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THE SUBCOMMITTEE ON VETERANS AFFAIRS OF THE STANDING SENATE
COMMITTEE ON NATIONAL SECURITY AND DEFENCE
EVIDENCE

OTTAWA, Wednesday, May 31, 2006

The Subcommittee on Veterans Affairs of the Standing Senate Committee on National Security and Defence met this day at 12 p.m. to study on the services and benefits provided to members of the Canadian Forces, veterans of war and peacekeeping missions and members of their families in recognition of their services to Canada.

Senator Michael A. Meighen (*Chairman*) in the chair.

The Chairman: It is my pleasure to welcome you all to this hearing this afternoon. Our guest today is the Honourable Greg Thompson, Minister of Veterans Affairs Canada. Accompanying the minister is Mr. Jack Stagg, Deputy Minister of Veterans Affairs; Ms. Verna Bruce, Associate Deputy Minister; and Mr. Victor Marchand, Chair of the Veterans Review and Appeal Board.

My name is Michael Meighen. I a senator from Ontario and I have the honour to chair this subcommittee.

I will introduce the members of the committee who are present today.

Senator Colin Kenny is from Ontario and is the Chairman of what we refer to as our parent committee, the Standing Senate Committee on National Security and Defence. He is also a member of the Standing Committee on Internal Economy, Budgets and Administration and the Standing Senate Committee on Energy, the Environment and Natural Resources.

Senator Norm Atkins from Ontario came to the Senate with more than 27 years of experience in the field of communications. He served as a senior adviser to Premier William Davis of Ontario and he is also a member of the Standing Senate Committee on National Security and Defence.

Senator Ethel Cochrane from Newfoundland and Labrador is the Deputy Chair of the Standing Senate Committee on Energy, the Environment and Natural Resources and is a member of the Standing Senate Committee on Social Affairs, Science and Technology.

One of our regular members, Senator Day from New Brunswick, is travelling on parliamentary business.

Very regrettably, our colleague from Nova Scotia, Senator Michael Forrestall, is experiencing some health problems and is confined to hospital. We wish him a speedy recovery and look forward to having him back with us shortly.

Over the coming months, our committee will be examining the services and benefits provided to members of the Canadian Forces, veterans of war and peacekeeping missions and members of their families in recognition of their services to Canada.

Without further ado, we will get underway.

I understand, Minister, that you have an opening statement to make. Following that, perhaps you would be good enough to take questions from the members of the subcommittee.

Hon. Gregory Francis Thompson, P.C., M.P., Minister of Veterans Affairs Canada: Certainly. It is a pleasure to be here today. I wish to congratulate all members of this committee for your ongoing efforts to honour and support our veterans and their heroic legacy. Our resolve to recognize the achievements of our men and women in uniform and to repay the huge debt we owe them for their

sacrifices will never waver. That is why I am proud to be our new Minister of Veterans Affairs Canada, and I am especially proud to be part of a new government that has made it clear it is here at all times to serve our veterans. Our veterans made a brave and heroic commitment to Canada and we can never be satisfied with anything less than a similar commitment to them. As Minister of Veterans Affairs, that is my most solemn promise to them and also to you.

While I am sure that you will have issues and questions of your own to raise, I would like to use these opening remarks to provide a brief overview of the mandate that Prime Minister Stephen Harper has given me and of some of the goals and priorities we have set for achieving it.

Nothing speaks more clearly to the pride Canadians take in honouring our veterans than the New Veterans Charter. We supported the new charter and we are dedicated to delivering its success as the government entrusted with implementing it.

As you all know, the new charter marks a long overdue updating of the first charter, which was written 60 years ago to meet the demands of veterans returning from the Second World War and then Korea. The new charter allows us to maintain our commitments to take care of those who serve and protect our country by addressing the needs of modern-day veterans while continuing to provide quality service and care to our war service veterans.

Perhaps more than anything else, the new charter recognizes a dramatic shift in the nature of those Canadians joining our proud heritage of veterans.

It may surprise you, for example, to learn that the average age of Canadian Forces members being released from the military today is 36. This is a very different reality from six decades ago and places very different demands on our country and the way we care for our veterans.

The New Veterans Charter addresses this by serving as a bridge to help Canadian Forces members with the transition from military life to civilian life. It is about helping them start anew with the respect and dignity they have earned.

Let me make it very clear that while the new charter is aimed at helping veterans start over, it is equally about ensuring that this country stands by them and their families for life. We never know when a military career will be interrupted when we send our soldiers on high-risk missions. They have to know that we will be there for them when they need us. We also know that we have the best-trained soldiers in the world and we have to have the best programs for them and their families. We have done that with the new charter, which borrows the best ideas and practices from similar charters in other countries. We did this without shame because we wanted to get it right the first time.

I know there has been some misleading media coverage about what the new charter does and does not do. I have taken the time to write the occasional letter to the editor when I felt the errors in reporting were too serious to overlook. We are also holding information sessions across the country and rolling out advertising campaigns to reassure our veterans about what these changes mean.

I have distributed amongst you, senators, some examples which illustrate how veterans and their families are better served and cared for under the new charter. I would be more than pleased, with my officials, to walk you through examples when we move into the question and answer period of this session.

For now, let me say that the new charter provides a new dual award approach to compensate for service-related or career-ending disabilities, and it is much more generous than the single award disability pension that it replaces.

Under the new charter, there is both a disability award, which is a lump-sum tax-free payment of up to \$250,000 and an earnings loss benefit equalling 75 per cent of a Canadian Forces veteran's pre-release salary. As well, there are a number of new

services, including expanded Health Canada, rehabilitation programs and vocational training and support.

There is also greater assistance for the veterans' families. The new charter recognizes a family's tragically difficult situation when a Canadian Forces member is permanently disabled or dies in service to his or her country. That is why the new charter includes specific measures for helping spouses to go back to school or to obtain other job training, and it ensures that we are there when dependent children want to pursue a post-secondary education.

The Charter, however, is not a destination. It is not a place where we can stop and declare our work done. Instead, it is a new path, a living, breathing document that will evolve with the changing needs of our veterans and their families. For example, the new charter recognizes that not all injuries are necessarily physical. More than ever, Canadian Forces members are being deployed to increasingly longer and more dangerous assignments with less time to recuperate.

Members of the RCMP also face new situations with modern-day threats and conflicts, both at home and abroad. As a result, we have seen a dramatic increase in the number of mental health related faces. The number of VAC pensions for post traumatic stress disorder has jumped by more than 350 per cent over the last four-year period ending in March, 2005. In fact, Veterans Affairs Canada is currently handling about 9,000 mental health related cases. We recognize this new reality, and we are working with the Department of National Defence to provide the comprehensive mental health care and support our veterans need. Our efforts on behalf of the modern-day veteran, however, in no way diminish our care and support for our traditional war service veterans and their families.

Of the 837,000 veterans in Canada, 258,000 are war-service veterans. We owe it to them to ensure that they are receiving the appropriate help to allow them to live as long and as independently as possible in their own homes for as long as they possibly can. When your aging war-service veterans do need to enter a long-term care facility, we want them to be confident they will get the specialized Health Canada they need and deserve.

We are focusing on Agent Orange, and the same commitment we have made to taking care of these veterans who take care of us also applies to our approach to the Agent Orange issue. I want to assure you that our new government remains firmly dedicated to addressing the concerns raised by CF members, veterans, civilians and area residents about the herbicide used at CFB Gagetown. Veterans Affairs Canada has taken the lead role on this file with regards to the compensation issues. Officials in the department are examining policy options for the government's consideration, and this work is progressing well.

In terms of new initiatives, I would like to briefly draw your attention to the way Veterans Affairs Canada have made an effort related to honouring some of our campaign commitments in regards to the appointment of an ombudsman for veterans. We are also continuing with a new and more open process for making appointments to the Veterans Review and Appeal Board. These initiatives are being undertaken because we know veterans deserve to have their concerns properly addressed and their cases reviewed by an independent, fair and professional tribunal. Further to that, we are also moving with the creation of a veterans' bill of rights.

All of these efforts are about protecting the very things our veterans fought for: Freedom, democracy and rule of law. Of course, Veterans Affairs Canada remains devoted to its sacred trust of remembrance. The Year of the Veteran tapped into that proud part of our Canadian identity that was forged through the blood and sweat and tears of our heroic veterans. We want to build on that rekindled pride. That is why we are revamping programs aimed at helping young Canadians to better understand our history and to participate in remembrance activities.

Meanwhile, our Canada Remembers Partnership Program is providing support to organizations and community groups which share our commemorative goals and want to reach an even greater number of Canadians. The effort is paying off. We have seen a significant increase in the number of commemorative events occurring across the country.

The cenotaph restoration program launched last fall is another important part of fostering remembrance at the grassroots. Our 6,000 community cenotaphs and memorials are special places. They remind us that the pain and sacrifice of war has touched every part of Canada. We have a duty as a nation to ensure that these lasting tributes do not fall into disrepair, and I want to make sure our communities know this funding is available to them.

In conclusion, it is at this point, honourable senators, that ministers appearing before a committee often claim that they could say much more. The first draft of my speech even stated that I could continue much longer. But at a church service for one of our distinguished veterans in my riding on the weekend, I was reminded of something St. Francis of Assisi once said:

Preach the gospel at all times and, when necessary, use words^[d1].

While it is one thing for us to talk about working together to honour and service our veterans, we surely all agree that our actions mean far more than just words. With your help and support, we will make sure our veterans are always treated with the respect, the dignity and the generosity of spirit they deserve. Thank you, Mr. Chairman. I look forward to questions and comments.

The Chairman: Thank you, minister. I have a list of questioners. The first on my list is Senator Kenny.

Senator Kenny: Welcome, minister. It is good to see you here. We wish you every success with your new responsibilities.

Mr. Thompson: Thank you.

Senator Kenny: I have a number of areas that I would like to touch on briefly, and one area in a little more depth.

Your comment about the earnings loss benefits, 75 per cent of pre-release salary. Is it taxable or not taxable?

Mr. Thompson: It is a taxable benefit, Senator Kenny.

Senator Kenny: And it is taxable because?

Mr. Thompson: Because it is not considered a pension. It is considered earning loss. If it was a pensionable benefit, my understanding is that it would not be taxable, but because it is considered to be earnings or loss of earnings, it would be categorized as a taxable payment, if you will.

Senator Kenny: In fairness, there is a huge lump sum that comes first, a quarter of a million dollars potentially coming first. Having said that, on an ongoing basis, an individual may have been too young to accumulate any sort of estate or may have been too young to accumulate any savings to fall back on. There is an encroachment on a lump sum.

I envisage a family now asking how they live on 25 per cent less than what they had before. They have a bunch of new expenses that they did not anticipate having to deal with, not to mention the pain, the suffering and aggravation that they are going through.

It seems to me that at some point some consideration should be given to this being a tax-free payment rather than a taxable payment, or if it is not to be tax-free then pay the individual the full salary. That is a comment that I will leave for you to consider.

We noticed recently in the past two weeks that a male widower received the Silver Cross. I take it this is now government policy and will continue in the future.

Mr. Thompson: Yes. I believe that did happen and it will continue in the future, senator.

Senator Kenny: Hopefully it will not be often, but is it policy now that the spouse of whatever sex gets it?

Mr. Thompson: Right.

The Chairman: To be clear, is this a responsibility of Department of Veterans Affairs or the Department of National Defence?

Mr. Thompson: To be fair to the senator, it is a DND decision that we supported. I do know that sometimes there is a kind of crossover of those responsibilities. If I am correct, I believe that one of our critics in one of the parties in the House of Commons has always raised this as an issue and it transcends two departments. My understanding is that it is something that is not just ad hoc. It will be consistent and it is not just a one-time thing.

Senator Kenny: The next issue I have is also an issue that transcends two departments. It has to do with the transition team that deals with people after they have been wounded or deals with families after someone has died. One of the concerns I and other members of the committee have is how people are treated when they come back and who is there to guide them through the benefits they are entitled to, the transportation problems they will face, and the adjustments they might have to have. I am presuming that, in the event of a death, it is entirely a DND responsibility and they take care of the transition of the family and they assign people to that family as they are going through the adjustment to the loss of their kin. However, in the case of a wounded individual, at some point they transition from being a member of the CF to being a veteran. I am not clear as to how that transition or when that transition takes place, and what sort of team then assumes responsibility to assist that person in dealing with the day-to-day realities of, say, for example, an individual who has lost a limb and has to go through the sort of process there.

Could you describe for the committee, first, when the transition takes place and they leave the CF and become a veteran and, second, how the handover takes place in terms of how they are administered and who supports them and who helps them through this period?

Mr. Thompson: When we get into some of those specific times and the transition period I will ask for assistance from my officials. We have moved to a case-management system so that basically the assistance the department would provide to those families, when that time comes and that assistance kicks in, it would mean a case management system wherein you have a wide range of professionals that go in and provide that service to the families. In terms of what that transition time is -- you are absolutely right when you identify the difference between a casualties and how assistance might be provided to the soldier or the family themselves in terms of a disability -- I will ask the deputy. That is one of Mr. Ferguson's areas of specialty as well. Perhaps it would be appropriate for him to come to the table now and be more specific in terms of that time lapse or time period.

Jack Stagg, Deputy Minister, Veterans Affairs Canada: The transition period, as the minister has said, the take charge individual system that we put in is probably a real advantage to the new system, to the individuals who either plan on retiring or who suddenly find themselves in a situation where they have to medically retire. It is much easier when you can plan things out and you know six months in advance. In those instances we are meeting with them and providing them with paper and with options and with things that they will confront when they get out.

In the case of an individual who is medically discharged, we put those people in the hands of an individual as well. The spouse knows what actions and what benefits are available to him or her, and it is the same thing with the person who needs to be rehabilitated from a medical disease, if that is possible.

The new system allows for basically trading of benefits between spouses. For the very first time, for instance, if this individual comes out with a two thirds or three

quarters disability, that person can allow a spouse to take up the vocation or educational training in order to get food back on the table for themselves by themselves. This is a real transition and a real benefit.

I will let Mr. Ferguson finish that off in a second.

You talked about earnings loss benefit being taxable. It is taxable, as the minister has said, but there are three other benefits that we think well overcome that. We did not want to basically play around with the fundamental system in the government tax system so we left that as being taxable, but we did put on the front end up to a \$250,000 disability award, which we think more than compensates for that taxability of the earnings lost.

We also provide for a permanent impairment allowance of up to \$1,000. That is normally when people are pensioned at about 79 per cent, if you are familiar with the percentage pensionable in our business. Finally, there is a benefit waiting for the individual. If an individual died, if the spouse who is a veteran passed away, there is a benefit at the end for \$26,750 on that person's normal sixty-fifth birthday for the spouse. That pays in lieu of a pension. You perhaps could not have gone out for work for a variety of purposes and if you did not go out to work then you get paid the \$26 750. We think those benefits overcome the taxation provisions.

Senator Kenny: I would love to see you work that out on paper and show me how that would compensate, because \$26,000 on your sixty-fifth birthday in compensation for a pension does not strike me as being something impressive.

Mr. Stagg: That is just one of three.

Senator Kenny: Right, but there may well be a 40-year wait before that happens. Inflation has taken place. Normally pensions are calculated on your best five years earnings. Think back, Mr. Stagg, as to what you earned 40 years ago and if your pension was calculated based on that instead of what you are earning today you and your spouse would be living very differently.

Mr. Thompson: I have grappled with this myself and I have mentioned that this is an open book, an open charter, and it is subject to change and modification. Additional to what my deputy has stated, there are programs, as I mentioned in my opening remarks, for the children and educational packages which they did not receive under the old system, if you will.

We are trying to make it as fair and as generous as possible, but on that 65th birthday, when that earnings loss benefit would end -- to be honest, I am not comfortable with that myself, because one could argue that that is when we all go into retirement, if you will, except if one is a senator. I could argue that this is the business of being a Member of Parliament. You never know when retirement will come; it could come sooner or later. In the private sector, usually 65 years is retirement age. That payment would end on the 65th birthday, which I am not completely comfortable with.

The argument that I have is that we have time on our side to fix that possible glitch. The average age of a veteran coming out is 36, and let us assume that his or her spouse is the same age. We have a 29- or 30-year-period to fix that glitch before they reach their 65th birthday, if this government or a future government decides to do it. It is something that I have talked to officials about. I am not completely comfortable with it myself, because the point that you are making is basically the argument that I have.

These support payments are in lieu of earnings loss. We know that the families will not become rich on a pension. We know that. We know that when they reach the age of 65, perhaps that could be the period when they need us the most. That is something that we will look at. We have not actually closed the book on that idea yet, senator, in terms of whether we should go beyond the age of 65. My understanding is that it would not be an expensive change to make for at least 29 years, and let us argue that it would be sooner. Time is on our side to fix that.

I hope that we have helped mitigate some of those difficulties that you have in the taxability of that benefit, because that is somewhat offset by some of those other benefits that the deputy has mentioned in addition to the benefits that the family receives in terms of educational assistance.

The Chairman: I am hoping that we can have a second round. Could you make this your last question, and then we will get around to everyone else?

Senator Kenny: What would be of great assistance, minister, is if you or our officials could describe, if you will, a life, and work through, during that life, the significant events that normally happen.

One of the reasons that I took issue with the \$250,000 was because of the question of a mortgage and a home. I am thinking in terms of, say, a corporal who is 28 and feels that he has a stable income so that he can invest in a home. He takes on the responsibility of a mortgage and then finds himself in different circumstances.

The questions I want answered are: How does the mortgage get paid down? What about the time when the kids are going into school and the unusual expenses that arise during that time period? What happens when something unusual hits the family that they did not anticipate?

Presumably, that \$250,000 reflects some sort of savings that someone might accumulate over the course of a lifetime. That would be my argument about why they would be reluctant to encroach on it. They would want to have that there because you do not know if something unusual will happen to one of your kids later on in life, and you want to have that sort of money there.

I would like to see how this works going all the way through a hypothetical life, with the hypothetical problems that happen to your family and my family as we go through these sorts of things. I would like an explanation of the funding that is provided by these programs. I say this without judging the programs as being good or bad. I am simply telling you that these are questions that come up in my mind and that I feel should be answered, and answered clearly, so that the soldier going in really does have a feeling that if he or she has the bad luck to have something terrible happen to them, that all of those unforeseen things really will be taken care of and that at some point their families will not be stuck with those bad surprises that happen in almost everyone's life over that 40- or 50-year period.

Mr. Thompson: Mr. Chairman, I will respond. I am not sure how much time you are providing on each side, but I guess you are more generous with time in the Senate than we normally are in the House.

Those are concerns. You are looking at this from a very human perspective, senator; I must tell you that. These are issues that the department has grappled with in terms of the affordability of a range of programs and what is good for the veteran. As I have said, we must come up with something that is better than the old system.

For your benefit, I have taken case scenarios and laid them out for you for examination. Coming from a financial background as a financial planner, I know some of the benefits that go with that \$250,000 tax-free, if managed properly. Part of my argument would be that one of the areas where we really let veterans and their families down under the old system was a lack of emphasis on training, retraining and counselling to get on with one's life, if you will. That widow, for example, would be provided with the education benefits because the young widow at some point will make a decision whether to enter the workplace. We have answered some of those great concerns.

One of the things that we are doing, which I think you would appreciate in terms of financial advice, is providing financial advice to that young woman or man so that they can make choices. You have probably heard of the ex gratia payment that we made for some of the young widows that fell between the passage of the new charter last year and the implementation date in April. We had some young widows with dependent

children that were not given the benefit of that \$250,000. I approached the cabinet on that and received approval from cabinet and Treasury Board that we would give those young widows the ex gratia payment.

One of the things that I wanted to go with that, which is consistent with what we do today in the new charter, is to provide those families with independent financial advice so that that \$250,000 tax-free - which is equivalent to earnings of \$500,000 by the time you get through with marginal tax rates, which is a significant sum of money - coupled with education, would allow that young family to make conscious choices on what direction they want to go as a family.

I think that does answer some of your concerns. Those are the types of things that we are doing. One of the worst things in the world is to give a young family \$250,000 without the proper advice. If they manage that well in relation to those other services that we provide, one could actually argue that a good portion of that could either pay down an existing mortgage or simply be invested wisely and that little nest egg could grow, which would provide some security into the future. I am not advocating a certain type of investment strategy in terms of whether they put the money in the marketplace or a GIC or whatever, but I am saying that the management of that money is important to the future of that family. We have addressed that need as well.

The Chairman: I am afraid we will have to move on.

Senator Kenny: Mr. Chairman, could we have the scenario that I have asked for, though, that runs through the individuals' lives?

The Chairman: I do not think we had an answer. Would that be possible to prepare?

Mr. Thompson: I think we could. Again, when you are looking at hypothetical situations, it is difficult, but we will work on that, senator. One of the things that we did for you is compared the old system with the new system for our benefit, because it is there in black and white. As I have said, I have had to write a few letters to the editor, because some people were cherry-picking from the old system and ignoring the new system in terms of how these benefits would flow to the family. We have had to set the record straight in some of those situations. It is possible to do that. I see Mr. Ferguson and everyone here nodding their head. We will do that for you and the next time we meet, hopefully, we will have done that for you.

The Chairman: Could you clarify for everybody whether somebody now receiving benefits under the old system is entitled to receive benefits under the new system?

Mr. Thompson: The new charter only applies to new entrants; the others are what we call "grandfathered." Those in the system prior to our implementation date are under the old system and are all grandfathered.

It goes back to the difficulty I was grappling with when we identified the young widows that fell between the cracks in terms of passage in the House of Commons and the implementation date. They would have been grandfathered under the old system, so we wanted the benefit of that \$250,000 to flow to them. Otherwise, they just would have been grandfathered and not received that \$250,000 tax free to help them move on with their life.

The Chairman: To put it in terms I understand, if I am receiving benefits now, I am grandfathered. In addition to the benefits I am receiving now under the old system, I may also receive benefits under the new system, such as the \$250,000, is that correct?

Mr. Stagg: There was a big concern for the older vets' organizations that they not be harmed by this new system. If they have a pension renewal or some more difficult thing that has increased to their pension, we will handle that on a pension basis. It is not a lump sum.

One of the reasons why they would not necessarily benefit from the newer programs – although they would be open to them – is that a lot of this is vocational training for jobs. Most of these folks are over 80.

The Chairman: Where it would be an additional benefit to them, they are entitled to receive it, is that right?

Mr. Stagg: Yes.

Senator Cochrane: I am pleased to be here today to replace Senator Forrestall, who is unable to be here.

My question relates to an issue of one of my veteran wives back home. It is in regard to the veterans' independence program. Your officials may be able to answer this question.

The veteran passed away about five years ago. The widow of that veteran was unable to access any benefits under the program because of her husband passing away before this program was initiated.

Is there anything now that could help her? She is quite old and in need of services. The services I am talking about are just the general services, such as helping her at home. Is there anything available for that now? Is there any change in that program?

Mr. Thompson: The VIP program is the one you are referring to, which is there to assist veterans at home. It is basically a cost-saving measure to the Government of Canada.

There are two elements at play here. First, the veterans would rather be home, with some assistance from us. The government has brought in changes to that to enhance the program over time, but there is a cost involved in extending that program to some of those that are excluded presently. In fact, I have some of those numbers in front of me. I just want to make sure I am right in terms of the cost of this program.

The VIP program has been a great success. We know there are some deficiencies in it, but they are all related to what it would cost to extend this program to all veterans and their survivors. In total, I think there are about 94,000 veterans, together with their family and support members, receiving benefits under the program. If we extend that out to include everyone, I believe the cost would be in the vicinity of \$350 million.

Brian Ferguson, Assistant Deputy Minister, Veterans Services, Veterans Affairs Canada: There are two figures to consider. One is over \$300 million if you were to provide it to survivors who currently do not receive it.

Mr. Thompson: That is the number the senator was referring to, because the bigger number would include...

Mr. Ferguson: There is also Canadian Forces members who are not eligible. That would cost an additional \$500 million.

Mr. Thompson: RCMP members are not included either, senator, because we provide services not only to veterans. We sometimes lose track of that. The \$500 million figure would include the RCMP. Is that correct?

Mr. Ferguson: Yes.

Mr. Thompson: That is something we look at. As anything in government, it is all cost related in terms of the management of the system and how much further we want to extend those benefits out. I believe the previous government brought in changes in 2003 and extended the program a bit further, but there are still people left outside of it. It comes down to a cost consideration, but it is something I have looked at. It is not to say that these things will not happen in the future.

Mr. Ferguson: It would be helpful if you could provide us with some further information, senator.

Senator Cochrane: I will do that.

Mr. Ferguson: We also broker with the provincial people to see if they can offer some help, so we would be willing to lend a hand.

Senator Cochrane: I will give you the details later.

I am new here, so these may be futile questions, but I want to ask them anyway. How do local communities and Legion people find out about this financial help for cenotaphs?

Mr. Thompson: Part of our responsibility is to make sure that news is out there. We are doing it through members of Parliament, who are really ombudsmen for us. Legion members, all the support groups that veterans have and members of Parliament are very good at getting out information of what we do in their communities. That is one program I did not know existed until I became minister.

I think we can communicate some of that. In my opening remarks, I talked about the challenge of getting that information out in the public domain because we have 6,000 cenotaphs across the country, some of them in great need of restoration.

We are not into building new cenotaphs, but we definitely want to maintain the ones that are out there. I believe there is around \$5 million in that program. I would say three-quarters of that money is still there to be spent.

Perhaps we should be more conscious of how we get that message out to members of Parliament, and to our communities and Legion members; we can work harder at that. It is a good news story in terms of our commitment to remembrance. Hopefully, you will see some of that money being spent in Newfoundland.

Senator Cochrane: I keep saying that.

Mr. Thompson: Bob Mercer is here. He is the expert on remembrance and some of our programs.

Robert Mercer, Assistant Deputy Minister, Public Programs and Communications, Veterans Affairs Canada: I would add that we have done an extensive advertisement program through all of the Royal Canadian Legion branches across Canada. We have extensive information on the cenotaph restoration program on the website at Veterans Affairs Canada. There is a lot of technical information as well for communities who do not know much about how to even start restoration of a memorial. As well, we have our newsletters. We will be at the legion convention in June where we will have a booth to pass out information on the cenotaph restoration program, and we have done small mail out to municipalities across Canada. The awareness is growing daily. We need to remember that the program was launched as recently as September. To date, we have had more than 50 applications, 34 of which have been approved, six rejected and ten pending. Activity is beginning to grow day by day.

Mr. Thompson: If I may add, one of the things that ministers of all departments do, including we at Veterans Affairs, is provide MPs with material for householders. When you send that "householder" out to 308 members of Parliament, you are reaching all of Canada with that information. I am not sure we have done that, but I know we are doing it in terms of the Veterans Charter because the members were receiving mixed messages.

I will go off topic a bit, senator, but this fits into the discussions that started with Senator Kenny today. One of the problems we have had with the new Veterans Charter is that it was never debated in the House of Commons. It received passage in the House of Commons by agreement among the parties. That was a critical factor missing in terms of the delivery of the message. Despite the fact that we sometimes get into outrageous confrontations in the House of Commons in terms of debating bills, it remains a forum for getting the message out to Canadians because of media coverage.

This was quietly passed in both Houses without the kind of back and forth debate we are having today, which helps to educate you, me and our constituents. That was the critical missing link, to no one's fault.

Normally with bills, there would be discussions in caucus, study and reports in committee, media coverage on the status and debate in the House. That was missing in

the communication's link on this. We have to work to overcome that. The householders through MPs were part of what we did to provide that information. We will do the same on the restoration project.

Senator Cochrane: As well, minister, it is good that you are here today to explain more of these things because we do have public broadcast of the committee's meeting today.

You mentioned, Mr. Mercer, that there were five rejections. That comment alerted me to the fact that there might be a ceiling on how much money a cenotaph restoration can receive. Is that the case?

Mr. Mercer: A ceiling of \$25,000 will be provided in support of a particular cenotaph. We get involved only when there is an interest on the part of a community group to do something about the memorial. Therefore, it is always a partnership or cost-sharing arrangement.

The contribution from the partner can be in kind and is not always money only. There are many volunteers in the community, such as engineers and so on, who are helping to advise on a local memorial. We consider that part of the contribution from the partner.

Most of the rejections that I mentioned relate to the construction of new memorials or things outside the parameters of the program.

Senator Cochrane: You have guidelines on what they have to do?

Mr. Mercer: Yes. They are on the website.

Senator Cochrane: I have a question about beds for veterans in hospitals. A certain number of beds are set aside for veterans in hospitals. Have these numbers increased, decreased or stayed the same?

Mr. Thompson: Currently, we have approximately 11,000 long-term care bed facilities across the country. Some of them are ours and some of them are priority access beds and community care facilities.

In total, we have about 11,000 plus across the country. Some of them are in our own facilities, and some of them are in existing nursing homes where we contract out.

Senator Cochrane: These are for veterans.

Mr. Thompson: Yes. I was fortunate to visit one of these facilities in Ridgewood, New Brunswick. In most cases, these are exceptional facilities and do great work for veterans. It is one of the most heart-warming things about the job -- going into these facilities and seeing the care the veterans receive.

Senator Cochrane: That number remains the same.

Mr. Thompson: "Public access beds" is the term I am using.

Senator Cochrane: Newfoundland does not have a specific hospital for veterans, so they are allocated beds in a community care center.

Mr. Thompson: The allotment is in nursing homes as well.

Senator Cochrane: Yes. There is a move to ensure the veterans receive a priority. Is that right?

Mr. Thompson: If I am correct, we have certain number of beds in any one facility. For example, in St. Steven, New Brunswick, I believe that we have three beds set aside for veterans. That was negotiated with the province.

Mr. Mercer: We have enough beds to meet the demand across the country, and we always adjust the numbers when the demand goes up or down. The biggest trend by most people is to stay in their communities so they can be close to their families. The capacity for that exists and we do not see any problems in meeting the need.

Senator Cochrane: I have another problem in that respect. One individual living in Newfoundland wanted to move to a facility in Nova Scotia where his children were living.

Mr. Mercer: Could you give us the specifics of that case and I will pass the information along.

Senator Cochrane: I will do that.

The Chairman: Are you saying that there is no ipso facto prohibition against someone accessing a facility outside their province of residence?

Mr. Ferguson: I will have to look at the specifics of the case but I would hope that we can come to a favourable solution.

The Chairman: Senator Cochrane mentioned the VIP program, which I thought was simpler than the explanation set out. It was my understanding that the remaining problem, assuming one was eligible, was for the spouse of a serving member of the forces who died prior to 1981. Anyone who died subsequent to 1981, who is eligible for the program, would have the benefits of the VIP extended to them. Is that correct?

I have received letters from spouses of people who died prior to 1981, although there cannot be many. I have also written to you, minister and to you, Mr. Stagg to ask whether something could be done. We seem, in this respect, to be entering into what the minister referred to as "additional expense" but it would not be a large expense.

Mr. Thompson: It would be significant and then we get into the issue of spouses and caregivers -- family members. That is where it becomes somewhat complicated. Some veterans are such an age that many of the spouses have passed on. Then, it comes down to providing those caregivers with that service as well upon their death.

Any argument in this business becomes complicated by numbers and facts. The fact is that to extend it out to all family members and caregivers, is the number we would be looking at, in that order of magnitude.

Mr. Ferguson: There are about 257,000 survivors who do not receive the VIP. One of the reasons is that women live longer than men live.

Mr. Thompson: I think that service is provided to approximately 94,000. That is coupled with 250,000. If you extended it out to where some people would like to see it go, we are talking an additional 150,000 people that the service would be provided to.

The Chairman: Is the service extended based on a means test or is it regardless of the income of the person?

Mr. Ferguson: If the veteran was receiving the VIP program before the death of the veteran, the spouse is entitled to receive what is --

The Chairman: That is where the problem arises. In some cases, the veteran was able to look after themselves both physically and financially. With the passage of time, that situation has changed and the surviving spouse is no longer able to do so. Since the spouse who died had not applied because they did not need the program, they are ruled as ineligible. That is something we should look at now. Time does alter circumstances.

Mr. Stagg: That is what would up the numbers considerably.

Mr. Thompson: There are two levels of service provided. There is the basic lawn mowing and snow removal type of service and then there is service beyond that, depending on their disability level.

This can become very confusing because of these dates and who is in and who is out. To sort this out, I have asked the department to provide me with a chart. If you step through it, you can look at the numbers.

It does become very confusing -- who is in and who is out, what service is provided and what service is not. There are a lot of factors involved there.

When you take a look at fixing it and extending the service out, there is a question that governments have consistently asked themselves, which is how far out do we roll it? Do we extend it to the level you and I would like to see it at? Some of those are factors that governments have to grapple with.

The Chairman: I am sure all veterans and spouses watching us today would support you in your quest for clarity as to who is eligible and who is not. Anything your department can do in that regard would be warmly welcomed.

Mr. Thompson: I have some ideas and hopefully we can have some success. It goes back to our opening statement – we want to provide for veterans.

This is a number I did not put in, but we are losing 25,000 veterans a year. They are dying. You can project that out into the future; our traditional war veterans that we know today will not be with us. Today we have only three remaining First World War veterans, so do the math on the time lag between the Second World War and the First World War. In 25 years down the road, we could conceivably be looking at three remaining Second World War veterans.

My belief is that they deserve the best care they can get because they are aging. When we are costing out projections into the future, like any of us, the last six months of life is usually where 90 per cent of all our health care costs are incurred. Sustaining that quality of life for our veterans five or 10 years down the road is going to be a greater cost to us because they are aging.

Those are issues I know we all grapple with because we want the best care for our veterans and their families. We will do all we can to identify areas where we can do it and make a difference in their lives and provide a better service of care.

Senator Atkins: First of all, I have to say that I think the department does an excellent job. You should be very proud of the people serving you. I think the new pin is very good as well. Good for you. It is a good follow up. I hope it gets a lot of distribution.

It will not surprise you that the area I am interested in is Agent Orange. I just want to quote what you say in your address:

[TS0C2] want to assure you that our new government remains firmly dedicated to addressing the concerns raised by CF members, veterans, civilians and area residents about herbicide used at CFB Gagetown. Veterans Affairs Canada has taken the lead role in this file with regard to compensation issues. Officials in the department are examining policy options for the government's consideration and work is progressing well.

I have two questions. First, are you the umbrella minister for those beyond the veterans – for the civilians and the residents – or is DND involved? How is that effort being coordinated?

Second, work is in progress, but have you done any timeline?

Mr. Thompson: In addition to the pin, one of the senators noticed that I have a salmon fly on today. It is called a veteran's fly. I promised one of them to one of the senators earlier today. I will get you one as well.

Senator Kenny: Equal treatment, minister.

Mr. Thompson: I will make sure you get one of those, simply because of all the work you did on the tobacco issue.

Getting back to Senator Atkins, I have taken a keen interest in the way it is structured for a number of reasons. It is one of these issues that governments – and I am not picking on any particular government in terms of its colour – have successfully swept under the carpet for 50-some years. It is wrong, and they have never stepped up and said, we want this fixed. I can proudly say that the Prime Minister wants this problem fixed and wants this compensation issue dealt with.

Basically, what we are dealing with is a very complicated equation. I often refer to it as a 50-year-old jigsaw puzzle that you have pulled off the shelf and there are missing pieces. You have to try to fit them all together.

The decision that we make is going to be knowledge based, doing the best discovery we possibly can on the ground. That is what DND is charged with doing today. They are doing the discovery work back on the base on the scientific, medical side of it – researching the files and documents to find out who was there and where the various defoliants were sprayed. That is what Dr. Furlong is doing, and I believe his preliminary report will be issued either today or tomorrow.

They keep our department up to date on what they are doing. We have good dialogue between them. There is a lot of cooperation between myself and Minister O'Connor and between our departments.

Some of those tests are ongoing, as well as some of the work they are doing in terms of testing on the base. Some of that is going to be accelerated. We are hoping we will have enough information available, and we are working on various compensation packages now because there is a civilian-military mix here. You know the base as well as I do. We had not only civilians working on the base at the time of the application of some of these defoliants, but we also have civilians in communities surrounding the base. Some of them are in close proximity, right on the line in terms of where some of these defoliants were used.

Senator Atkins: Even across the river.

Mr. Thompson: Yes. If you recall – and your memory is a pretty good one – some farmers were compensated at one time because they accidentally sprayed over some farm crops, thinking it was base Gagetown. Anyway, that was then, this is now.

It gives you an example of how difficult this whole file is. I can tell you that we have compensation plans that I cannot make public today, but we have examined all kinds of options. What we will take to cabinet will be determined by what Dr_[r3]. Furlong and DND provide us. I think work is progressing very well. I have every confidence that we will be able to take something to cabinet by either late fall or early in the new year.

Senator Atkins: I have no doubt that in your area, Veterans Affairs, that the veterans will be looked after. It is the residents and civilians that I am concerned about. Does the department of health have any involvement in this whole scenario?

Mr. Thompson: Health Canada is a big part of some of the work going on within DND. They have a role to play and we met with some of their officials last week. The department is meeting with them on a weekly basis, and I have met with them as well. They are part of some of the work that is presently providing us with that knowledge base when we prepare our submission to cabinet and eventually a compensation plan.

Health Canada is involved. There is no question about that. In terms of how this will play out at the end of the day will very much depend on the outcomes and some of those tasks being performed on the base today. That does not preclude us from working on compensation models. They will be tweaked based on what we find out on some of these tests that are still going on.

Senator Atkins: Did you draw on the American experience?

Mr. Thompson: Absolutely. The world science on Agent Orange rests with the Institute of Medicine in the United States. They have done most of the world's research on Agent Orange. What I tell the media and others is that a lot of what we do, including our compensation plan, is predicated on some of the work that has already been done by that institute over the years. Basically, the world's foremost authority on Agent Orange is the U.S. We will draw on that when we come up with a compensation plan, which we are working on now.

Senator Atkins: Did they have to deal with civilians as much?

Mr. Thompson: I am glad you asked that question. One of the interesting things about the Agent Orange issue is that sometimes we refer to it as "the presumptive clause." You speak about civilians and that is very much a part of our package along with those communities surrounding the base. We are doing work and making suggestions to DND in future work around those communities in terms of the scientific evidence that we believe we will need. We are still working on some of that.

Civilians on and off the base will be considered in this compensation package, depending on location of the community, and so on.

In terms of the Agent Orange and the United States, they have two systems. Basically, we operate under the presumptive clause as well for Canadian soldiers who

were on the ground, boots on the ground, in Vietnam. We use the same process as the Americans for Canadian soldiers who were in Vietnam and acquired an IOM, which is any blood-related type of cancer. I can provide a list to you, which we do have here. We have two categories here. Any of our soldiers that were in Vietnam, boots on the ground, and has an IOM condition, a malady or sickness which is associated with contact or exposure to Agent Orange, gets a pension. That is actually the same way it is dealt with in the United States of America. If a U.S. soldier was in Vietnam and he has an IOM condition -- I have a terrible time with some of these names but I will try to pronounce them.

The Chairman: Minister, I am sorry to interrupt you but I am legally bound to terminate this committee when the Senate begins to sit. We would love to continue. Can you finish the sentence?

Mr. Thompson: Yes, I can finish. The answer is that the research done by the Americans is very important to us because we cannot reinvent the wheel in terms of a new science. That is how we will rest our case, if you will, in terms of these IOM conditions. That will be part of it.

The package that we will be coming up with will be a compensation package as opposed to a pensionable condition. The bar will not be as high. One of the difficulties in the pensionable condition is that civilians will be left outside of it. It will be a compensation model where the bar would be not as high as it would be, theoretically, on a pensionable issue. It will not be etched in stone but an ex gratia type of payment. We with doing our due diligence and we are being provided with a lot of good help from DND and our officials met with the world experts in the U.S. and other areas on this. I have done a lot of homework on this myself. I am never overconfident in this business but I feel good about the reception I am getting from my colleagues in cabinet. They are interested in getting this issue resolved. The Prime Minister wants a resolution to it. We have stated that in our policy. We are definitely committed to it. I feel good about the progress that we are making on it. Hopefully, we will come back here next year and we will have dealt successfully with it.

The Chairman: I want to thank the minister for appearing today, along with his officials.

Given the limitation of time, would you have any objections, minister, if we were to send in writing some questions that members of the subcommittee might have?

Mr. Thompson: Not at all. I am more than pleased to come back because this exchange of information is appreciated. I thank you for your comments and we will take seriously. Hopefully, we will be able to provide you with some of the requested information. We will keep the door open. I am back at your call.

The Chairman: We look forward to your return.

The committee adjourned