronger income security programs, I have a couple of things to say. First, we need to revamp employment insurance to ensure that all workers benefit. As you know, now only about one in three unemployed people across the country benefit. In Toronto it's shockingly low, with about 22% of people who aren't working who are eligible for unemployment. Obviously that's a serious concern for newcomers, who may never have enough hours in the labour force, and those who are self-employed. Those things have to happen.

But I think most people probably expect Campaign 2000 to focus on the child benefit, which I'm going to do.

● (1135)

Right now the NCB—the combination of the Canada child tax benefit, which helps about 85% of children, and the supplement for low- and modest-income families—is a critical policy instrument for addressing child and family poverty, along with wages, because wages do not reflect family size, of course.

I should add that we do remain concerned about the fact that the majority of provinces are deducting or clawing back the child benefit to families that must rely on social assistance, and we recognize that as an important flaw in the policy design that has to be changed. But what we're saying now is that the NCB has shown itself to be effective for many families. Social Development Canada's own simulation analysis demonstrated that during 2001, 8% of families, or about 94,000, were prevented from falling into poverty, and the debt of those in low income was reduced.

We say it's decision time for Canada on child poverty. We must lift our standing as a laggard nation. As you probably know, UNICEF ranked us as 19th among 29 nations in its most recent report, with the only other large countries below us being the U.S., Mexico, and New Zealand. We know what has to happen. We've seen a productivity agenda without equity south of the border; the poverty rate in the U.S. is 28th out of 29. It is abominable.

We know that other progressive market economies have demonstrated success. There's a clear association between higher government spending on family and social benefits and lower child poverty rates. According to UNICEF, the variation in government policy is the largest factor accounting for the variation in child poverty rates, and no OECD country devoting 10% or more of GDP to social transfers—social transfers are much broader than children—has a child poverty rate higher than 10%. No country devoting less than 5% of GDP to transfers has a child poverty rate of less than 15%.

We want to see increases to the child benefit, and we also want to see a serious commitment to the long term. Right now the commitment is to increase the benefit to \$3,200 by fiscal 2007, which is only one year beyond the next fiscal year, in effect. Our benchmark is to increase the child benefit to \$4,900.

That's where we see increasing the labour market and increasing the benefit, in addition to housing, early learning, and post-secondary, as key investments that Canada can and needs to make.

Thank you.

• (1140)

The Chair: Thank you, Ms. Rothman.

From the Canadian Teachers' Federation, we have Mr. Weiner.

[Translation]

Mr. Harvey Weiner (Policy Advisor, Government and External Relations, Canadian Teachers' Federation): Thank you, Mr. Chairman.

The Canadian Teachers' Federation represents 17 provincial and territorial member organizations which represent over 210,000 teachers in primary and secondary schools across Canada.

We, like the last speaker, would also like to focus on productivity. We feel that the 2006 federal budget should focus predominantly on the health and well-being of Canada's children and youth.

We also feel that resources allocated to initiatives dedicated to this purpose will pay more dividends to this country and create more prosperity for all Canadians over the long term than any combination of tax relief or debt reduction measures that may be contemplated.

[English]

I'd like to focus, Chair, on a number of specifics.

We strongly believe a productivity agenda that focuses principally on children and youth in Canada is the only way to break the cycle of what we consider to be the enormous sums of government moneys that go to non-discretionary expenditures. By non-discretionary expenditures, we are talking about expenditures that have to be invested by governments to fix the lives of broken people, expenditures that go into our prison system, expenditures that go to individuals who have poor health, expenditures on individuals who have psychological problems as a result of the lack of investment in our young people. This is the pattern that we see as currently lacking, and a pattern that, it has been demonstrated in terms of the research worldwide, can in fact be broken with the appropriate kinds of investment.

Interestingly enough, this type of productivity agenda has actually been reinforced by a number of statements, including one that appeared in an article written several years ago by a highly placed individual in the Prime Minister's Office. I'm referring specifically to Peter Nicholson's comprehensive article on Canadian productivity in the fall 2003 edition of *International Productivity Monitor*, in which he cites an OECD analysis that says "the estimated effect of increasing the average education level by one year is to increase the level of GDP per capita by 4 per cent to 7 per cent relative to what it otherwise would have been." Of course, that's assuming everything else remains constant.

We have a series of recommendations—they are contained on pages 5 and 6—but I would like to emphasize a number of areas where we believe increased federal government is warranted, and talk about a specific initiative that the federal government has taken that could become a model for a series of other initiatives.

We believe, certainly, that the National Longitudinal Survey of Children and Youth, which has been carried out over a number of years, is a valuable resource and must continue to be properly funded by the federal government.

We believe literacy is absolutely key and should in fact be the lens through which all federal policies, programs, and legislation should be developed and reviewed. This means ensuring increased support to the National Literacy Secretariat.

We believe strongly that Canada's children must become a societal responsibility and not one that rests solely with parents.

We believe very strongly that the federal government's announced intent to increase the level of immigrant and refugee children means that programs have to be developed at federal-provincial tables, with resources to ensure that appropriate settlement services are provided. These settlement services have to go well beyond just job training and language skills for adults. Unless we are dealing with the whole family and it is the whole family that is immigrating to Canada, and unless we are providing those services in a comprehensive way, we are going to be missing the boat.

There is absolutely nothing in the Canadian Constitution, I would remind MPs, that prevents or prohibits federal-provincial collaboration. One good example that has in fact taken place is the Public Health Agency of Canada initiative under Minister Bennett. It created the Pan-Canadian Intergovernmental Joint Consortium on School Health, in collaboration with the Council of Ministers of Education, Canada. However, what is currently lacking is a federal government commitment to ensure sustainable funding that would enable every school district to engage the healthy schools coordinators to ensure programs and policies supporting the health and well-being of the children and staff in those schools. Prevention, rather than redemption, should be a model in addressing similar initiatives with regard to immigrant children and youth.

●(1145)

Again in terms of social infrastructure, repeating some of the words of my colleague from Campaign 2000, this is absolutely critical. When we are presumably talking about an arbitrary decision on the part of the government to look at budgets and allocate a third, a third, and a third, with no basis of analysis or evaluation on what the specific needs are at a given time, in our estimation, this is not the way to go.

The current needs are considerable on the part of the Canadian population, particularly for our children and youth. I again re-emphasize the fact that productivity will increase in this country as our children and youth become better prepared to face the challenges they will be facing, both socially and economically, in the future. Let's ensure that every child in this country gets the healthy start which he or she so richly deserves.

Thank you, Chair.

I'd be more than happy to answer questions on any of the recommendations that we are making.

The Chair: Thank you, Mr. Weiner.

Ms. Martin, from the Coalition for Women's Equality.

[*Translation*]

Ms. Lise Martin (Executive Director, Canadian Research Institute for the Advancement of Women, Coalition for Women's Equality): Good morning. I would just like to point out that I need to leave at 12:30 and my colleague Bonnie Diamond will be replacing me at that point.

Our presentation today will focus on fair and equitable budgets for all Canadians. We represent the Coalition for Women's Equality, which is a strategic alliance of national equality-seeking groups working towards better federal mechanisms for the achievement of women's equality. We are here today to talk to you about a key mechanism, gender responsive budgeting, that we believe must be implemented if the federal budget is to be a fair and equitable instrument for all Canadians.

In February of this past year, one of our member groups, the Canadian Feminist Alliance for International Action, the FAFIA, released a groundbreaking report that documented the impacts of 10 years of federal budgets, from 1995 to 2004, on the lives of women. This report examined Canada's international commitments to equality under the Beijing Platform for Action, by comparing these commitments to budget measures adopted over the past 10 years. The report concluded that massive spending cuts seriously hurt women in the deficit era and women's interests have been largely ignored since Ottawa began posting surpluses in 1998. From 1995 to 2005, cuts and changes to essential programs such as employment insurance, the Canada Child Tax Benefit, housing and the Canada Health and Social Transfer, were never entirely reversed during years of budget surpluses.

Data reveal that almost \$12 billion a year was cut from social programs between 1994 and 1997, and once the federal government began registering surpluses in 1998, it allocated \$152 billion to tax cuts and \$42 billion to new program spending, up to 2004, on

initiatives such as defence and innovation, while programs that benefit women lost out.

As a consequence, women have borne the brunt of the federal government's deep fiscal cuts. Only a fraction of new spending over the past decade has gone to affordable housing or quality child care, programs that make a central difference in women's lives.

We are therefore here today to suggest a new way of doing things and my colleague, Nancy, will now speak to those recommendations.

●(1150)

[*English*]

Ms. Nancy Peckford (Program Director, Canadian Feminist Alliance for International Action, Coalition for Women's Equality): One of the major challenges we're noticing as a consequence of this reality is that the Government of Canada, particularly the Department of Finance, has yet to develop or systematically apply a reliable methodological lens for the purposes of budget-making, which would appropriately anticipate, evaluate and, most importantly, respond to the particular economic inequality of the vast majority of women in Canada today. We believe that had they—particularly, Finance—done so, the last decade would certainly have looked very different from what it does today.

However, we want to bring to the committee's attention that despite the absence of a framework in the Department of Finance, Canada is claiming at the highest possible level on the international scene that it employs gender budgeting analysis. At a recent meeting of Commonwealth finance ministers, Canada assigned itself the highest possible score in that international forum, putting itself way ahead of countries like South Africa, who have implemented concrete budget initiatives over many, many years. Canadian citizens and, I suspect, even members of this committee have little to no evidence that Canada employs gender-responsive budgeting. It was only in 2005, after considerable pressure by women inside and outside of government, that the minister committed to embarking upon a gender-responsive initiative of any sort within Finance. We believe that Finance is still working out how to do this, and part of why we're here today is to tell you about some steps that we think would be very useful in that.

Hence, we would ask the committee to be very wary of how Finance is representing itself on the international scene. Had the finance department been consistently evaluating budgets for their impact on women, we obviously think things would have been very different today.

One of the things, obviously, we want to challenge is how tax cuts have been used as a key instrument of social policy. For us, the evidence certainly suggests that tax cuts are a less effective means of increasing economic resources or opportunities for women. In addition, women tend to lose out because they are concentrated heavily in the lowest income groups, they have lower average incomes than men, and they receive less capital gains and other forms of tax-preferred income than men. Clearly, if you look at the data you can see in 2002, and that's the year for which we have the most recent statistics, almost 30% of women tax filers had incomes below \$10,000, compared to 18.4% of men, and a full 39% of women tax filers were entirely non-taxable compared to 25% of men.

We want to address one of the initiatives that were introduced in the last budget. That was the threshold of taxation, which was raised by increasing the basic personal amount from \$8,000 in 2004 to a proposed \$10,000 by 2009. In reality, it clearly provides nothing to the very lowest earners, who are already non-taxable. In addition, the latest increase from \$8,000 to \$10,000 will provide annual savings of \$320 for all those who have enough federal tax liability to absorb the larger basic credit. While this will obviously benefit many women, it is very modest compared to the value of other tax cuts received exclusively by those with higher incomes, most of whom are men.

I'll spend the last couple of minutes I have on what we think truly gender-responsive budgeting would look like, taking into account what we've outlined for you as some of the challenges women face. We really believe this is important, given what Finance is claiming internationally. If you say you're doing gender-responsive budgeting, there is all kinds of expertise that proposes models and components that are extremely critical.

The first thing you'd have to do is include in your budget specifically targeted expenditures by government departments to women in their communities. In the Canadian context, one of the few examples of this is Status of Women Canada's women's program, which funds women's equality initiatives on a project basis throughout the country. For many years, women's organizations have been asking for an increase to this program budget, up to \$50 million annually. To put this in context, \$30 million would be the approximate equivalent of \$2 for every girl child and woman in Canada. Clearly, we think this is a modest but appropriate increase for a specifically targeted initiative.

Number two of four components is that gender-responsive budgeting also requires that governments ensure they provide equal employment opportunities. In this regard we believe the time is now for the federal government to move toward the immediate implementation of recommendations from its own federally mandated pay equity task force. New legislation would do two things: ensure a fair wage to women for federally regulated sectors and for employees of the federal government directly; and it would also increase the access to quality employment by average, low-income, racialized workers and workers with a disability. The federal government has acknowledged that employment equity is a human right; nonetheless, it has unfortunately been somewhat reluctant to act at this time.

Three, effective gender-responsive budgeting means that governments must systemically examine general or mainstream budget expenditures that make goods or services available to the whole community for their impacts on women. If Canada is to actually be credible in its claims regarding gender budgeting, we believe that the finance department itself must employ the appropriate expertise so that it can systematically examine the impacts on women of particular revenue and spending measures, as well as take into account how women interact with the economy, which is clearly different from many men.

We believe that if the Department of Finance did this, it would divert some of the money for tax cuts into enhancements for the Canada social transfer, which provides badly needed funds to support the delivery of vital social services on which women rely all

across the country. Clearly, we haven't seen a meaningful increase to the now Canada social transfer, which was CHST for many years.

Finally, from our point of view gender-responsive budgeting cannot be done without viable accountability measures, transparency and cooperation with civil society. In Canada, this would require that the Minister of Finance and senior officials within Finance actually meet with women's organizations and related experts on our priorities and our view for a gender-responsive budget. We are calling for meaningful cooperation, not simply consultation.

A good example of this on the international scene is the U.K., where the Women's Budget Group in the United Kingdom entered into agreement with the Treasury to set a number of meetings with the Minister of Finance and where one of their experts was seconded into finance to provide a different point of view.

• (1155)

In our view, if these things happen, clearly the pandemic of child poverty in Canada would be more meaningfully addressed.

We think that gender-responsive budgeting would be very good for Canada's productivity. It would engage more women in the economy in a way in which they would be well supported, where they wouldn't be taking time off work to take on additional caregiving, and it would allow for the appropriate levels of social programs and supports so that women could be meaningful participants in all aspects of their lives.

Thank you.

The Chair: Thank you, Ms. Peckford.

From la Fédération de l'habitation coopérative du Canada, Monsieur Daoust.

[Translation]

Mr. René Daoust (President, Co-operative Housing Federation of Canada): Good morning.

My name is René Daoust and I am the president of the Co-operative Housing Federation of Canada. Here with me is Christopher Wilson.

The Co-operative Housing Federation of Canada represents the 250,000 people who live in the 2,200 co-op housing units throughout Canada, from one ocean to the other.

I reworked my brief but for the benefit of the interpreters, I will try to stick to a summary of our original brief.

We are here today to speak to you about not only our own members, but also the 1.7 million households in Canada that are experiencing difficult housing conditions. Within that group, over 700,000 households pay more than 50 per cent of their monthly income on rent. We feel that in Canada this is unacceptable. It is serious. It is time to act.

In order to address this huge need immediately, the Government of Canada must establish a long-term investment program with the purpose of creating 25,000 units of non-profit housing per year, a level achieved in the 1970s and 1980s. That program must include housing for aboriginals, as well as co-operative and non-profit housing.

We must however avoid falling into the trap of creating rent supplements or shelter allowances channeled through the private sector.

The end of the 1960s demonstrated that the private rental market has a very short-term vision. As soon as the market turns around, landlords kick out these people in need and the crisis repeats itself.

We're suggesting that the government establish a long-term investment program for two reasons. The obvious one is the creation of housing, in particular co-operative but also including other co-operative housing arrangements, as well as investment in the existing housing stock. I will come back to that point later.

If we want to solve the issue of affordable housing in Quebec and Canada, over 25,000 housing units per year have to be created over the next 10 years.

This housing program must include, if possible, the provinces. Over the past few years, Quebec is the only province that has come up with some interesting housing initiatives. We need to encourage responsible involvement on the part of the provinces or, failing that, find other criteria that will encourage the creation of housing co-operatives and other types of community housing in the other provinces.

For example, an agreement was recently reached between the Co-operative Housing Federation of Canada and the federal government on the creation of the Agency for Co-operative Housing. This agency could potentially serve as a delivery option for a new co-op housing program in Canada.

On the matter of existing co-operatives, several co-operatives were created in the 1970s and the 1980s. In Quebec and the Atlantic provinces especially, there was the application of the modesty criteria, where less was invested per unit in some areas. Twenty years later, these co-operatives are now experiencing problems and need additional investment if they are to continue offering affordable housing to their members.

To be more technical, let us also mention those co-operatives funded under section 95, established in 1986. These co-operatives are now at risk because of the CMHC's interpretation of the funding formula.

These co-operatives have recently lost several thousands of affordable housing units. Minister Fontana recently made an announcement that solved part of the problem, but the rest of the problem still needs to be solved. Funds have to be set aside for this.

In conclusion, I simply want to remind you that investing in housing co-operatives is not only investing in bricks and mortar. It is also investing in people, in a community.

I think it is important that the Standing Committee on Finance acknowledge the importance of this in order to give all Canadians access to decent housing conditions.

• (1200)

We would be pleased to answer any of your questions. Thank you.
[English]

The Chair: Merci, Monsieur Daoust.

From the Polaris Institute, Mr. Staples.

Mr. Steven Staples (Director, Security Programs, Polaris Institute): First, thank you for inviting me here today. I'm the director of security programs for the Polaris Institute. We're a public interest research group based here in Ottawa.

Let me begin with this question: how much military spending is enough? Let me quote the answer that was given by Prime Minister Jean Chrétien as he was about to leave office. He said, "But it's never enough". Today the Polaris Institute wishes to draw the committee's attention to the alarming amount of public funds going to the military and how those dollars are being used.

There's an attitude in Canada that we are a small-time military spender in the world, but a careful examination of the documents proves otherwise. Canada is in fact already the seventh-highest military spender in real dollars amongst NATO's 26 members, placing us firmly in the top third of the alliance—I draw your attention to table 1 of our brief. In fact, with spending for 2005-06 projected to reach \$14.5 billion, Canada's spending is more than double that of Norway, double that of Belgium, and triple that of Denmark, and it's greater than the 12 lowest NATO military spenders combined.

Even using a percentage of GDP as a comparison, which some organizations prefer to do, Canada's 1.2% of GDP devoted to military spending, according to NATO, is roughly equal to that of Belgium, which is also 1.2%; Spain, which is 1.3%; and only a few tenths of a percentage point behind Germany, which spends 1.4% of GDP.

The Liberal government's budget 2005, which passed with support from the NDP and several independents this year, will increase military spending by a whopping \$12.8 billion over the next five years, pushing Canada's military spending to nearly \$20 billion per year. This level surpasses anything that we spent during the Cold War. The last time we saw spending at this level, Canada was consumed by war against Nazi Germany. It's the next level highest since World War II.

From analysis of the current and projected spending priorities and troop commitments, these spending increases are intended to enhance the capability of the Canadian Forces to be more interoperable with the military of the United States, not to be a more effective UN peacekeeping force, as many Canadians may believe.

In implementing such staggering increases to defence, Prime Minister Martin is really ignoring his predecessor's warning, when Jean Chrétien said, "...it's never enough. I have never seen an army anywhere in the world who returned a government money—anywhere. They all need more and they all have plans for more."

Sadly, Canada's growth in military spending is contributing to a startling international trend. Annual global military spending has surpassed \$1 trillion. Meanwhile, the UN is warning that unless drastic measures are implemented, the world will not meet its targets for reduced poverty and millions will die in the next decade, many before they reach their fifth birthday.

These misplaced priorities are mirrored here in Canada, where Paul Martin steadfastly refuses to commit to devoting 0.7% of GDP to foreign aid, while defence spending mushrooms. The result is that for every \$1 we devote to global poverty alleviation and international development, we spend \$4 on national defence.

This spending also has opportunity costs here at home. We recently purchased 28 ship-borne anti-submarine warfare helicopters for Canada's fleet of frigates at a cost of more than \$3 billion. For the price of a single military helicopter, the government could build more than 1,000 homes to shelter Canada's homeless. Two helicopters, for example, equals the entire budget of Carleton University. We bought 28.

What has driven Canada to make this increase, the greatest increase in military spending in a generation? As our brief points out, the Canadian Forces' increased international tempo, expensive equipment costs, and pressure from allies are all factors, but at the root of all of these is the government's emphasis on having the Canadian Forces operate in close cooperation with the U.S. military in U.S.-led "coalitions of the willing" around the world.

Gaining this capability is very expensive, whether it's weapons management systems for our warships or laser-guided bombs for our CF-18s, which we are currently evaluating in Alberta right now. These programs are to ensure that we can stand ready to fight with or for the United States.

Participation in UN-led missions has dropped off dramatically, and increased participation in U.S.-led missions has largely come at the expense of UN peacekeeping. In 1992-93, for example, participation in UN missions accounted for more than \$9 of every \$10 we spent on international missions. Fast forward ahead a decade to 2004-05, and the United Nations has been nearly abandoned, accounting for a mere 30¢ of every \$10 we spend on military missions abroad.

•(1205)

As of July 2005, the UN had more than 61,000 soldiers conducting peacekeeping missions around the world. What was Canada's contribution to these UN missions? It was 216 personnel—out of 61,000. It's no wonder the United Nations lists Canada as the 36th highest contributor to UN peacekeeping, roughly on par with Peru and Guatemala.

As the recent human security report published a few weeks ago by UBC pointed out, the UN is having a positive impact on promoting peace and disarmament, but the truth is that by abandoning UN peacekeeping missions, Canada has become a freeloader on the United Nations.

A strong majority of Canadians celebrated the government's decision to not participate in either the U.S.-led invasion of Iraq or the Bush administration's continental missile defence shield. I know it was a position championed by many people around this table

today. But despite adopting these popular foreign policy decisions, which were very popular, our government continues to push Canadian defence policy to fall in line with the Pentagon's war planners by pushing military spending higher than Cold War levels and by focusing on the increased use of aggressive weapons such as laser-guided bombs and secret commandos. At the same time as we're turning our back on the United Nations, we are witnessing the Americanization of the Canadian armed forces.

The Polaris Institute is calling on this finance committee to urge the government to engage Canadians in developing a suitable defence policy that conforms with our traditional values and our long-held support for the United Nations as the most effective way to promote peace, security, and disarmament around the world. Until that is accomplished, we urge this committee to recommend a freeze on further increases in Canada's defence spending.

Thank you very much.

•(1210)

The Chair: From the United Way, Mr. Hatton.

Mr. Al Hatton (President and Chief Executive Officer, United Way of Canada): From the United Nations to the United Way.

I'd like to talk a little bit about improving the social infrastructure in Canada as a way, in fact, to stimulate productivity. I want to focus on three of our recommendations.

Obviously, like a number of the organizations around the room, people know us as the largest fundraiser of health and social services in Canada, but in fact, more important is our work increasingly, in communities trying to create community impact. Our observations are that the more money we raise, in fact, the more some of the problems are becoming intractable. So we ask the question, how do we invest much more succinctly the dollars we raise, leverage those, and partner with other organizations for greater impacts?

I want to focus on three areas that should be of interest to the committee in terms of strengthening the social infrastructure over time. The first is a simple project that we're pioneering with a number of organizations across the country, called 211. It's much like 911 or 411, except that it's focused on the social infrastructure in local communities.

One of the greatest needs we see now in local communities is that residents and people in need can't get access to the services that exist at various levels, so we have pioneered a program with a number of information referral centres across the country. We've initiated this first in Toronto and, in recent months, in Calgary and Edmonton, and now we want to roll it out across the country.

Imagine a senior citizen who phones 211 and can find out immediately not just what service to go to by a transfer in terms of the call, but actually have somebody on the phone who can talk to them about the absolutely best service for someone close to them and their family; or a homeless person who actually wants to find out what shelters are open; or a woman who's just gone through some kind of conflict at home. Where does she go for support immediately? All of that can be provided by 211.

We had 300,000 calls in the first few months in Toronto when we opened this service, and now we have 1,200 people a day calling. The service operates 24 hours a day, in 15 languages, and is up and running and has a database behind it with all the existing community services and government services that exist in the city of Toronto.

Imagine for a moment, heaven forbid, there's an earthquake in the Lower Mainland. Obviously everyone phones 911. That prevents the police departments in the country from responding to immediate crises. What people are asking is, how can I volunteer? Is there a relative I can find out about? So 211 works in a compatible way with 911 to ensure that those volunteers are immediately put in place.

In the after-effects of Katrina in the United States, this service in two of the major states that were affected immediately swung into service, and thousands of people were given support and help immediately without that service falling down.

We believe that is an incredibly easy way to strengthen the infrastructure and connect organizations and government services with people in need. That's our first recommendation.

Our second is that we're observing an incredible new interest on the part of a number of government departments whose mandates intersect at the local level in areas of investing in local community development, in what we're calling place-based programs. There are hundreds of them across the country, many funded by federal government and provincial government departments. There's very little coordination among these organizations. We're seeing, we hope, a rebirth in the federal government's interest in engaging and investing again in local communities.

In the United Way/Centraide movement, we've partnered with a number of government departments and a number of other organizations, in five neighbourhoods, to start to understand much more profoundly how to go about igniting different partners for larger impact in local communities. Our belief is that lots of money is being spent in a siloed way, department by department, on short-term pilots and short-term programs. They don't connect with residents. They don't connect as adequately as possible with local communities. In our view, that lack of coordination is not helping any government in terms of its engagement with citizens. We believe that working much more collaboratively can address that issue.

●(1215)

The third area is around funding. We're in support of a number of the groups here, and the Voluntary Sector Forum, which I know appeared earlier in front of the committee with a number of other organizations, to look at a smart, effective, and much longer-term approach to funding organizations in the sector. We heard about one example: the Salvation Army's work on the housing issue. There are thousands of organizations facing similar kinds of challenges at the local level.

We've seen a big shift in the federal government from core funding to project funding. That has actually begun to reduce the capacity and the infrastructure of organizations working in communities year after year.

I know that in some ways the government feels that opening up a number of social programs to the private sector and levelling the playing field gives you a greater investment for your dollar. Our belief is that's actually very short-term in thinking. In fact, by investing in organizations over a longer term, we're going to have larger impacts on some of the more intractable issues discussed here on the panel.

At the same time, we see more and more energy and time expended on accountability. Obviously, with Gomery and with a number of the things that have gone on involving a small number of people who have exploited the public trust...this is not a good thing, but it is a bad investment to automatically switch over and spend more and more resources—in our view, a significant amount of resources—on accountability measures to stop a small number of people from doing bad things. It's running against all the underpinnings of productivity.

Productivity is about innovation. If you're constantly concerned and afraid to risk, then there's not going to be productivity. We would ask that central agencies, this committee, the Department of Finance, and Treasury Board take a hard look at a balance between innovation and productivity and not respond in a knee-jerk way to some of the scandals we've seen. In fact, that's putting a burden on organizations for reporting, stifling creativity of public servants, and hurting us in terms of strengthening a number of the programs that are already invested in communities.

In terms of productivity, I think the popular view is that the private sector is the most productive. We would argue that in fact it's a much better investment to invest in the charitable and voluntary sector. We have six volunteers for every staffperson who works at the local level in community programs. We engage citizens. In our belief, we are doing much more in terms of tackling the issue of the democratic deficit than some of the measures started by backbenchers in Parliament. That's a step.

At the end of the day, unless we engage citizens, unless we set up programs and processes that have them work much more effectively together with government departments and voluntary organizations, we will not be meeting the needs of the most vulnerable, nor will we be creating the kinds of resilient communities that I believe the current government and all parties in Parliament would absolutely ascribe to.

Thank you very much. We're all open to your questions.

• (1220)

The Chair: Thank you to the panel. Thank you for your briefs.

I want to remind the witnesses that the members have five minutes for questions and answers, so if you keep your answers concise, I think the members would be appreciative.

We will go to the members: Mr. Penson, then Monsieur Bouchard, then Madame Boivin, then Ms. Wasylycia-Leis, and then Ms. Minna. Thank you.

Mr. Penson.

Mr. Charlie Penson (Peace River, CPC): Thank you, Mr. Chair. I'd like to welcome the panel here today.

I was interested in the presentations from the Salvation Army and the United Way in particular, and I have some questions around that. We have a pretty short time, so I'm not going to be able to get to everybody.

I noticed the Salvation Army said 58% of their revenue comes from all government levels. I'm interested to know how what percentage comes from the federal government.

Mr. Glen Shepherd: I'm not absolutely sure we could provide that. Would you...?

Mr. Charlie Penson: Maybe you could provide it to the clerk. We'd appreciate it.

Mr. Glen Shepherd: We can get it as a follow-up. The vast majority would be from provincial governments, but the federal government is important.

Mr. Charlie Penson: Would that be in the form of the CMHC, like the rehab program?

Ms. Mary Ellen Eberlin (Secretary, Territorial Social Services, Salvation Army): It would be a combination of CMHC and the SCPI funding, as two federal funds that are—

Mr. Charlie Penson: I'm sorry, could you repeat that?

Ms. Mary Ellen Eberlin: Yes. It is both CMHC and federal funding.

Mr. Charlie Penson: Okay. Well, I know the good work that you do, and I take Mr. Hatton's point that this is actually leveraging too,

isn't it? You're leveraging to include a lot of volunteers who provide you with a lot of free service and work. Not only that, but they give a lot of good help to those people who are down and out in terms of setting examples for how to get off that system. That's what we want—I guess all of us—to encourage people to do better and be able to recover from whatever difficulties they have.

I take your point that on the tax side there are certain recommendations you have made. I see some good recommendations. In terms of your housing units you're talking about needing help with, is it the Salvation Army's wish that you would have us change policy, as I think Mr. Hatton has suggested, and work more through organizations like yours rather than try to put some of this out to the private sector?

Mr. Glen Shepherd: I think our first concern would be to have certainty that federal government funding is available, that the SCPI program and things like that will be continued and renewed, which is all part of our point about long-term sustainable funding. That's our first concern.

The other concern would be to have program funding for the other remedial support work that goes beyond the problem of housing. Housing is the visible problem. The needs of the individual is perhaps the more profound problem. I think those would really be the two dynamics of the recommendation we are making today.

Mr. Charlie Penson: Would that be because the housing is more or less a temporary situation that people are moving through?

Mr. Glen Shepherd: I think our experience is that we can solve the housing issue. We can solve the shelter problem, but it is not a permanent solution. Unless we can address the other underlying social and personal issues, there's always the great risk of the person finding a solution to the housing problem and then, because of the many other concomitant problems that come with it—personal problems—ending up back on the streets, unable to deal with this integration into productive life within the community. That calls for a longer-term solution.

Mr. Charlie Penson: Okay, that's helpful. Thank you very much.

The Chair: Thank you, Mr. Penson.

Monsieur Bouchard.

[*Translation*]

Mr. Robert Bouchard (Chicoutimi—Le Fjord, BQ): Thank you, Mr. Chairman. Thank you all for your excellent presentations.

My first question is for Campaign 2000. You mentioned the fact that workers who lose their jobs have little access to employment insurance.

Obviously, you advocate increased access to employment insurance. You talked about how high our surpluses are. Forty-six billion dollars was mentioned. Several people, including my own party, have been calling for an independent employment insurance fund, managed by workers, contributors and businesses.

Have you considered the following possibilities: first, that employment insurance become an independent fund managed, as I mentioned, by workers and employers; second, that the government reimburse the employment insurance surpluses to workers and that this be used to their benefit; third, that the people managing the employment insurance fund set the priorities and provide greater accessibility to benefits?

• (1225)

[English]

Ms. Laurel Rothman: Thank you.

I should say that we've not done a formal review of policy and considered the specific recommendation about who should run employment insurance. I certainly think we work with our labour and voluntary sector partners on this. In terms of wanting to ensure that the spirit, if you will, of employment insurance is being able to assist with training and development of people who are not employed, we would support a broad concept. But we don't have a specific proposal on who should run it at this point.

With regard to the surplus, that's also a much larger issue about how it is generated. I'd be safe in saying, in very broad terms, that we would welcome a serious look at how we in Canada support or do not support people who are trying to enter the labour force and who have been in and out of the labour force in a variety of situations, because clearly the labour market is no longer an assured pathway out of poverty.

[Translation]

Mr. Robert Bouchard: Thank you.

My second question is for the Co-operative Housing Federation of Canada.

You mentioned that we need to immediately create 25,000 housing units annually. You also briefly spoke about the Canadian Mortgage and Housing Corporation. I'm sure you are aware that they currently have a surplus of over \$4 billion. I have even heard a higher figure. Do you think that a significant amount of that surplus should be immediately used to build several affordable housing units? Rather than wait, we could begin this immediately, given that the CMHC has this significant \$4 billion surplus.

[English]

Mr. Christopher Wilson (Senior Public Relations Officer, Co-operative Housing Federation of Canada): We certainly do support the reinvestment of CMHC surpluses into new affordable housing. They will argue that their surpluses are needed, according to actuarial studies, to ensure the security of all their investments in mortgages around the country. But we actually think they're being overly conservative about that. There is no reason for them to be accumulating surpluses at the level they are. We would really support CMHC remembering that their mission is to provide affordable housing to Canadians, and we would certainly support that money being used right away, yes, for affordable housing programs.

• (1230)

The Chair: Merci, Monsieur Bouchard.

If I could, I'll just ask the witnesses, although I know we're running a little bit late, to hang around for another 15 minutes, if that's okay.

We'll have Madam Boivin, Madam Wasylycia-Leis, and then Ms. Minna.

[Translation]

Ms. Françoise Boivin (Gatineau, Lib.): Thank you, Mr. Chairman.

Once again, thank you for coming here today. I admire all the work that you have accomplished, each and every one of you. That is one of the reasons why many of us went into politics. We share many of your points of view from a community perspective. I travel throughout my riding, the riding of Gatineau, in the Ottawa Valley, where the United Way has been very active and successful. I often tell the community organizations and the people who work there: "If we didn't have you, Canada would be literally bankrupt, as would several other countries in the world". So I say congratulations. You are often the people who have to work the hardest in order to obtain the small amount of funding that allows you to provide so many services to the community. I wanted to say publicly how much I admire the work you have done, whether that be in the area of housing, teaching, our children, and so on. It is shocking that in 2005 we still live in a country where there is so much poverty amongst children, women, etc.

Mr. Staples, when I came to Parliament last year, the first issue I had to work on, despite myself to a certain extent, was the missile shield. I am very pleased with the result of our efforts. That being said, my next battle is the following one.

[English]

I forget the name of the other lady who was here, but she, Nancy, and Bonnie were talking about GBA and gender budgeting.

I hope my battle for gender budgeting will not be too long. I wish it could be as short as the one on ballistic missile defence, but I doubt it will be, because for some reason, it's so hard for women's issues to prevail. It's as though women's issues cannot equate to productivity. I have a big problem with that.

[Translation]

Bonnie and Nancy, one of the questions I would like to ask you relates to gender responsive budgeting.

I know that your coalition has done a lot of work to demonstrate what has been wrong over the past 10 years.

Given the particular financial circumstances, we could argue forever on why the past 10 years were so tight financially. I do think it was necessary to tighten the purse strings in some areas, but this can often happen at the expense of less fortunate groups who shouldn't necessarily have to be affected to that extent.

Some huge requests were made to the Minister of Finance. He made commitments and he will need a considerable amount of assistance in delivering the goods. Are you in a position to tell us what a real budget should look like in some of those areas?

[English]

On gender budgeting, equality, and everything, how much money would it take? Have you evaluated that to bring a little financial equality between men and women in Canada? I'd be very interested in seeing that.

As we've said, on infrastructure, where we see there's a big deficit of \$60 billion, maybe we can take an approach every year to make sure that we put in a certain amount. Maybe that's what has to be done for women's issues.

My second question is this.

[Translation]

My question is for the Co-operative Housing Federation of Canada.

Mr. Daoust, you stated that Minister Fontana had resolved an issue without telling us what that issue was, and you added that there was an outstanding issue. I would like to know what that is. In fact, in terms of housing, I think we have an extremely active and open minister. Therefore this is the right time to know exactly what it is you want, so that we can tell him directly, because I often have the opportunity to speak to him.

Those are my two questions.

[English]

The Chair: Ms. Peckford.

Ms. Nancy Peckford: In our view, the finance department is clearly not even close to imagining a truly egalitarian budget. They're so far away from that now. Internally, I don't have the kind of expertise to generate what a fundamental and truly beneficial budget for both women and men would look like.

However, it has been our assertion over many years that you must start with the poorest women in Canada. There are currently a couple of things that are really problematic.

One would be the inaccessibility of employment insurance in Canada for poor women who are working contractually or part-time, who have caregiving responsibilities, and who simply don't have the ability to access the program even if they're paying into it. When you look at the 31% of women who can in fact access EI, it leaves out a whole array of other women in multiple kinds of employment circumstances.

Another thing for us is really the clawback on the national child tax benefit. It's woeful. From our point of view, it's so discouraging that you would claw back money that the federal government intended to use to support women who were struggling, women who had children and simply weren't able to make ends meet. The negotiated agreement to allow provinces and territories to take that money back and not give it directly as income support is really unacceptable at this juncture in our history.

What's interesting to us is that the federal government has fiscal capacity in ways that the provinces and territories don't have. They're able to deploy resources for poor families. You can't tell a province not to give that directly to family X. It simply doesn't make any sense. I think that the feds initially had good intentions, but they got

in there with an FPT agreement and they conceded—they conceded on the backs of the poorest women in Canada.

Clearly, at this juncture, we would say that you should use a framework that looks at the realities of the poorest women and men in Canada and then move onward and upward.

• (1235)

Mr. Christopher Wilson: Actually, the problem René was referring to is that there is currently a critical shortage of subsidies for low-income people in cooperative housing and other non-profit housing. It results from a problem in the design of the largest co-op program and a flaw in the subsidy formula. Part of that problem has been corrected for about 20% of the co-ops involved. We're calling on the minister to correct it for the other 80%.

But there's also been a bigger issue over the last 20 years. Because of the loss of subsidy, housing cooperatives have about 10,000 fewer units available for low-income Canadians than they did two decades ago. What we're saying here today is that a very cost-effective way in the short term to increase the supply of affordable housing is to make more subsidies available, so that co-ops that are more than willing to provide secure, affordable housing to low-income Canadians can do so. This would maximize the potential of a resource that already exists, without having to build a single further unit. Obviously we're in favour of building more units, but we're also in favour of maximizing the potential of the existing housing. It would cost about \$30 million a year and create 10,000 more units of affordable housing for very low-income people across the country.

The Chair: Merci, Madame Boivin.

Ms. Wasylycia-Leis.

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

Let me pick up where Françoise left off vis-à-vis gender-based budgeting. I think what is even more regrettable than not doing gender-based budgeting at this point is the fact that it appears, from your comments, that our government has claimed that it has been doing gender-based budgeting when it hasn't. I think that's just wrong; that's not telling the truth.

Based on what I know, that must be the case. If I recall, it was only last year that we asked Finance officials for the results of their gender-based policy practices, and they had nothing to report; they said that other departments were doing it and that they just accumulated the results. I know that in the last year the parliamentary committee on the status of women has pushed this, and has actually made some progress in pushing Finance.

So how in the world can our finance minister and this government claim to be at the top of the heap in terms of gender-based analysis when they haven't done a thing yet? It's a rhetorical question. Am I wrong, or is there any evidence they've done something?

Ms. Nancy Peckford: Clearly, I think that many women on the Hill can share in their success, in that Minister Goodale did finally commit in the House of Commons to be really concerned about what sort of analysis they would apply in future budgets as they pertained to women.

The problem is that in 1995 the federal government adopted a gender-based analysis strategy that was optional; some departments could do it, and some departments couldn't, or cared not to. Finance was one of those departments. It wasn't until the parliamentary committee actually directly asked the Department of Finance last year what they were doing on the question of gender-based analysis that it became clear that in fact they didn't have any internal methodology or expertise and were relying on departments to bring forward a GBA analysis within their proposals for funding or cuts—whatever they were.

From our point of view, that is not sufficient; that's not gender-responsive budgeting. You need to have an economic framework that takes into account how women interact with the economy and what they require. So what we're saying is that even if every single department brought forward to Finance a very good and rigorous GBA, that would not go far enough, because true and effective gender-responsive budgeting actually requires that you evaluate, and potentially alter, the economic framework, so that you're able to include women in all their diversity and in all aspects of their lives. Clearly, people on this committee can appreciate that.

What's unfortunate to us is that I don't think the Department of Finance gets it. They think, GBA, great, we're doing it and we're getting various proposals. I think they're under some illusions. To go on an international stage and claim the highest level of gender-responsive budgeting, I think, really demonstrates a profound disconnect.

I know that women on the Hill have been working very hard to try to reconnect the dots, but we would not be satisfied with gender-responsive budgeting unless there were a rigorous methodology that explicitly examined women's economic realities, that was situated within Finance, and that used the expertise that women's organizations from across the country have been generating for years. That's the bar for us, and anything less is not acceptable.

• (1240)

Ms. Judy Wasylycia-Leis: Let me just add that I think it's too bad that we aren't further along on this, because in fact if there ever was a need for gender-based budgeting and a gender perspective, it would be on the issues of productivity. It seems to me that if there is any explanation for Canada's falling behind on productivity, it is the lack of value we attach to the role of women in the workforce. In that regard, I think it would have been useful for our finance committee to actually have had a whole panel on women's concerns because they are so important on this particular topic. We have to keep pushing for that, maybe next year.

The question I have is, what are the facts in terms of women's participation in the labour force? What do we lose because women aren't paid equally, because they're still facing sexual harassment, because they're still worrying about whether their children are cared for in a day care arrangement, the stress they face in terms of juggling work and family responsibilities, the ghettoization? What are the facts in terms of how much productivity is lost to this country because we don't value women's work and we don't apply the principle of equality?

I know that's a big question, but if you have any insights on it....

Ms. Bonnie Diamond (Representative, Coalition for Women's Equality): Actually, as I sit here, Judy, I don't have the statistics for you, but they are available. I know where they are and will get them back to the committee.

Ms. Nancy Peckford: I think one of the things you look at is that women are actually earning a lot less income than men. The ways in which they interact with the economy don't allow them to accumulate the same amount of income. It's very clear—there's a \$10,000 difference. It's \$42,000 for men, the average income for a male full-time worker, versus \$32,000 for women. I can check to verify this, but the gap is \$10,000. This demonstrates the fact that women are not engaging in the same ways with the economy. Clearly there is a myriad of reasons why. Many of the things you mentioned are essential to that.

We did submit to the finance committee that we felt a longer discussion about these realities would be critical. We are now in the process of trying to establish a meeting with the Minister of Finance so that we can get our experts on board, so that they can have a longer opportunity to converse with the minister and some of his senior officials. We know that we have the support of the Liberal women's caucus, the NDP women's caucus, and others. But we need to have that conversation soon, because in our view—we're coming up to our eighth multi-billion dollar surplus—Canada is in such a strong economic position there's no reason not to move forward. To us the moment is now. There has been some progress made, but it needs to be shored up.

• (1245)

The Chair: Thank you, Ms. Peckford.

We have one more member.

Thank you, Ms. Wasylycia-Leis.

Ms. Minna.

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

To finish up on this, the material you just mentioned on productivity we'd love to get. I think it will help us, as we write the report, on the kind of things we want to recommend. This is an area that we've all been working at very hard, my colleague and I and many others, as some of you already know. We want to really move it forward in some way, critically.

I think also there are some places, like CIDA, that actually do a reasonably good gender analysis. When I was there, there wasn't a project done that didn't take gender into consideration. I don't know why we don't use it as part of an example—I'm not saying it would be exactly...but certainly use it as a way to push forward.

On the issues that you've raised with respect to gender analysis and also the Status of Women Canada budget, I will again push for that budget to be increased in our recommendations. I'm giving the chairman warning that this is going to be one of my things. I have a list of things I'm going to be putting forward and looking for support on. It's too bad the official opposition isn't here to hear what I'm going to put forward, but we'll see. And of course the pay equity issue is one that we have to address once and for all.

I'm not even going to ask questions, except for the fact that I'd love to have the information that you have. I don't think there's any disagreement here on this side from our colleagues on what you've raised. It's just a matter of how we really have to get down to brass tacks in dealing with it once and for all.

I wanted to go to Laurel. I want to say that I'm really pleased to see, on the one hand, that the child benefit has in fact shown some effectiveness in terms of keeping families and children out of poverty, and the fact that the clawback means that they get writeoff. I'll tell you, when the eight MPs who actually got that program going—and I'm proud to say that I was one of the sponsors or mothers or whatever you like of that program as it was actually getting established—it was a really hard struggle for about a year. Finally we broke through. It was never our intention for clawback to exist, and that needs to be dealt with. It needs to be gone.

As I tell you, if I've accomplished nothing else in this government since my election, I'm proud to say that this is one piece that I continue to be proud of.

I wanted to ask you about the \$4,900. Are you seeing that as an immediate increase? Have you worked the figures? That's important.

Ms. Laurel Rothman: We worked the figures into a paper we did in 2004, which if you don't have, I'll make sure you get. What's happened, with another two instalments of the benefit, is that the figures need to be re-nuanced. I understand there's an informal figure from the social development department that says to get to \$4,900 would take between \$7 billion and \$8 billion. We recognize that would need to be phased in. We would argue it could be phased in over three to five years.

But right now, one particular concern is that we have a commitment to fiscal 2006-07, which is next year, to increase that benefit to roughly \$3,200. We have no benefit beyond that. We have for equalization; we have for health care. We have to address the other needs.

Hon. Maria Minna: I agree. We need to get back to that in this next budget. That's one thing we'd be looking at addressing, so I wanted to....

I know we're short for time—and being the last doesn't help—but just before we go I wanted to commend the United Way for their excellent.... Whoever came up with the idea of the 211, it's terrific. It's a great idea.

I hear your comments with respect to allowing the for-profit into the not-for-profit area. As you know, I've been fighting that issue since day one, long before the call for proposals was implemented. We're still trying to sort that one out, and I'm still working very closely with the organizations in Toronto and elsewhere, as you know, to make sure it never happens again.

I'm hoping the relationship that is being established now between the voluntary sector and the department—at least that one department anyway, if not others—will mean it will establish a long-term relationship that will not allow that kind of thing to happen again. But quite frankly, it's going to take a fair amount of

strong political will to make sure it doesn't happen again, and also that the silos in other departments come in out of the cold, if you like, and be part of the community. So I agree with you 100%.

I would like to get from Polaris, if I could.... You have a report here with a lot of stuff on defence. Do you have anything else besides the report you gave us today?

I'm one of those people who've said we're spending far too much on defence. I wasn't aware of the fact that we are not meeting our needs with respect to the UN requirements. We have usually been very proud of being peacekeepers and what have you.

What I've seen of your brief, I like. But as we go, if anything comes up that you think is useful, feel free to send it to me. I chair the social policy committee of the Liberal caucus, as well as the PNND, the non-proliferation of nuclear arms committee. Those are issues that to me are tied in many ways. That's why we were very involved in the anti-missile defence stuff with the women's caucus, but also in that committee and the rest of caucus. So if anything comes up that you think might be helpful to support our position, I'd appreciate your keeping in touch. It would be a great help to me.

I agree with the rest of you on the co-op stuff. Mr. Wilson, I am very much aware of section 95. I've been meeting with some of the co-op movement on it, and I agree with you. I'm going to be talking to the minister about it; I really think it needs to be resolved. We can't leave it lagging that way. In addition to changing the structure for the future, I think that issue of old stock has to be addressed, because there are people who are not able to come in now. You have units, but you can't allow them in. I think that is dastardly.

I don't have a negative comment; I agree. That's the thing: this is one panel where we are working on common grounds, and we agree on the direction.

Use us. That's how we did the child tax benefit. We worked very closely with the organizations on the outside, and we worked on the inside, in partnership. That partnership worked really well on child care. Of course, I want to increase child care too, because \$1 billion a year isn't enough. It needs to go up, if we're committed to it. I think the issues are very common to us here.

Thank you for coming.

● (1250)

The Chair: Thank you, Ms. Minna.

On that note, though Ms. Minna has expressed the committee's feelings, I want to again personally thank everybody. I'm sorry about going over on the time.

That's it.

I think the women's coalition.... Ms. Peckford, are you going to submit a brief to us? Okay. It can come through the clerks, please.

Thank you. Merci.

The meeting is adjourned.

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