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Chair

Mr. Massimo Pacetti

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•(0905)

[English]

The Chair (Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.)): Good morning, everybody. We'll begin.

This is our first session here in Saskatoon, and Lynne has already welcomed us. Thank you for having us.

It's our third stop on the western tour. I'm hoping the Saskatoon visit will be a pleasant one. I was here this summer and I enjoyed myself.

We are here pursuant to Standing Order 83.1 on the pre-budget consultations for 2005. The way it works is that I'll allow you seven to eight minutes for opening remarks.

I have the list of groups. ACTRA Saskatchewan will be first.

Mr. Hoy.

Mr. Sean Hoy (President, ACTRA (Saskatchewan)): Thank you.

Good morning. Thanks for the opportunity to speak to you today.

My name is Sean Hoy, and I represent ACTRA Saskatchewan. ACTRA represents 21,000 professional performing artists across the country, about 250 of whom live here in Saskatchewan. I'm one of them, living in what is a smaller centre in this country.

I want to speak today about three of the eight points raised in the written submission by ACTRA to the committee, which are funding to the Canadian Television Fund, funding to Telefilm's Canada Feature Film Fund, and income averaging. I also want to speak about how these programs specifically have an impact on artists working outside the major centres of the country.

It may surprise you to know how much work happens in this province. Of course, there is *Corner Gas*, which is the most successful homegrown comedy program in Canadian television history. But there are also a lot of other productions that utilize the CTF and provide a great number of working days to the province's actors, writers, directors, and members of our crews; shows such as *Renegade Press.Com* and *Moccasin Flats*, both in their third season of production, and the upcoming TV movie *The Tommy Douglas Story* have been providing the kind of work for ACTRA members that allows us to remain in this province and contribute to the cultural fabric of the country, and in particular Saskatchewan.

Being an actor or an artist of any kind is a precarious profession in any part of the country. A province such as Saskatchewan, with its smaller population, creates another added pressure that professional

performers have to face. Most of the performers living here in Saskatoon work mainly on the stage and rely on television, film, and commercials that are shot here and in Regina to supplement the incomes that allow us to stay, raise our families, and contribute to the economic and social composition of the province.

The film and television sector in Saskatchewan has enjoyed a great amount of growth over the last few years, and there has been a fairly healthy mix of indigenous and service industry productions. But in order for our industry to survive, we must have stable levels of funding that will allow the producers of programs like *Moccasin Flats* to continue to plan and develop without the uncertainty that comes with fluctuating development moneys.

ACTRA has been a very vocal advocate for the CTF and its relationship to Canadians' ability to have access to their own stories. We live in a geographically massive country, yet I think for the most part, Canadians feel a very strong affinity for and an interest in the stories we tell about each other and about the various places in which we live. This storytelling is crucial to maintaining and celebrating our identity as a country, as a unique people, and as unique cultures within that country.

Over the years, we have faced great challenges in making our own voices heard amid the constant bombardment of content that comes to us from the United States. The CTF has been a crucial piece in the puzzle of how we tell our stories to ourselves and to the rest of the world.

Recently, as the CTF has been in a more precarious position, we have seen the difficulties faced by Canadian producers trying to get projects up and running. The amount of Canadian drama on the air dropped sharply after the cuts to the CTF in the 2003 budget.

Each time producers bring a new show into development, they are creating a new entity, with different content, different creative direction, and a different style. This is distinct from any other goods or service industry that I can think of. In order to develop a project, the creators need time and a stable and reliable source of funding to get the project out of the development stage and into the marketplace.

It is crucial that the CTF be just that, stable and reliable, not only for one calendar year but for several years. That is why ACTRA has recommended that the government make a five-year commitment to contribute to the CTF in the next budget and to enhance the government's contribution to the CTF with set increases of 10% for each year over the next five years.

Hand in hand with this proposal regarding the CTF, I believe that ACTRA's proposal for stable funding to Telefilm's Canada Feature Film Fund of \$230 million for the next five years is crucial to the other major portion of production that is happening here in Saskatchewan, which is feature films.

As in most areas of the country, we often work on service industry projects. Notably, we've worked here most recently on Terry Gilliam's production of *Tideland*. These projects are great, and we welcome them for the work they provide and the opportunities they present for our casts and crews to work with other world-class artists.

We also value and are sometimes even more committed to the projects that are crafted here that tell our own stories. These smaller projects often offer greater opportunities for our local actors, writers, and directors, and they give us that elusive chance to tell a story that is both by us and about us. These stories reflect the passions of the artists involved and can only be told with the participation and the support of the CFFF.

Another issue I wish to address is income averaging. As a working actor, I live without the social safety net that most Canadians function under. Also, my income fluctuates from month to month and from year to year because of the short-term nature of my work. We've been told by the Department of Finance that reducing the number of tax brackets and introducing tax deferrals for contributions to a registered retirement savings plan have replaced the need for income tax averaging.

But artists shouldn't be forced to use their retirement income as a way of making ends meet from year to year. We need the economic protection income averaging would afford us to be able to survive and continue to contribute to the nation's cultural fabric. Income averaging will enable artists to better weather lean years and not be forced to deplete RRSPs as a way of making ends meet.

There have been favourable reactions to income averaging, and it is in use in several other countries around the world, notably Germany, Denmark, the Netherlands, Greece, France, the United Kingdom, and Luxembourg. The difference between the CTF and a proposal like income averaging is that while one works on a macro level, creating content jobs and ensuring that our cultural voices remain on the airwaves, the other works on a micro level, assisting every individual artist to survive in a fluctuating and completely unstable workplace.

For most actors there are more lean years than there are bountiful ones. When the part comes along that brings several days of work and with that a decent pay cheque, I know I need to make that money stretch because it can be months until the next project comes along with something in it for a short, 40-year-old, dark-haired man. Income averaging would provide a bit more give for those of us living in this uncommonly volatile industry, not just the short 40-

year-olds, but all performers struggling to live and work in the country.

Thank you for your time and the consideration of these very important issues.

● (0910)

The Chair: Thank you, Mr. Hoy.

From the Saskatoon Symphony Orchestra, Mr. Sanford.

Mr. Douglas Sanford (Artistic Director and Conductor, Saskatoon Symphony Orchestra): Good morning, and thank you for inviting me to speak.

My name is Doug Sanford and I'm the artistic director and conductor of the Saskatoon Symphony. The Saskatoon Symphony, I suppose, operates pretty much like most orchestras across the country. We employ about 60 people, between the musicians and the administration.

This orchestra does approximately 30 different concerts throughout the season in five different subscription series. As well as that, in the last few years we've undertaken a program at the Saskatoon Symphony in which we now do run-outs and serve communities within approximately two and a half to three hours' driving distance from Saskatoon. So we do about five to six programs a year in outlying communities.

As well, we have a very comprehensive education program. Our musicians go into the schools approximately 25 to 30 times throughout the year. We perform for thousands of students. We also began last year a program for training of aboriginal youth, where we have musicians go in and within a week have aboriginal youth with absolutely no musical experience playing violins and actually doing a concert with the orchestra.

When I arrived here four years ago the orchestra was in extremely difficult shape. The debt was horrendous. We have, within the last two years, been able to change that. The last two years we've ended with a surplus. I think that makes us one of the more successful orchestras in the country. We've done that in a number of ways. Certainly, cutting back was one of them, but we have also increased ticket revenue and revenue from sponsorship.

The only area of revenue that actually hasn't increased in the Saskatoon Symphony for a number of years is revenue that comes to us federally from the Canada Council. In fact, the year before I arrived, their funding had been decreased by \$10,000. In the four years since then there has been absolutely no increase at all. As you can imagine, that makes things somewhat tight and difficult.

I think we can exist in that sort of environment by cutting back and cutting back, but I think in the long term the detriment of that is that we get into a position where we really can't create new art. We can't take any kinds of chances to produce interesting programming, and indeed, it's really those programs in the end that create a sustained art and culture that moves the profession and the arts along.

I'm also here this morning under another hat, which is as a member of the board of directors of Orchestras Canada, the umbrella organization that represents all of the approximately 150 orchestras throughout the country. My message this morning will be the message that I'm sure you've heard from them and that you'll be hearing from other orchestras as you move across the country. I very much support the idea—and I very much hope you will support the idea—that on the occasion of the 50th birthday of the Canada Council you seriously consider doubling their funding. This would be something that would not just improve our situation here with the orchestra in Saskatoon, but it's also I think the single most important thing you could do to improve the state of all arts across the country.

Thank you.

The Chair: Thank you.

The Saskatchewan Association of Rural Municipalities, Mr. Marit.

Mr. Dave Marit (Vice-President, Saskatchewan Association of Rural Municipalities): Thank you, Mr. Chair.

I'm David Marit, vice-president of the Saskatchewan Association of Rural Municipalities. With me here today is Arita McPherson, director of our ag policy.

The Saskatchewan Association of Rural Municipalities is pleased to be part of the Standing Committee on Finance's pre-budget consultations. SARM has represented the interests of rural municipalities and municipal governments in Saskatchewan for 100 years. All of our members belong to our organization on a voluntary basis, and all 296 arms in the province belong to SARM.

Since SARM is an organization that represents the rural roots of Saskatchewan, we are concerned about the whole spectrum of issues that affect rural Saskatchewan. One of the first things I'd like to touch on is the situation in agriculture. It looks as if this will be another year, the third in a row, that the farm industry will be facing negative income. Poor crop quality, low commodity prices, and high input costs are all parts of a very complex problem that producers are facing. There are also problems with the CAIS program and crop insurance; crop insurance coverage, even at the highest level of coverage, doesn't cover production costs. We need stability in these programs.

In addition to the needs that exist for better farm programming—the president of our association sits on the national CAIS review committee, so we have input on that program through that channel—

one of the tools that we think has potential under the government's productivity agenda is the renewal element of the agricultural policy framework. Programs such as the specialized business planning services program and planning and assessment for value-added enterprises under the Canadian farm business advisory services program help individual or groups of producers develop business plans and feasibility studies that offer opportunities, not only for producers to improve their chances for successful business operations, but also for enhanced rural economic development, which benefits the larger communities in the end.

Farmers are innovative people, but sometimes we need help in translating those innovative ideas into larger initiatives. SARM is currently involved in an initiative known as Clearing the Path. Clearing the Path is a joint effort between SARM and the Saskatchewan Urban Municipalities Association to build capacity in rural communities. Clearing the Path started when we looked at the issues facing rural Saskatchewan: low farm income, fewer and larger farms, and the need for more employment opportunities. We took it upon ourselves to do something about the problems we saw. We set up a committee made up of 12 rural leaders from across the province, and we held consultations with over 20 stakeholders who do business in rural Saskatchewan.

From these meetings, the Clearing the Path committee recognized that there were two areas that needed attention if the declining trends in rural Saskatchewan were to be reversed. The first was that certain things were going to need to change to enhance economic development, things like attitude, a willingness as communities to work together, and more up-front municipal planning. For these things to happen, we need to build the capacity of our community leaders.

The other area that stood out as needing improvement in Clearing the Path to enable rural areas to be more economically productive was infrastructure. Secondary weight limits have been identified as major impediments to economic development. Our members are responsible for 161,000 kilometres, or 86%, of Saskatchewan's road network, so ensuring that they are equipped with the finances to do their job is an ongoing concern for SARM.

One of the key recommendations from the transport subcommittee was to establish a province-wide, primary weight-haul corridor. Since a large area of rural Saskatchewan does not have access to primary weight highways or roads, it puts businesses located in these areas at a competitive disadvantage. Since the province is distant from most major markets, transportation costs are critical to competing provincially, nationally and internationally. We believe that a rural, primary gravel road system, which would expand our province's market opportunities, can be built and maintained at a fraction of the cost of paved roads.

There will be a need for additional funding to build the primary weight road network needed in rural Saskatchewan. The federal government has contributed \$106.8 million to the Saskatchewan portion of the prairie grain roads program. In total, the PGRP has put about \$217 million into highways and municipal roads in Saskatchewan.

A recent study carried out by Underwood McLelland and Associates determined that there are approximately 12,000 kilometres of municipal roads considered to be grain corridor roads. One-half of these roads are not built to primary grid standards, the standard required for roads built under the PGRP program. It is estimated that it will take \$485 million to complete the system. To complete the construction of these corridors, municipalities will need additional help from the federal and provincial governments in the form a new PGRP program.

• (0915)

In this day and age, when innovation and information technology are so high on the government's agenda, talking about roads, especially gravel roads, may seem lackluster. The reason it's so important to talk about roads in relation to the productivity agenda is that lack of adequate infrastructure has been identified as an impediment to development in rural Saskatchewan. It is this development that we really need in order to keep young people and to attract other people to our rural communities.

We have recognized that change needs to happen in rural Saskatchewan, and we believe that change can happen at the grassroots level. However, we need the continued support of the federal government for programs like PGRP to ensure that rural Saskatchewan has the infrastructure required to make ongoing and meaningful contributions to our nation's productivity. We are pleased that this committee recognizes the key role that physical infrastructure plays in a strong and productive economy and in making our communities appealing places to work and live. Committing funding to a program like PGRP is one way the federal government can ensure that rural Saskatchewan has the infrastructure it requires for the future.

Thank you for giving SARM the opportunity to be here today.

• (0920)

The Chair: Thank you, Mr. Marit.

Is the PGRP due for—

Mr. Dave Marit: Yes, it wound up last year.

The Chair: It wound up last year. Okay. Thank you.

From the Saskatchewan Real Estate Association, Mr. Madder.

Mr. Bill Madder (Executive Vice-President, Saskatchewan Real Estate Association): Thank you.

My name is Bill Madder. I'm the executive vice-president of the Saskatchewan Real Estate Association, which is based here in Saskatoon but covers realtors throughout the province.

The Saskatchewan Real Estate Association is a voluntary, non-profit organization serving, representing, and providing direction and leadership to its members and to organized real estate. We are one of the largest single-industry trade organizations in Saskatchewan, representing the interests of over 1,000 licensed realtors. In 2004 our members facilitated over 9,600 transactions, with a value in excess of \$1 billion. All members of the Saskatchewan Real Estate Association also belong to our national association, the Canadian Real Estate Association, representing over 80,000 brokers and salespeople, working through more than 100 real estate boards, 10 provincial associations, and one territorial association.

I understand the Canadian association will be making a more complete submission to this committee in Ottawa. I believe it's on Monday. And of course our organization strongly supports all the recommendations in the—

The Chair: It has already made its submission.

Mr. Bill Madder: Are they not appearing early next week? That's what their office told me. Okay. So you may have already heard a lot of this stuff then. That's good. We do support all their recommendations,

However, in the eight minutes allotted, I'm only going to talk about three of them and add some local provincial perspective to three items: Income Tax Act changes, housing policy, and municipal finance. I certainly appreciate the opportunity to provide input for your consideration and hope the information we provide will be helpful in your deliberations.

The first issue is the Income Tax Act changes, more specifically, the deductibility of interest and other expenses. Last year, realtors outlined some serious concerns with the first iteration of Finance Canada's proposed changes to the act that would limit the deductibility of interest and other expenses. The basis of this concern lays in the fact that, if implemented, there would be significant consequences for small investors choosing to invest in real estate.

When realtors spoke out in opposition to these proposals, we were pleased that the government listened to the various concerns raised at that time. Consequently, the minister asked finance officials to revisit this proposal and to come back with a more modest initiative to address deductibility in situations where there was clearly no expectation of profit.

In recent discussions with officials at the Department of Finance, we have learned that the government is redrafting a proposal that would address their concerns through very similar means but in a way that would continue to capture the legitimate business practices we are trying to preserve. In other words, we have been informed that this is a slight modification and a repackaging of the October 2003 proposal.

I'm going to skip a little bit here because I think you've probably already heard it, and I'm going to go on to the ongoing realtor concerns.

We remain concerned that the revised Department of Finance effort to respond to Supreme Court rulings will continue to have far-reaching and negative impacts on real estate investing in Canada. We are concerned that these proposals would generate overall uncertainty in the real estate market, fail to recognize that investors factor capital gains into the calculation of a profit, and prevent small investors who made real property investments in good faith from using their eligible deductions should the proposals be implemented.

It would also significantly decrease the level of entrepreneurial activity by discouraging future investing in real property. It would also favour other kinds of investments by not denying losses incurred by deducting interest expenses, i.e. the purchase of common shares, and it would also favour larger cash-rich investors who might not need to employ financial leveraging when investing in real estate.

In addition, as we are, the Canadian Association is also concerned that three significant, unintended consequences will result: first of all, a greater concentration of ownership among a smaller number of wealthy real estate investors; secondly, a negative impact on the rental housing market; and thirdly, a negative impact on retirement savings of Canadians.

Here in Saskatchewan, and I believe in most of the country, small-to medium-level investors are very active in the residential rental marketplace. The commercial rental market also benefits from this type of investor. It is these investors who will be most affected by this proposed change, and it is these investors who are likely to re-evaluate their choice to invest in real estate should these proposals go forward.

For example, many first-time investors looking at a residential rental property or a small strip mall will consider the use of some of the equity they have built up in their principal residence as a down payment on their investment property. For the first few years, often the income does not cover all expenses due to the cost of financing. The investor is usually prepared to cover some shortfalls because these shortfalls will often be recovered over the long term through the increase in the value of the property.

While future capital gain is not the only factor considered in making this type of investment, it is significant. If this consideration will result in the loss of deductibility of interest and other expenses or will result in the entire gain on the eventual sale of the property being taxed as regular income, then it is very likely these investors will look at other areas to invest their money. In our view, this is not a reasonable approach, and it is one that will have an adverse impact on the investment real estate market.

Regarding recommendations, the Saskatchewan and Canadian Real Estate Associations believe that any changes to the rules regarding deductibility of business expenses must satisfy the following criteria: it cannot be discriminatory to smaller investors; it must foster entrepreneurial activity, not hinder it; it must promote economic growth; it must recognize real-world business decisions, that Canadians buy investment properties for income streams and for capital gains on disposition; and finally, it must protect the financial welfare of the average Canadian investor, not jeopardize it.

● (0925)

The second issue I'd like to talk about is the federal housing policy. In the housing section of their submission, the Canadian Real Estate Association presents a number of recommendations directed at specific groups of Canadians, ranging from low-income workers to aboriginal members of society. When we examine what Housing Minister Fontana calls the housing continuum, we find pockets of considerable need and disadvantage within a framework that is, for the most part, highly successful.

Realtors support the major review of federal housing policy, known as the Canadian housing framework, that is in progress. We particularly support Minister Fontana's flexible toolbox approach, whose objective is to ensure that a variety of measures are available to meet different needs.

Realtors have a direct business interest in housing as brokers, sales agents, managers, developers, and appraisers. They're also active in responding to the housing needs of their local communities.

For example, realtors in a number of centres in Alberta—Calgary, Edmonton, Fort McMurray, and others—and also in Ontario centres such as Hamilton, London, and St. Thomas are sponsoring programs to help low-income households overcome the major obstacles to purchasing a home. In Winnipeg, they participate in the rehabilitation of inner-city neighbourhoods. I think, Judy, you'll be familiar with their program, HOP, in Winnipeg. In Regina and Saskatoon, and also in North Battleford here in Saskatchewan, they're working to expand housing options for those in need.

In their submission, the Canadian Real Estate Association touches on several areas of federal housing policy, things like homelessness, first nations housing, better use of existing stock, tax and regulatory changes, and new options for home ownership. Again, while all these proposals are important and are strongly supported by the Saskatchewan Real Estate Association, I'm going to comment only on one in which we have had some local involvement, that being the national home demonstration product for Home\$ave, a new option for home ownership and for low-income earners.

The federal government has recognized home ownership as the bedrock of society. It gives Canadians a stake in their communities. The returns to society are significant in terms of social as well as economic benefits. As the population ages, home ownership is going to become even more important.

Several programs already support home ownership—notably, a capital gains exemption on the sale of a principal residence, the home buyers' plan, and CMHC's mortgage insurance programs. With all of these support systems, is there anything more the federal government can or should do? The answer from the real estate industry is a resounding yes, but the real answer comes from looking beyond general statistics and examining the status of particular income groups and classifications. If we look at the under-35s, we find a declining rate of home ownership. If we look at immigrants, we find Canadians struggling to buy homes. If we look particularly at working, taxpaying, low-income Canadians, we find a group that is not covered by most of the existing support programs.

Realtors are convinced that many in this group could manage the ongoing obligations of home ownership if they had a helping hand to overcome the purchase barrier of a down payment. That's why the Saskatchewan and Canadian Real Estate Associations support a national demonstration project to test Home\$ave, which is an asset-based approach to matching savings for home ownership.

SEDI, Social and Enterprise Development Innovations, created Home\$ave from a model called Learn\$ave, which applied an asset-based approach to saving for education.

Applied to housing, participants would have the opportunity to open a specialized savings account and have their savings matched up to pre-established limits and within a specified timeframe. Those savings could be withdrawn only on condition they were used for a first-time purchase. Additionally, a community-based agency would facilitate a mandatory financial literacy course, including basic banking, budgeting, credit and debt management, and spending and saving strategies.

CMHC commissioned SEDI to undertake national consultations to evaluate Home\$ave. This research was completed and submitted to the strategic policy and planning division of CMHC in May of this year. The proposal recommends a 10-site demonstration, with a total of 2,000 accounts.

SEDI's research was gained through extensive national consultations with stakeholders, government representatives, members of non-profit agencies, private sector companies such as financial institutions, real estate associations, mortgage insurers, related professionals, and potential participants.

● (0930)

The Saskatchewan Real Estate Association is pleased to report that one of our members, Mr. John Bell from Regina, has been active in the research and consultation phase and has indicated his readiness to continue his involvement should one of the test sites be located in Regina.

The Saskatchewan and Canadian Real Estate Associations recommend that the federal government support the Home\$ave national demonstration project for an initial start-up phase in 2006 and further request that one of those test sites be located in Regina.

The final issue I have today is with regard to municipal finance. Realtors are very close....

Is that my time?

The Chair: You're way over on the time. You've had your 12 minutes. Thank you. I'm sorry about that.

Mr. Regier, from the Saskatoon Prairieland Park Corporation.

Mr. Mark Regier (Chief Executive Officer, Saskatoon Prairieland Park Corporation): Thank you, Mr. Chair. Good morning, and welcome to Saskatoon.

I'm the chief executive officer of Saskatoon Prairieland Park Corporation, and I actually am past president of the Canadian Association of Fairs and Exhibitions. We have an office in Ottawa, with an executive director and several staff members, that represents the over 800 members of Canadian fairs and exhibitions across this country.

A brief has been submitted to the Standing Committee on Finance by our association, and further details can be received from Hannah Service, our executive director in Ottawa. It's regarding investment in Canadian communities through Canadian fairs and exhibitions.

Just touching briefly on this, the recommendation is for a—

The Chair: Just a moment, Mr. Regier.

Does anybody have the brief?

We don't have the brief.

Mr. Mark Regier: I'm sorry. I believe it was submitted in Ottawa, but I have one hard copy here.

The Chair: You have just the one copy?

Mr. Mark Regier: Yes. I can submit it to you. I came here on short notice, and my understanding was that this had been submitted through Ottawa. You may not have it, but I certainly can leave a copy with you here after.

I actually saw the document just yesterday, and I think maybe it was sent just yesterday. I was looking through it just this morning, so I'm going to talk about a few highlights to this.

What the industry is recommending is that the federal government, in partnership with the provincial and territorial governments and industry, develop a \$100 million Canadian fairs and exhibitions infrastructure program to revitalize Canada's fairs and exhibitions infrastructure. The issue facing us is always that. Fairs and exhibitions, we believe, are an integral part of the Canadian fabric. The industry employs thousands of people. It has, again, thousands of volunteers. The economic impact of the industry is in the hundreds of millions. We do everything from putting on fairs to operating trade shows to market the goods and services of the Canadian people in international shows. We represent the large fairs, from the CNE in Toronto and the Calgary Stampede, to the small agricultural societies across Canada, as small as the Hanley and District Agricultural Society in Saskatchewan here. We feel we're a vital component of the Canadian fabric. We feel we're the heartbeat of the country.

The issue facing us is infrastructure. The challenge we face now as an industry is that the current programs we try to apply for are infrastructure programs that are cost-shared between the federal government, the provincial governments, and the local municipalities. Essentially, what happens to the fairs is we end up competing with our own cities for money, and without their support we can't get it. The challenge we have in cities like Saskatoon, where the city is growing rapidly and needs constant infrastructure upgrades, is that the fair association does not work its way up the priority list and is ultimately left to its own financing to do that, and as such, here at Prairieland we are debt financing our new upgrades on our own. In some cities they're more fortunate—if the city isn't growing as quickly as Saskatoon, they get up the priority list and do get federal funding.

What the industry is recommending is a separate program that would not require the cities' contributions and would allow the fairs in all municipalities to grow effectively and to maintain what they do. So it's a very important component for our industry, and we would certainly love the committee to give consideration to that. We're very proud of what we do for Canada.

On a couple of other notes, I would like to talk personally on a few things while I have the opportunity to speak here. Certainly, in reading the papers lately and hearing the statistics about our lagging productivity in Canada versus our trading partner, the United States, and the rest of the world, I see serious concerns for the future of Canada in being able to finance our social programs. I feel that's an important issue for the country and that the national government should be looking at ways to increase productivity by reducing corporate tax burdens and encouraging research and development in technology. I think that's a key component for the federal government.

The next issue that I see as important for the finance committee is to get back to focusing on debt reduction. As part of the Canadian public, I feel that is a forgotten issue. I feel it's important for our children if they want to have a strong standard of living into the future. I don't feel it's proper for us to continue to carry a national debt of \$500 billion.

We're very fortunate to be in a strong economy with low interest rates, and I don't feel this is going to continue into the future. Then we're going to leave a legacy for our kids, and they're going to look back at us and say, "Why did you spend our money and leave us with this burden?" I personally think that's unconscionable, and I think the federal government has to take responsibility for that. The time will come when the interest rates and inflation will increase, and we'll be back to deficit financing. I think in good times we should be pouring our surplus into debt reduction.

Lastly, I think the government has to get back to basics and stick to the key core of creating a strong economy, and that's infrastructure, training, and education. I think the focus of the federal government right now on spending large numbers of dollars on issues like health care is improper. I think if we want to continue to have a strong health care plan in the country, and in the province here in Saskatchewan, we need a strong economy, and that's through infrastructure, training, and education. That is important to this country, and I would like to have that considered in your discussions.

● (0935)

Thank you very much.

The Chair: Thank you, Mr. Regier.

We're doing well on time, so we'll start the first round at seven minutes, and we'll see if we have time for a second round.

Mr. Penson.

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

I'd like to thank the panel for coming here today. As usual, we're hearing a wide variety of views on pre-budget consultations, and I will just say for the members of the real estate association, ACTRA, and the symphonies that we have heard the presentations in several cities. We're pretty much aware of the issues you've presented today and what your associations are asking for, but thank you for coming and presenting them at this local level. I know they're a concern all across the country.

I do want to direct my comments and questions to SARM, the Saskatchewan Association of Rural Municipalities, because they addressed the agriculture issue. I think this is about the first time our committee has heard anything on agriculture, and I believe it's an important component that deserves attention in the productivity discussion.

I would start with a question for you, Mr. Marit. How big a portion of your revenue or assessment in your rural municipalities would agriculture account for?

• (0940)

Mr. Dave Marit: That number—and I'm presuming you're saying the assessment on agricultural property—

Mr. Charlie Penson: I'm just asking about the amount it takes to run your municipalities in terms of budget. How big a portion is agriculture? Does that make up—

Mr. Dave Marit: In some municipalities it's 100%. In other municipalities, where they may have a potash mine or other sources of taxation revenue, it would be a lot less. My own municipality, for example, is 100% agriculture, and our tax base is totally agriculture. It comes from agricultural land.

Mr. Charlie Penson: The reason I raise it is that I'm trying to get a handle on how important it is to you and your association, because you have made the point that there are going to be negative margins in agriculture for the third straight year.

I'm not sure if you've been following the World Trade Organization talks on agriculture. It's one of the few remaining areas in which we have not had trade liberalization. It has been a long process to get it to where it is, Mr. Marit, but there is some hope that there is going to be some fairly major progress this time around and that this will give our agricultural producers access. Barriers to trade would be reduced and export subsidies would be reduced and eventually eliminated.

I've heard the contention that on the basis of being able to produce quality and quantity, our producers can produce with the best of them, but they can't produce versus the treasuries of these big trade blocks like the European Union and the United States.

Have you been following this at all? Do you see any hope down the road that there is going to be some improvement? It's been a very dismal story in agriculture for a long time here.

Mr. Dave Marit: Yes, it has. Just to give you a little example, I farm close to the U.S. border, and we were impacted even more this fall by a huge influx of pulse crops from U.S. farmers into our Canadian markets. From having talked to American farmers, I know they would take whatever price they could get, because they were subsidized to the point where their production costs were covered

and whatever they got for the product was whatever they could get for it.

As far as the municipal side of it goes, we are very concerned. We have just done a brief study on tax arrears, and 2003 is significant. We don't have all of 2004, because they can go back a ways for tax arrears. And 2005 is quite high right now in terms of taxes that haven't even come in up to this date and are current. So we are watching very closely how the taxes are coming in on the agriculture side.

As for the industry, they pay their taxes up front because they can do that, but for the farming industry it's a burden.

Mr. Charlie Penson: I'm not sure if you've been following this productivity debate. One of the reasons I think people don't pay attention to it is that they don't understand what it means in real terms to the average Canadian or the average Canadian family.

We have a productivity gap with the United States of almost 20%. It equates to \$9,000 per Canadian less than the average American, and \$20,000 per person less than Sweden. The problem is that this gap is widening. A few years ago it was only \$6,000 with the United States, but now it's \$9,000. What that means is that the average American family of four can buy a new car every year compared to the Canadian family, or pay \$3,000 a month more on their mortgage. It could be academic, except that we had the same productivity levels only 25 to 30 years ago. So we have been diverging very badly, but I'm not sure if people understand how our standard of living is going down.

So when we get into these debates on whether we should spend more or cut taxes, how do we get this country up and running again and get it to be more productive? That's the question whose answer I think we're seeking on this committee.

Mr. Dave Marit: If I knew the answer, I don't think I'd be sitting here. It is a debate and it's a hot issue, and we've taken it to just about every level we can take it to, to try to get some assistance and help. Through the APF program and some of the pillars, I think there are some avenues down which we can go and maybe do some things. But even in the agricultural community there are things in the APF that a lot of primary producers don't know are there. There's money sitting there that can help them, but I guess they need an education process or someone has to be there to facilitate that for them.

• (0945)

Mr. Charlie Penson: In Quebec, the debate is on, with the former premier of Quebec trying to sound the call in Quebec that people have to wake up because things are slipping very badly. We can't sleepwalk our way to oblivion, yet that's essentially what's happening.

I know, Mr. Regier, this is a concern of yours.

I'm not sure how much time I have, Mr. Chair. I might have to leave it for my colleague to explore this further, but I think we have to pay attention. If I have time, I'd like to ask Mr. Regier for a brief response on the productivity issue.

Ms. Arita McPherson (Director, Agriculture Policy, Saskatchewan Association of Rural Municipalities): I would just like to make one point on productivity as it relates to agriculture and the agrifood industry. If you're familiar with the report that Wayne Easter put out recently, it gives a lot of background on the industry. One of the things that it and other information from the department points out is that the productivity gains that have been made in the agriculture and agrifood sector over the last year have outperformed those in most of the other major industries in Canada, but we're not translating the wealth back to the primary producers, at least on the primary agriculture side.

Mr. Charlie Penson: Thank you.

Mr. Mark Regier: Thank you very much.

It was in the Saskatoon *StarPhoenix* this morning. I read the article about a non-partisan commission that has been set up to look at the issues for the future of Quebec. I believe it's led by former premier Lucien Bouchard. They can see what's coming down the road, like the changing demographics and aging society and a staggering debt in Quebec alone. They're finally waking up to the future disasters that could come.

Turn this around. We're in good economic times. What's going to happen in ten years if inflation is up again and we're faced with double-digit interest rates? You're going to see this thing go seriously wrong, and we had better be ready for it. Our kids are going to look at us and say, "What were you guys doing during the good times?"

I think it's a serious issue. I think what they're doing in Quebec is probably a good start. We should be doing that at the national level. We should be asking how we are going to retire our debt and be ready for the same situation. I think it's imperative on our generation to do that for the next generation. Otherwise, they're going to look back at us and say, "What were you guys doing?"

The Chair: Thank you.

Monsieur Bouchard, and then I'm going to go to Ms. Wasylycia-Leis, Mr. Holland, and Ms. Yelich.

Monsieur Bouchard.

[*Translation*]

Mr. Robert Bouchard (Chicoutimi—Le Fjord, BQ): Thank you, Mr. Chairman.

My first question is addressed to the representative of the Saskatoon Symphony Orchestra. I understood you to say that the grant you receive from the Canada Council has not gone up. You are also part of Orchestras Canada. You would like the federal government to increase the Canada Council's budget. In the course of our hearings, we have met with the representatives of other orchestras all across Canada, and they have made pretty much the same request, although in somewhat more specific terms. I know you would like the Canada Council to have more financial resources.

Other symphony orchestras in Canada have told us they would like the Canada Council to receive \$5 per capita in Canada.

Have you quantified the increase you think is appropriate? Is it what other symphony orchestras in Canada are asking for?

[*English*]

Mr. Douglas Sanford: My understanding is that \$5 per capita is in fact doubling the amount that is currently given to the Canada Council. So I think I'm pretty much in line with what you've heard. They may have presented it in a different manner, but I think they're speaking of the same thing.

• (0950)

The Chair: The Canada Council now gets \$4.77, apparently, per capita, and you want to double that.

Mr. Douglas Sanford: Yes.

The Chair: So you want it to go to \$9.77; increase it by \$5.

Mr. Douglas Sanford: Yes.

The Chair: Monsieur Bouchard.

[*Translation*]

Mr. Robert Bouchard: I have a sub-question. Have you thought of other potential sources of funding? For example, perhaps a tax credit could be given to businesses that purchase art, such as a painting. It could be the same thing for symphony orchestras. Symphonic works can also be produced. A business or an individual could acquire a work or creation and receive a tax credit. That could be another source of funding.

Have you given any thought to that kind of funding?

[*English*]

Mr. Douglas Sanford: In fact, I personally have given that a great deal of thought. It may be something that's not shared with all artists across the country, but indeed, for many years I've believed—and I have certainly talked with many of my colleagues in Toronto about this—that one of the difficulties we have in the arts right now is that this way of subsidies has been set up at the same time as there really aren't tax advantages to people giving to the arts, not, say, like we would find in the United States.

One of the problems I've seen here in Canada is that we're sort of stuck between two systems. We have in the United States a system where there are great incentives to giving donations towards the arts, with not a lot of federal subsidy, and we have sort of a European system where there's a great deal of federal subsidy, to the extent that in many places it's just simply subsidized. I find in Canada we're caught between two. We have the Canada Council, which provides some subsidy, not nearly enough when you see the sort of growth that hasn't happened there; yet we're also caught, in that the tax incentives simply aren't there for people to donate.

My personal preference would be for the latter, for the tax breaks, but that is indeed not the system we have. So we have to live with what we do have, and that's the Canada Council.

[Translation]

Mr. Robert Bouchard: My second question is for the Saskatchewan Association of Rural Municipalities.

I understood you to say that there are 12,000 kilometers of highway in rural Saskatchewan, and yet half of the roads are not up to standard. As well, you would like to see enhanced productivity through improvements to your infrastructure. You are essentially asking for better infrastructure, in order to improve the situation.

I have two sub-questions for you. What improvements could be made to the current infrastructure program? And would these changes lead to higher productivity?

[English]

Mr. Dave Marit: Thank you very much.

As a clarification on the 12,000 kilometres, we have done a study on that just to try to create what we call a primary weight corridor. We feel that a lot of the province cannot get primary weight because the highways just wouldn't take it, so we're trying to do it through the municipal system on our grid roads. We feel that if we could get primary weight on these roads...

Through PGRP, we have done some of this. We feel there are about 12,000 kilometres left to finish this project. If we could do that, we could move a lot more product, at a lesser cost, on these primary weight roads. As well, industry—we've heard this from farm equipment manufacturers in the province—right now does not have access to primary weights. Their product goes out on a secondary weight, and their steel product comes in on a secondary weight. So they have concerns that they would like to get the primary weight to move their finished product.

They don't want to move their industry. They're local people who have come up with an idea.

An example is the Honey Bee family from Counsul, in the southwest corner of Saskatchewan. They have Honey Bee Manufacturing, which has now in essence been...not taken over, but the Ford company has moved in as a partner, and they are building grain headers for all over the world.

We have the Bourgault family, who build air seeders east of Saskatoon, who have issues with primary weights.

So we have that, and we feel that if we can do that and build that primary weight system, industry, along with agriculture, can move

their product on those primary weights. Because we are landlocked, we have to move our product far, and it's a big issue in rural Saskatchewan.

We feel that with funding through a program like PGRP, which did target prairie grain roads and industry roads.... We are just in the process of a review of that program. It was supposed to be in 2007. They have moved it up, so I believe we're going to start, if not this fall, then early next year on that review. Our understanding, in talking with some of the agriculture and agrifood people in Ottawa, is that Saskatchewan was a lead on this program, as far as strategic funding and building a road network that really would work for all of Saskatchewan is concerned. We feel that a program like this, to target that infrastructure, would be a great asset to this province.

● (0955)

[Translation]

The Chair: Thank you, Mr. Bouchard.

Ms. Wasylycia-Leis, please.

[English]

Ms. Arita McPherson: Could I add something in answer to Mr. Bouchard's question?

The Chair: No.

Go ahead.

Ms. Judy Wasylycia-Leis (Winnipeg North, NDP): You can slip it into my line of questioning.

Thank you very much for all your presentations.

With your panel, I think we've got the full range of the debate dealing with productivity. I'd like to pursue that a little more, because this is where I probably disagree a little with Mr. Penson.

I think productivity is more than simply gross domestic product and the assessment on how we're doing, based on how fast and hard we can produce certain products, without taking into account the whole spirit of a community and a country.

For example, if you take Mr. Regier's line of questioning, his suggestion is that if we invest strictly in infrastructure and education we will deal with the productivity agenda for the future.

I'm hearing others say different things. Mr. Madder talks about the need to look at the state of housing in this country and that the notion of home ownership is fundamental to how productive a society is or how productive an individual is. Mr. Hoy and Mr. Sanford emphasize the spiritual life or the spirit of a community, through celebrating our music and artistic talents and ensuring that workers in that field are able to be as productive as their talents warrant and are not ignored and neglected. The folks from rural municipalities say that investing in infrastructure and in the heart of our economy, which is the rural life and the farm life of our economy, is very important.

In that context, I want to ask you the following questions.

If this is about debating investment, where it makes the most sense in terms of productivity, what do you recommend we, as a committee, do in terms of the remaining surplus, whatever is left? How would you handle that issue?

Would you limit it to roads and education, as Mr. Regier says? What about health care? What about the productivity of plants or the productivity of workers, who suddenly have to resort to the pay-as-you-go model of the United States, which costs their economy a huge amount of money and would put us at a certain disadvantage, notwithstanding these latest figures on the gap in productivity? How would you invest to ensure that we are productive as a country?

Mr. Hoy and Mr. Sanford, how do you take on this notion that investing in things like music, the arts, and our symphonies is a kind of frill that we can't afford in times like this?

Let me start with Mr. Hoy and Mr. Sanford. Then I will ask Mr. Madder, who has lots to say on this issue, about his view.

• (1000)

Mr. Sean Hoy: If I may, I think the balanced approach is obviously a crucial kind of initial way to address the surplus. I think what's often lost in the mix of the debate on infrastructure, productivity, and issues like that, the hard issues, are the more nebulous issues such as quality of life. What draws people to a community? What keeps people in the community? What allows the citizens of Saskatchewan to enjoy a lifestyle that gives them things that not only nurture their bodies and minds but also their spirits?

I think that's where the arts come in. If we were to lose the arts community that we have, through the cutting of funding or other issues, the quality of life in the cities and in the small towns would drastically suffer. I would argue that the result would be an even further draining of the population in the province, which is a huge issue here. People would find they had nothing to keep them in the cities and nothing to do. There would be nothing reaching out to "feed" them, beyond going to work and going home.

To come back to the CTF, there would be no Canadian programming to watch. The shows we have, such as *Da Vinci's Inquest*, the list of shows that are produced through that fund, wouldn't exist.

I don't know if you have anything to add, Doug.

Mr. Douglas Sanford: Yes, I tend to agree. I think it's a balance issue; I don't think it's an either/or issue.

I recall a few years ago at Orchestra Canada we did a study, which I don't like to quote very often because it was really just talking about the economic impact the arts have. I didn't like it very much because it shifted for me what the importance of the arts was. It strictly put it in terms of economic issues. But the fact is, if you look at in that way, the economic impact in cities from the arts is astounding. The amount of money generated through other businesses working with the arts is strictly amazing.

I bring this up here. As I say, for me it sort of diminishes the importance of what creating is. But I think in any society we need all of these things. I could argue that going to Prairieland Park to a fair is a frill, in the same way that going to a symphony orchestra is a frill. I think the country would be greatly diminished if we didn't have things going on at Prairieland Park, but in terms of just the strict, hard, day-to-day, cold realities of economy, I think we could probably get along without it if we had to. I'm not sure I'd want to live in a society like that, but one could.

Ms. Judy Wasylcia-Leis: Mr. Madder.

Mr. Bill Madder: Obviously I had too much to say on this earlier, and I apologize for that.

If we're going to talk strictly about your question, the surplus and what to do with it, all of the things I talked about today are probably issues for which, as I read them, there's not a lot of investment required. There are a lot of existing programs.

One of the things realtors in Canada have talked about for many years—in fact, I remember a document entitled "The Deficit Albatross" that was presented by CREA I believe in the eighties, so it's not a new issue for us—is something that I think is still very important, and that's debt reduction. As Mark pointed out, and it is part of the full presentation that the Canadian Association made, it's very important that when the government has to pay x number of dollars to service debt, that's x number of dollars not available to go to other programs. On balance, it's important to reduce this. Although it's not as exciting as a lot of other issues we bring up, I think it's probably still the most important thing we would propose.

The other issue, and I think it is very important, is allowing Canadians to have the opportunity to buy a home. That's, again, part of that HomeSave and a number of the proposals on a federal housing policy. I think this would probably be the next—a balanced approach to whatever's left from the debt, but I think this would be next in importance.

It goes right from first-time buyers, or those who are on the borderline of being able to afford to get into home ownership, to making sure the homeless have a reasonable place to live. It is also important to our industry. Although our industry doesn't financially benefit from it, our society benefits from it. Again, it reduces the strain on government for others. We want to make sure there is housing available.

Aboriginal housing is extremely important for first nations—their ability to own and trade their homes, or to actually mortgage and buy and sell, and that type of thing, whether it's on reserve or not. Grand Chief Fontaine made a presentation to our association last year, which was very well received, and we strongly support that approach.

So there are all kinds of issues, but I think I would say debt reduction first, federal housing policy second, and then whatever else, as I said, is left over.

• (1005)

The Chair: Thank you.

Thank you, Ms. Wasylycia-Leis.

Mr. Holland.

Mr. Mark Holland (Ajax—Pickering, Lib.): Thank you, Mr. Chair.

First I'll make some broad comments, just for context. I do have specific questions of each group.

Productivity is an extremely important issue. There's no doubt that it's an issue, but I do think it deserves some context. First of all, the gap with the United States isn't 20%; it's something in the neighbourhood of 15%. In addition, I think we have to recognize that the calculation is one that is very complex. It doesn't always consider all the various factors of the Canadian economy.

Moreover, I think when we take a look at our broader fiscal situation—and this has come to the point that was made by Mr. Regier on debt reduction—we are in fact the only nation among the G-8 right now that is actually in a position where we're paying down debt. We have done so over the last eight years. In fact, we now pay \$3 billion less each and every year in interest payments alone on debt. So I certainly concur that's important. I would hold us out as one of the few examples actually going in that direction and doing that. I think there is going to be a huge impact on productivity, for example, in the United States. Huge deficits and ever-growing debt are really going to have a major impact on their productivity on a go forward basis. That's one area we can take some pride in.

But obviously I would also say productivity needs to be looked at in a broader context. When we talk about infrastructure, roads are not the only type of infrastructure that is important to an economy. I think you would agree with that, of course, Mark.

Cultural infrastructure is an example. One of the things that cultural infrastructure can do for us is to.... You talked about not only retaining people, but to really stimulate that local economy, to get people to stay within their community, to spend money there, for that community to thrive and grow and be sustainable, you need those kinds of activities to take place. So when we're taking a look at how we invest and how we bring about productivity, we have to look at that full array. I think most of us would agree with that.

I'll come to some specific questions, but first let me say, as Mr. Penson mentioned, that we have heard from a number of the different groups. I won't go back over a lot of the points.

Let me just say to those in the arts community, I do support the \$5-a-person increase. I do support that. I think what would add value

—and you can see it through some of the discussions that are happening today—is not to boil down arts to some mathematical formula. I absolutely agree with you. If this money was applied and if we could get a clear sense of what we could leverage—I've heard that for every dollar we put in we can get \$6, not just in activity but also through additional moneys coming in and further enhancing the arts—that sort of thing is helpful to our deliberations.

Let me go to SARM for a moment. I just had a question with respect to the roads network you're speaking to. To this point in time the federal government has given about \$106 million. You said the outstanding need is something in the neighbourhood of about \$485 million. Do you have a sense of what you're looking for from the federal government in terms of additional money on that figure of \$485 million?

• (1010)

Mr. Dave Marit: All of it. No, I think we would be...I mean, the PGRP program was a fantastic program. It really was. And it was cost shared. It was one-third, one-third, one-third, so that \$100 million did a lot of work. Something like that again.... A lot of that PGRP money did go into provincial highways, which did assist communities and productivity that way. In some cases, they did upgrades to highways, to standards, to primary weights, and also they just upgraded highways for tourism and everything else. So it was good that way.

If we could get another program like the PGRP, we would really be happy with that.

Mr. Mark Holland: So again, you're looking at roughly a one-third type of thing.

Mr. Dave Marit: Yes. They have replaced it with what they call MRIF, but that's more targeted for green infrastructure, which is really water and sewer, which is great. But on the road infrastructure, the PGRP worked very well.

Mr. Mark Holland: The second question I have really stems from a lack of knowledge. You didn't raise the strength of your intermodal system and rail network in terms of its interconnection to the rest of the North American market as an issue. Is that because we're okay there?

Can you just speak briefly to that condition?

Mr. Dave Marit: I would love to speak to that one. Probably the biggest impact on our rural infrastructure right now is that our national carriers are moving out of rural Saskatchewan.

We do have a program for what we call a short-line advisory group. I have had the pleasure of sitting on a negotiation for one short line and am now sitting on a negotiation for another one. We believe we have to maintain them to protect our infrastructure, but probably one of the biggest issues that's impacting our infrastructure and our municipalities is our distance now to haul our product.

We have what we call rail-line rationalization and we have grain industry rationalization, where they've moved to the bigger, high-throughput terminals, and our agricultural producers are hauling grain a lot farther than they did even just five years ago. The average haul has really increased. That's the impact we're seeing as municipal leaders—the transportation of that product. And there's a lot of product.

We also see it in other industries—we're heavily into oil and gas too.

Mr. Mark Holland: I'm very cognizant of my limited time. I'm very interested in that issue. Maybe it's an issue I'll pursue on the side. I can't do it justice right now with the time I have.

I wanted to speak to Mr. Madder briefly, and it's sort of a transition from some concerns or interests SARM may have, but they didn't specifically address them.

In your presentation you talked about the measures that have been put forward for municipalities to date being essentially short term, and you wanted to see them be long term and expedite discussions between other levels of government. We've heard in past presentations about looking for an enshrinement of the new deal in legislation.

Is that the sort of thing you're talking about? Could you just give me an idea of what you had in mind when you said that?

If I have time, I have another one.

Mr. Bill Madder: That's very much it. We are very much making this point that property taxation is a major issue in our industry, of course. The provincial governments all say they don't get enough from the federal government, and the municipal governments don't get enough from the provincial governments. The point is to make sure that all three parties are able to have a reasonable plan.

I believe there are three existing programs, and I'll have to refer to my notes, but that's what we would like to see, as you said, enshrined, or made permanent, I think is what the point would be—the renewal of tri-party infrastructure programs in order to provide ongoing stable financing. So it's just to make sure that municipalities can know five years out what they're going to get. Part of that, again, comes from the province, but the province's funding depends on what is coming from the federal government.

So again, it's more an ability to plan down the road as opposed to what comes out in the next budget.

Mr. Mark Holland: As you know, the new deal right now goes out to a five-year basis, and the intention is for it to go on forever. But I think there's a good point to be made that we need to really enshrine that so municipalities know it is an ongoing source of revenue.

The last question, if I have just a second, is to Mr. Regier. You make a very good point I think on the issue of understanding the difference you face with your organization in applying for infrastructure money, because it is a sort of unique situation. I'm just interested to know if you had discussions with Minister Godfrey's office on that particular issue and what the response has been.

•(1015)

Mr. Mark Regier: I don't believe so, but I would have to check with our national office to see if that discussion has taken place.

Mr. Mark Holland: One of the things I would certainly recommend is that you do undertake to do that, because I know that in Ontario, for example, the province that I'm from, there are some unusual and different circumstances with respect to infrastructure that have been able to be addressed through conversations with the minister's office.

So I'd really encourage you to do that.

The Chair: Thank you, Mr. Holland.

Ms. Yelich.

Mrs. Lynne Yelich (Blackstrap, CPC): Thank you.

I would like to bring this to what interests me most, and that is my province and how you measure up with your counterparts. With the symphony, for example, when you're competing for money across the country, how do you measure up in competition? Are there regional differences?

To the rural municipalities, how are you going to make out when infrastructure money is divvied out? Are you pitting yourself against cities? You said you had a relationship with the urban people, so I'm happy to hear that.

I wanted Mr. Madder to expand on municipal finance, which was his last thought.

There's just one other point I'd like to hear from you. There was a comment made by Mr. Marit about there being existing funds, and I don't know what you meant by that, so perhaps you can comment on it. You also said that people have to be educated.

I remember meeting with...perhaps it was Mr. Didur, and we talked about there being money in housing, in Mr. Fontana's budget, and that it was not spent. I would like you to speak to that.

Mark, I understood that you weren't talking about just infrastructure and just education; I think you were talking overall, about first of all having to make sure the debt's paid down so we can deliver some of the social programs. I'd like you to explain that a little bit further. At least, I didn't understand that it was just infrastructure and there was nothing else on the table.

We could start with Mr. Marit.

Mr. Dave Marit: On the comments of the existing funding, our understanding is there's money sitting in the APF in the third pillar. If you want to do business plans for a value-ad project as a farmer, or if you want to do a business plan to start up a new business, there is money there for that. I think there's a process, and there's a need for a facilitator—whether it be our organization or someone else—to get that knowledge out to the primary producer. A lot of people don't know the money is sitting there to be used.

Mrs. Lynne Yelich: I wondered where you sat with Saskatchewan agriculture or the federal agriculture department. Isn't that part of their work or their job, or whatever?

However, that wasn't my question. I wanted to know, are you going to be competing for those dollars on that infrastructure?

Mr. Dave Marit: On the infrastructure? The concern we had—and that we've always had—when we sat at the table on the new deal was that we're kind of unique. Well, we're not the only ones; there are a few provinces like this. But when you're competing on a per capita basis, which we are—in the province of Saskatchewan you have the city of Regina and Saskatoon on a per capita basis, and then you have the rest of Saskatchewan.... Well, when we have infrastructure in rural Saskatchewan as great as we do—you must remember we have 46% of all the agriculture land in Canada in this province—by law, as municipal councils we have to provide service to every quarter section of land. That's by law. In some cases we're not doing it; we don't have to do it if a farmer owns a section of land and doesn't want it. But that's the way it is.

So when we have to provide that infrastructure, it costs a lot of money when you don't have a lot of people living in rural Saskatchewan to provide service for. It's becoming a greater impact because the farmers are becoming bigger, and they're hauling their grain back to their main operation a lot farther. Before they used to go a mile or two; now they're going 40 and 50 miles back. So the impact on our municipal infrastructure is great, and that's where we're having a problem with that.

• (1020)

Mrs. Lynne Yelich: Mr. Sanford, you'll be happy to know I bought one of those seats for the symphony.

Mr. Douglas Sanford: Oh, I'm glad to hear that.

Mrs. Lynne Yelich: So you see, there is room for tax deductions. But I did it because I have a broad interest in all arts, and also in Prairieland, and in my agriculture, and in my real estate.

I wanted to know how both of you, in your fields, pony up, or how you measure up to your counterparts across the country. Do you find there isn't money coming into this province? And is our provincial government there where they should be?

Mr. Douglas Sanford: Actually, the provincial government is quite good here. The Saskatchewan Arts Board is very strong.

They're financially supportive, but they're also supportive in many other ways. So I think we're particularly lucky here. I've worked in orchestras in two other provinces, Ontario and B.C., and I didn't find they had the support in any way that the Saskatchewan Arts Board gives here.

One thing I have noticed with orchestras across the country is there seems to be—at least in terms of the federal funding—no parity, no rhyme or reason to the funding whatsoever. When the Canada Council was formed there were a number of orchestras in the country, maybe 20 in the larger cities, and there was funding put towards that. What we've seen happen, especially in the 1970s, is a huge growth in that sector, with many orchestras—as I say, now there are almost 150 orchestras in the country—and there hasn't been the money for the Canada Council to support all that. So you have a great inequity.

I can give you a personal example. The orchestra I was at previously was out in British Columbia, the Okanagan Symphony. It had gone through tremendous growth in the last decade, to the point where the budget of the orchestra was not quite as large as the Saskatoon Symphony but getting in that neighbourhood. But their funding from the Canada Council was approximately one-sixth of what we receive here in Saskatoon—the reason being the Canada Council just didn't have the money to keep up with the growth of that particular orchestra.

So I think if you look across the country, there is, as I say, no parity whatsoever. The patterns are just random, and there seems to be no logic nor sense to it at all.

Mrs. Lynne Yelich: Should it be on a per capita basis perhaps, or on a talent basis?

Mr. Douglas Sanford: I don't know. It should be on some basis, and I just feel that now it isn't. When I talk to them, I think they'd like very much to be able to—

Mrs. Lynne Yelich: I'd like to have a long discussion on that myself, because I think there is room, but I think it has to start at a very early point.

But to get everybody through, we'd better keep moving.

Mr. Sean Hoy: For the film and television arts it's a little different. Very few film and television productions receive Canada Council funding. Independent film sometimes does, on an individual basis.

What we rely on in Saskatchewan is SaskFilm, which is an arm's-length industry that is designed to help bring production to the province and foster the artists within the province. Saskatchewan has actually been booming in the film and television industry in the last three or four years, largely due to the development of our sound stage in Regina, which has enabled us to have year-round production. It has been happening these last few years.

In that sense, we're doing very well, probably with a greater share than some of the larger provinces have had. We are in a very cyclical industry, and what's happening now is that the tax credits the provinces are offering to producers coming into the province to produce film and television are rising all over the country. I think it's probably fair to guess that Saskatchewan's share of the market will get smaller as other provinces bring their tax credits up to the line that Saskatchewan's are at.

Mr. Bill Madder: On the discussion of municipal finance, I think I covered most of what I wanted to say during Mr. Holland's question. But under the federal housing policy, as I understand it—and I don't have the numbers here—you are correct. There is a significant amount of money that was available and not used, I believe, in affordable housing, and in the homeless initiatives, where there was money that was not used. We have asked for some consultations between federal and provincial ministers to try to remove some of the regulatory barriers that prevent some programs from going forward.

Of course, the Home\$ave one that I mentioned is one we would like to see go forward, and anything that can be significantly put forward to remove those barriers.... I have spoken with the provincial minister about it, and I believe there's a meeting scheduled between the housing ministers to talk about it.

One thing on productivity—I just want a final point—that you have probably seen or heard about is that the Canadian Association

had a study done by Clayton Research, which showed that for every real estate transaction in Canada there's something like \$24,000 in additional spending generated that's separate from the value of the property that's transacted.

•(1025)

Mrs. Lynne Yelich: That's probably all the legal fees.

Mr. Bill Madder: Actually, I have to say that part of it is real estate fees, and that is part of the economy, which is important. Legal fees are there, but also appliances and renovations and all those things that are generated through the transaction. This is billions of dollars into the economy each year, so obviously it's an important part of our economy.

The Chair: Thank you, Ms. Yelich.

I have a quick question, Mr. Madder, on your Home\$ave idea, seeing that we are the finance committee. I don't have any numbers. Do you have any numbers offhand, as an example, or can you send them to us?

Mr. Bill Madder: The national association brief quotes total numbers and then additional financing for the institute's community partners initiative. It's not a large amount of money for Home\$ave; again, it's a matching grant for down payments. I can get you the numbers. I don't have them here.

The Chair: If it's in the main brief, then we have it. I probably just didn't notice it last time.

Thanks to all the groups. It's tough, because of the various subject matters, but the members did a good job because they had more time.

Again, thank you for having us here in Saskatoon.

The meeting is adjourned.

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