



House of Commons  
CANADA

## Standing Committee on Finance

---

FINA • NUMBER 110 • 1st SESSION • 38th PARLIAMENT

---

EVIDENCE

**Friday, October 21, 2005**

—  
**Chair**

**Mr. Massimo Pacetti**

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

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

## Standing Committee on Finance

Friday, October 21, 2005

• (1405)

[English]

**The Acting Chair (Ms. Judy Wasylycia-Leis (Winnipeg North, NDP)):** I think we'll call this meeting to order.

Good afternoon, and welcome. You may not have heard the news: the NDP has just taken over as the Government of Canada.

**A voice:** That happened six months ago.

**The Acting Chair (Ms. Judy Wasylycia-Leis):** No, no, we displaced the Liberals—no partnership, no alliance, no coalition, we just took it over. The official opposition here is the Conservative Party and that's it. We have two parties in Parliament.

I want to apologize to everyone here for the sparse attendance by members of the committee. We are missing all the government members and the Bloc. I shouldn't be apologizing, but I certainly want to express our concern that we're not all represented for such a prestigious group of presenters with such serious messages to deliver. However, I will remind you that everything you say will be on record, and we can compile the evidence and ensure that it is heard. We will do our best to stand up for the issues and recommendations you are making.

**Mr. Steven Fletcher (Charleswood—St. James—Assiniboia, CPC):** On a point of information, Madam Chair, what recourse do we have here? For the government not to show up at a Standing Committee of Finance meeting seems scandalous. We've all made an effort to be here. I understand that there are three members of the Liberal Party here in Winnipeg who could have substituted if the other members were not able to make it.

This committee is travelling to hear Canadians' opinions, at considerable expense to the taxpayer. So this is not only embarrassing, it's disgraceful. The Liberals, in my humble view... You know, it shows arrogance. With all due respect to our guests, the Liberals have shown a great disrespect to them. If we can show up, surely they can show up. After all, that's what their job is.

Is there any recourse we can take here, Madam Chair?

**The Acting Chair (Ms. Judy Wasylycia-Leis):** I think the recourse to be taken is in our own hands, though we have an opportunity at 10:45 on Monday morning, when the committee meets for re-election of the chair of this committee. If we want to make sure that messages are sent back to the government prior to that, we can find whatever we can to raise this, politically or otherwise.

Madam Smith.

**Mrs. Joy Smith (Kildonan—St. Paul, CPC):** Thank you, Madam Chair.

I just want to add my apologies as well. We consider your presentations to be of the utmost importance. We are very honoured to be here. I flew in last night at midnight, as did the rest of us. My daughter had her wisdom teeth out today and I'm here, because what you say is very important. We know who's on the ledger. And not to be rude or anything, but it is of concern to us.

I want to thank the chair for taking over and for her comments. I think this should be brought up. All of this is done at taxpayers' expense, and certainly your time is very valuable. I know some of you personally who are making presentations today, and I don't want anything to be downplayed. We assure you that we will be listening and we will be bringing this forward.

We're not pleased that the government did not show up for this presentation today. They were here this morning; they could have been here this afternoon.

Thank you, Madam Chair.

• (1410)

**The Acting Chair (Ms. Judy Wasylycia-Leis):** Thank you.

**Mr. Steven Fletcher:** One more point, Madam Chair: you may have taken over the government, but just remember, my chair is bigger than yours.

**Voices:** Oh, oh!

**The Acting Chair (Ms. Judy Wasylycia-Leis):** Okay.

The clerk of the committee has just informed me that we should acknowledge that the flights were a problem. If the chair hadn't taken the flight he did, he wouldn't have gotten back to his riding until three in the morning. So we'll let the record show that as well.

We'll move on to the eight-minute presentations from each of our representatives. We'll start with the Voluntary and Non-Profit Sector Organization of Manitoba, with Sid Frankel and Martin Itzkow.

**Mr. Martin Itzkow (Member, Steering Committee, Voluntary and Non-Profit Sector Organization of Manitoba):** Thank you very much.

I'm Martin Itzkow. I'm a member of the steering committee for VNPSOM, the Voluntary and Non-Profit Sector Organization of Manitoba.

Thank you very much for the opportunity to address the standing committee—at least most of it.

We represent an umbrella organization recently established after five years of research, investigation, and engagement to survey the challenges of the voluntary, non-profit sector—that's 8,000 organizations in Manitoba of about 175,000 in Canada—on the challenges they face in providing the vision and activity to develop long-term, durable solutions to those challenges.

We're also a member—and I think this is very important now—of the Canadian Federation of Voluntary Sector Networks, which has actually just been formed in the last three to five years. That didn't exist before. It is comprised of 12 other local or provincial cross-sectoral umbrella organizations for the voluntary, non-profit sector, supporting the sector's organizations in all regions of Canada. So there aren't only national organizations; there are regional umbrella organizations now formed in Canada.

We're also pleased to be able to provide you with our recommendations on a variety of topic areas we think are critically important to the topic of productivity. But it's not just productivity; it's also innovation, and we see this as very strongly a part of our responsibility in terms of civil society organizations.

The first one is supporting the development of what we consider to be important, the umbrella or intermediary organizations for the voluntary, non-profit sector in various regions of Canada. We would like to see government support that in a variety of ways, but primarily enhancing...well, we'll get into the details specifically about how that will happen. I will go into the other, broad recommendations, and they get into the details.

The second one is enhancing the strategic development of skilled training to paid executive and administrative management within the sector itself. The third one is strengthening federal government departments' capacity to support funded organizations within the sector for the acquisition and retention of high-quality staff. And the fourth one is a simplification of accountability and reporting requirements of sector organizations funded by government departments and their agencies while maintaining government oversight responsibilities.

We believe that the voluntary sector initiative we've just ended established the platform to address these challenges we've just raised. It's only the platform; it has not ended.

Now, our specific recommendations are as follows.

We believe there should be a fund established of no less than \$1 million per year to support the operations of umbrella organizations located throughout the regions in Canada. We anticipate this will result in community organizations strengthened to address their long-term capacity challenges in meeting community needs and serving Canadians.

Funding should be provided to the newly formed Human Resource Council for the Voluntary/Non-profit Sector to establish managerial training programs throughout the country. We anticipate this initiative will strengthen the capacity of organizations in the following areas: managing the role of the sector in relation to other sectors, diversifying sources of funding and ensuring that funding will be sustainable, general management, technological change, and leadership and governance.

The next one is, starting with organizations with multi-year agreements with Canada, that funds be made available to ensure that salaries and benefits are sufficient to support the high-quality staff required for organizations to accomplish their missions, making these organizations attractive to the next generation of workers. We're not attractive to the next generation of workers in our sector. There are some concerns specifically around this that we will address longer-term. We anticipate that if we're able to address that, it will result in decreasing the gap in salaries and benefits between the profit and the non-profit sectors, and that would make the non-profit sector more attractive to the next generation of workers.

We recommend that accountability requirements be rationalized and simplified so organizations can expend fewer resources in meeting them. Of course, this should be done with an eye to meeting minimal requirements for government departments and their accountability measures.

Thank you very much.

• (1415)

**The Acting Chair (Ms. Judy Wasylycia-Leis):** Thank you.

Dale Kendel, Association for Community Living-Manitoba.

**Mr. Dale Kendel (Executive Director, Association for Community Living - Manitoba):** Thank you very much, Madam Chair and members.

Community Living-Manitoba is a provincial non-profit organization dedicated to the full inclusion in the community of persons who live with intellectual disabilities. We work as part of a federation of national, provincial, territorial, and local associations across Canada.

The handout material in an envelope contains an annual report of our organization and a newsletter on fetal alcohol spectrum disorder, two pieces I will comment on. They detail what we are involved with in child care, education, family support, justice and human rights issues, and fetal alcohol spectrum disorder. I'll refer you to the back page of this annual report—as we look to the future, 2015, and focus on some of the goals we believe are achievable and desirable for people with intellectual disabilities in Canada.

I use this as a backdrop. The federal government is urged to play a continuing role and a key role in shaping the future for people who live with intellectual disabilities in Canada. We always look to provincial and federal governments for leadership, financial support, innovation, and inspiration to provide stable and secure supports to individuals, to families, to caregivers who support people, and to the communities across the country who open themselves to inclusion of people with intellectual disabilities.

I have a short period of time and I'm just going to comment on three specific items today, with perhaps an opportunity for questions later.

The first is that Social Development Canada has supported the development of the community inclusion initiative with a strategic investment of \$3 million annually to national, provincial, and territorial associations for community living. We are currently in a transition year and an evaluation, and the results are absolutely amazing. They're so meaningful and they impact on so many thousands of people in Manitoba and many thousands of people across the country. The evaluation will bear this out many, many times. Our recommendation to the finance committee is to reinvest in community inclusion and in fact expand this particular fund. It really is a win-win situation.

The second area is fetal alcohol spectrum disorder, FASD. It is a Canada-wide issue for children, adults, families—that's birth, adoptive, and foster families—and community agencies and government at all levels. Health Canada and the related departments need to develop a plan and pursue with vigour four specific areas: community supports for children and adults, building a community capacity to respond to the ever-increasing demand for services for people living with FASD, supports for families as caregivers, and efforts in training, prevention, and information in communities, which need to be expanded. Our recommendation is that we invest in FASD on a departmental basis and in partnership with communities.

In the "Manitoba FASD News" in the handout, we make a recommendation to our provincial government that 3% of liquor sales be dedicated to FASD work as a specific targeted fund. It has application to provincial groups because they have the control over that particular part of revenue. We would certainly urge the federal government to figure out a way to put pressure on provincial governments to dedicate that kind of money. In Manitoba alone that would be something like \$15 million or \$16 million annually, which is a far cry from what's being spent right now.

My third and final point is about disability supports for people living with a disability. We define disability supports as any good, service, or environmental adaptation that assists persons with disabilities and their families to overcome limitations they face in carrying out daily living activities at each stage of their lives and in participating and being recognized as full citizens in the social, economic, political, and cultural life of the community.

● (1420)

This is a desirable joint venture of the federal and provincial governments in Canada. This should be encouraged as a way of making a clear and bold step in transforming disability supports and addressing the poverty of persons with disabilities and their families. We've had ample study and consultation, and it's the time to act.

Our recommendations are fourfold.

The first is to establish an early win situation with an immediate down payment in the 2006 budget, with moneys or funding targeted to flow to provinces and territories to improve disability supports. Our figure is pegged at somewhere in the \$600 million range, which would be justifiable.

Second is to increase investment at the current levels and to provide accountability, joint participation, and flexibility in cost-sharing between provinces and the federal government.

Third is to find different and innovative ways to ensure investments that can trigger change—including taking action on reports like *In Unison*—and the individualization of dollars that can follow a person.

Our last point is to go beyond the tax system and enhance program spending, as recommended by the Technical Advisory Committee on Tax Measures for Persons with Disabilities. I have their report with me, if it might be of interest to you. I have it in both French and English. It was a very comprehensive report prepared by about 12 individuals for the federal government a year ago. It was acted on in last year's budget in one form, and many of the recommendations need further action.

I'd love to talk to you more about child care and supporting children with disabilities in an inclusive manner; I'd love to talk to you about employment and supporting people to become productive and contributing members of our community; and I'd love to talk to you about people who live in institutions and the need to establish a community transitions fund to unlock people from institutions and welcome them into communities.

I congratulate the federal government on some of their initiatives and for the improvements that have occurred. We need to plan together for the next decade.

Thank you very much.

**The Acting Chair (Ms. Judy Wasylycia-Leis):** Thank you very much, Dale.

Now we have the Manitoba Child Care Association, and Karen Ohlson and Pat Wege.

**Ms. Karen Ohlson (President, Manitoba Child Care Association):** Good afternoon.

I think I speak for many of us at the table when I say it's an unfortunate choice to have such an important meeting scheduled for a Friday afternoon, when there is a conflict with constituency and other work. It's really unfortunate that we didn't have a full table present today.

Canada's children are Canada's future. Our children's early learning and care experiences will have a lifelong impact on their health, happiness, and productivity. Canada's children, regardless of family income, disability, race, or region of the country, should have access to a nationally coordinated early learning and child care system. The Manitoba Child Care Association expects the Government of Canada to continue to provide leadership and escalating funding to support the speedy development of a pan-Canadian, high-quality, universal, accessible, inclusive, and developmental early learning and child care system.

The Manitoba Child Care Association is a non-profit, membership-funded organization incorporated in 1974. Our mission is to advocate for a quality system of child care, advance early childhood education as a profession, and provide services to our members. Our 3,200 members include the boards of directors of full-time child care centres, part-time nursery schools, early childhood educators, child care assistants, licensed family child care providers, academics, and research and other organizations.

Women with children are the fastest growing portion of the Canadian workforce. According to a Statistics Canada study called *The Feminization of Work 2004*, the presence of women in the Canadian labour force soared to 71% in 2001, from just over 44% thirty years earlier. The shortage of good, safe, affordable child care is the single greatest barrier these women face in getting education and training and in finding and keeping jobs to support their families. Wage-earning women make an important contribution to the economy. Their income goes toward the purchase of goods and services and boosts consumer savings and tax payments.

There is increasing demand for skilled workers. Surveys by Canadian Manufacturers & Exporters, the Canadian Federation of Independent Business, and Statistics Canada point to an emerging pattern of skilled labour shortages. Given this trend, it makes good economic sense to invest in working people by removing barriers—such as a shortage of child care—to their participation in the workforce and training program.

The availability of early learning and child care programs lags far behind families' needs. According to a newly released report from the Childcare Resource and Research Unit, University of Toronto, 2004, there is a licensed or regulated early learning and child care space for approximately 15.5% of Canadian children aged zero to twelve years.

Canadian families support better child care services. A 2002 national study of public attitude showed that 90% of Canadians think we should have a nationally coordinated child care system, and 89% agree that quality child care is essential to Canada's prosperity.

Children require care because their parents are employed, seeking employment, in job training, under medical care, or attending counselling, parenting, or rehabilitation programs. Quality child care also provides a full range of early learning development opportunities for children and family support services for parents and guardians. While no family requires the full range of care, knowing that the appropriate service will be there when they need it means that all families and the economy will benefit. An investment in licensed child care is an investment in a healthy economy and a productive society. It gives parents the opportunity to access the jobs

and training they will need to support their families and help children learn and develop.

Over the long term, expanding child care services does in fact save the taxpayer money. A landmark study of the effects of high-quality early care and education on low-income three- and four-year-olds shows that adults now at age 40 who participated in the pre-school program in their early years have higher earnings, are more likely to hold a job, have committed fewer crimes, and are more likely to have graduated from high school. The High/Scope Perry Preschool Study documented a return to society of more than \$17 for every dollar invested in the early care and education program they attended.

• (1425)

Employers benefit when employees have good, dependable child care. Employees are more productive on the job and are less likely to be absent, late for work, leave early, or show other signs of stress caused by uncertain child care arrangements. Making child care more accessible to low-income working families costs less than maintaining them on welfare. For many two-parent families, the second income, made possible by the availability of child care, is the only thing that stands between them and poverty. When parents can't afford or find licensed child care, this may make the difference between dependence on welfare and contributing to the Canadian economy. Child care is essential to help single parents, mainly women, to get the education and training they need to succeed in today's workplace and support their families.

This government does deserve a thank you for the action taken so far, when they passed the budget in the spring. From that, in Manitoba, on April 29, 2005, Manitoba became the first province in Canada to sign an agreement in principle, *Moving Forward on Early Learning and Child Care*, with the Government of Canada that will provide \$176 million in Manitoba over a five-year period, in addition to funds already committed under the previous Multilateral Framework Agreement on Early Learning and Child Care.

Manitoba has released an action plan called *Next Steps*, indicating how federal funds will be invested.

On behalf of our 3,200 members, the Manitoba Child Care Association makes the following recommendations. The Government of Canada must continue working with the provinces and territories to create an overarching early learning and child care agreement for a national child care system that, through legislation, unites all provinces and territories in delivering high-quality, regulated early learning and child care.

The European Union recommends at least 1% of the gross domestic product be targeted to early learning and child care. For Canada, this would require an expenditure of \$10 billion annually. By 2020, federal funding should reach 1% of GDP through scheduled increases in five-year increments over the next 15 years. By 2020, the Government of Canada should provide \$10 billion annually.

Equitable funding must be provided for aboriginal child care, reflective of the needs and size of the child population of aboriginal communities.

Funds provided by the Government of Canada should be extended to include early learning and child care for children up to age 12.

The Government of Canada must tighten accountability requirements by including a clause that provinces and territories spend federal ELCC money in the not-for-profit sector. Canadian and international research proves that the non-profit model of child care generally provides higher-quality care, provides accountability in the spending of tax dollars, and better protects against international trade challenges.

A universal, comprehensive, quality system will need an infrastructure that includes national and provincial child care associations. These organizations are a critical part of the landscape of our early learning and child care system through such activities as communication, research, resource, publication, policy recommendations, professional development, certification, and accreditation.

The other recommendations are in our brief, which we provided already.

Thank you.

●(1430)

**The Acting Chair (Ms. Judy Wasylycia-Leis):** Thank you very much, Karen.

Now we have the Social Planning Council of Winnipeg, Sid Frankel.

**Mr. Sid Frankel (Member, Board of Directors, Social Planning Council of Winnipeg):** Good afternoon, and thank you very much for the opportunity to address the standing committee.

I might say parenthetically that one of the missions of the Social Planning Council of Winnipeg is to encourage and support citizens and communities to engage in the public policy process. Therefore, we're especially disappointed that the Liberal Party and the Bloc Québécois do not think that the views of those from Winnipeg and Manitoba were important enough to justify the presence of even one member of those parties at this meeting.

We were pleased to see the focus in the consultation paper on raising the living standards of Canadians. But we see the emphasis on productivity, which is really phrased as the only determinant of living standards, as being too narrow and misguided. We think that budgetary measures must reflect much more than simply lowering production costs and increasing the level of outputs, for two reasons.

First, increased productivity and increased economic growth, in and of themselves, do not guarantee an increase in the standard of

living for all Canadians. There are certain populations that we know empirically did not experience such an increase.

Second, both living standards and productivity are influenced by social conditions such as poverty and economic inequality, the quality of social capital and cohesion in society, and the quality and accessibility of public services. Inequality has been on the rise in Canada since at least the 1990s. For example, in the 1990s the gains from economic growth went largely to households with higher incomes. Statistics Canada has reported that among the 20% of households with the highest incomes, incomes rose by approximately 10% between 1990 and 2000, but they stagnated among the bottom 20% of households during this same period.

According to Campaign 2000, using Statistics Canada data, the highest-income 10% of families with children in 2002 had incomes over eleven times higher than the bottom 10%. In real dollars, between 1996 and 2002 the gap between the richest and poorest families actually widened. By 2002—the latest numbers we have available—the gap in the average incomes of the top and bottom 10% of families with children was \$171,500 on average. So economic growth, in and of itself, does not benefit lower-income Canadians. This is despite the fact that labour productivity increased between 1988 and 1995 by an average of 1.4% per year, and it was elevated between 1995 and 2000 to 1.7%. So increased productivity does not pay off for all Canadians. Other policy measures are needed.

We think that to increase living standards and productivity there has to be a focus on at least three other areas. First is decreasing the level of inequality in the distribution of income among Canadian households, including decreasing the rate and depth of poverty. Second is building social capital as well as human and physical capital, because social capital is required to both enhance economic growth and ensure that economic growth results in improved living standards. Third is restoring the quality and accessibility of public services, because we believe public services are essential to living standards.

What do we recommend? We have a long list because we think there have been many years of neglect.

●(1435)

In terms of reducing poverty, we would like to see a review of the federal personal income tax system to look at ways to increase progressiveness and fairness to therefore improve it as an instrument of redistribution in order to decrease poverty and extreme economic inequality. Our federal income tax system has become largely proportional rather than progressive, according to the analysis we present in the brief.

Second, if we're looking for tax measures, here's one that we think is a good one. Increase the national children's benefit to \$4,900 per child per year in 2005 dollars and consolidate the current child benefits into a single program. This is a program that has been very important in decreasing the depth of poverty for families with children. The problem is that the investment isn't large enough.

In terms of the labour market, we would like to see the federal government show leadership by reinstating a federal minimum wage. We think it should be set at \$10 and indexed to the growth of average hourly wages. We think the employment insurance program needs to be restored to its role of preventing poverty among Canadian workers, many of whom experience a very precarious labour market in terms of non-standard and uncertain work.

We have several concerns about the Canada social transfer. We think that financing of the transfer should be restored to an index of 1995 levels. We think it should automatically grow year over year at least at the inflation rate, because the programs it supports experience these higher costs. We would like to see the transfer reorganized into a post-secondary education transfer and a social services and social assistance transfer. We think this would improve accountability. We would like to see the Canada social transfer include goals, objectives, and standards.

Mr. Martin, in his first budget as finance minister, when he ended the Canada assistance plan, promised that he would meet with finance ministers and social service ministers throughout Canada in order to develop goals and standards. Apparently, there has not yet been a time or an occasion for that meeting, and we're concerned about it.

We wish to note that you know and we know that higher poverty rates than average are experienced by aboriginal Canadians and by recent immigrants. We think there need to be specialized measures for those populations.

On the second goal of restoring the quality and accessibility of public services, we think there needs to be a focus on the three areas of affordable housing, regulated early learning and child care, and post-secondary education.

On affordable housing, we would like to see the \$1.6 billion approved in the 2005 budget allocated and spent. We would like to see a commitment to multi-year funding for a national housing strategy that would create 25,000 affordable housing units annually over at least the next five years. We have a real deficit in the availability of affordable housing.

We would like to see the job that was begun on early learning and child care continued.

The other recommendations are in our brief.

The last thing I'll say is that we're very concerned about the accessibility of post-secondary education. We're concerned that some of the poorest children don't actually finish high school. We would like to see a fund developed to support pilot programs to enhance the graduation rates of these children, and we would like to see more use of needs-based grants for the post-secondary education of those children.

Thank you.

● (1440)

**The Acting Chair (Ms. Judy Wasylycia-Leis):** Thank you very much, Sid.

David Rolfe, from Keystone Agricultural Producers.

**Mr. David Rolfe (President, Keystone Agricultural Producers):** Thank you, Madam Chair.

I, too, would like to express my concern about the very few members of the committee around the table to hear the concerns of the primary producers of Manitoba. We have some particular concerns going into 2006.

My role, as president of Keystone Agricultural Producers, is to represent approximately 7,000 farm families across Manitoba, many of whom are experiencing some extreme financial difficulties going into this fall. There's been a combination of circumstances over the past few years that have hit Manitoba producers particularly hard. Previous to 2003, we saw the decline in commodity prices due to trade policies of other countries. In 2003, Manitoba producers were hit particularly hard when BSE struck, Manitoba being so dependent on the U.S. marketplace for cattle. Also that year we had a crippling drought in Manitoba that caused some further concern. The year 2004 was supposed to be a turnaround year. It turned out to be anything but. We had a frost on August 20, 2004, that downgraded most of the crop in western Canada. There were also harvest concerns in Manitoba—it was a very difficult harvest period—and that caused financial stress too, along with the collapse in commodity prices that we saw in 2004.

Everyone was expecting 2005 to be a turnaround year. It turned out to be anything but. It was a very difficult circumstance in most of the province—1.5 million acres did not get seeded in Manitoba. That was unprecedented. The rest of the province suffered some severe damage to the crops that were planted, and most areas received significant damage. Combining unseeded acres and storm damage, probably in excess of three million acres in total were lost in Manitoba. That's almost unprecedented. That's one-third of the crop area in Manitoba that did not receive any revenue or any income.

The farming situation due to the compound effect of those three years is significant. There was a meeting held in Brandon yesterday, where many, many producers expressed their concern about their inability to carry on in business, and the situation is getting dire. We have safety net programs in Canada for the agricultural community that simply do not work. There are simply too many problems with those programs. They are not responsive and they are not adequate.

Most of the circumstances that producers face are totally beyond their control—weather, international trade and other situations, and more recently, the energy spike we've seen that affects agricultural producers probably more than any other industry.



We're a unique industry. We have no ability to recover increased costs. We're simply at the mercy of the marketplace, and I'll get into that a little bit later. The question arises, what is needed? What can the government do?

Previously, and earlier this year, the federal government recognized the need within the industry, and this was as a direct result of 2004. They did come forward with a \$1 billion transition payment. The situation has only gotten worse within the farming community since then, and I would hope the federal government, again, particularly Minister Goodale, would recognize the need for additional help for the industry. There is need again for a transition payment until we can have a safety net program that adequately and responsibly meets the needs of producers.

Increases in energy costs this fall have been a particularly hard burden for producers to adapt to. They happened right at harvest time—peak fuel-usage time—and significant costs have been incurred to take a crop off that sometimes has not even been worth it. We've seen a collapse in commodity prices again going into this fall, and our ability to recover any increased harvest costs or any increased heating costs for livestock barns or horticultural operations or vegetable operations this winter will almost be non-existent. Some of the concerns of other sectors of society over rising fuel bills this winter have been addressed. We would request that the federal government take into account agriculture's specific inability to recover costs and come forward with some assistance for producers going into this winter.

• (1445)

We continue to pay the federal excise tax on farm fuels, on purple gasoline and purple diesel. There is, I believe, 4¢ federal excise tax on diesel fuel and 10¢ on gasoline. That is certainly something that the federal government could do immediately to help with reducing fuel costs for agriculture.

In the longer term, we have to look at issues that could generate additional revenue streams for agriculture. It's becoming very apparent that being producers of bulk commodities is simply not meeting the need; we are not generating enough return from the marketplace to make ends meet. We have to look at and explore other options. In other countries, such as the U.S. in particular, which has a conservation reserve program that compensates producers for things they do for society and the environment... We have the potential for a similar program in Manitoba with the ALUS concept—alternative land use services—that if used or put in place in policy would compensate producers for the benefits they produce for society: cleaner water, cleaner air, more biodiversity, more natural habitat. We need to look at these types of programs, whose buzzwords are “ecological goods and services”. We need to look at those to generate additional revenue streams back into agriculture.

There are a number of issues that have been imposed on us by different levels of government from time to time and that could be removed at the stroke of a pen. For example, CFIA, the Canadian Food Inspection Agency, has a whole range of inspection fees that apply to agriculture. They have a cost-recovery program in place on those fees, which could be removed simply by the stroke of a pen. That would provide some relief to some sectors of the industry.

We need more dollars allocated to public research in our industry. There have been some estimates done that for every dollar spent on public research on alternative crops, or on additional crops and other opportunities for the industry, there is a 20 to 1 return on that investment. I would hope the federal government would see the need to increase the budget for public research into different crops and different opportunities for our agricultural sector.

We need to have a different approach under business risk management. The programs we currently have simply do not meet the need; they are not responsive and do not give producers an adequate safety net. I will remind you again that we have no ability to pass on costs, as we have no control over the weather and no control over the international marketplace; we're simply at the mercy of the market. The federal government has the responsibility to support its producers. If it does not, then we need to think through those consequences, some of which we're beginning to see in rural Manitoba.

We need to explore the tax treatment of intergenerational transfers. As we move from one generation to the next in agriculture, the farm has to be refinanced every time, putting each successive generation further into debt and further struggling to make ends meet. It puts us into a very uncompetitive situation when we have to deal in an international marketplace. We need to look at tax legislation to see how that can possibly be addressed.

We need more interdepartmental consultation. Agriculture is affected by numerous federal government departments. We have Agriculture and Agri-Food Canada, we have Environment Canada, we have Natural Resources Canada, and we have Health Canada. All those departments seem to be operating in silos and doing their own thing when it comes to agriculture, imposing legislation and regulation on an industry. There's very little consultation between pillars, which end up duplicating expenses for agriculture. The federal government could go a long way toward simplifying and streamlining the process and putting synergies in place, which would not only help agriculture but help other sectors of society too.

Parliamentary Secretary Wayne Easter recently embarked on a countrywide tour to examine the problems within agriculture, and he's put a report on the table, which I certainly hope the federal government will take a real serious look at and employ some of the measures recommended in it.

The WTO is an issue that is ongoing and very current, and we hope the federal government will respect the producers of Canada's choice of their own marketing systems and their own environment. We certainly hope that supply-managed industries and their marketing systems, and the Wheat Board, will be respected and that sufficient protection will be given to those industries under the WTO negotiations.

•(1450)

The Competition Bureau has to be more aggressive and protect the interests of producers, not only on the input side but on the processing side as well. It seems that all too often we're at the mercy of the marketplace on both sides of the equation—on both inputs and the products we sell.

The taxation system needs to be examined to see if changes can be made to encourage more investment within the industry, for example, new-generation co-ops, and similar things that producers can do to help themselves.

Just to conclude—and I appreciate that you've given me a little bit of extra time—we need to look at agriculture through a very broad lens. All too often agriculture is looked at through blinkers. It's seen as being just a bunch of farmers out there doing what they do on the land, but nothing could be further from the truth. Everything is based on agriculture. Everything starts with food production. If you don't have food production, if you don't have a vibrant rural economy, then you can't have anything else. All too often governments focus on high-tech and silicone-valley types of approaches, but let me assure you, a hard drive wouldn't be very comfortable to eat.

Thank you.

**The Acting Chair (Ms. Judy Wasylcia-Leis):** Thank you, David. If you could leave your notes with us or give us a copy of your report, that would be great, and we'll circulate it to other members.

**Mr. David Rolfe:** I won't leave you this copy, but I'll make sure you get a copy of my speaking notes.

Thank you.

**The Acting Chair (Ms. Judy Wasylcia-Leis):** Thank you.

Now from the University of Manitoba is the president, Emöke Szathmáry, and Joanne Keselman.

**Dr. Emöke Szathmáry (President and Vice Chancellor, University of Manitoba):** Dr. Keselman is the vice-president of research at my university.

Thank you very much for the invitation to appear before you today. I'm delighted that the representatives of the NDP and the Conservatives are here. I wish the Liberals and the Bloc Québécois could also hear what we have to say. I understand Dr. Axworthy spoke on behalf of the University of Winnipeg this morning, and everybody heard him. His university has maybe 10,000 students and mine has 28,500. Our faculties range all the way from agriculture through medicine, dentistry, pharmacy, and a pile of others, so our situation is really very different, but I hope you will in fact carry the message to all members of the committee.

I do want to thank the federal government in particular for recognizing, however, the important role that innovation plays in Canada. I think this has to be said. The federal government's increased financial investment in university research has shown that Canada is serious in committing itself to ensuring that its research institutions remain internationally competitive and continue to conduct cutting-edge research. Such efforts, I believe, are making a difference, and there is evidence to that effect also.

Our university happens to be the largest post-secondary educational institution in Manitoba, and it has a dual mandate of providing its students with an exceptional education and serving as the province's research engine. In fact, we are in what is called the \$100 Million Club in terms of research money that comes into the province. I'd like to refer everyone on the committee to the distributed materials for more information about the University of Manitoba.

I have three sections that I really would want to address most, but I'll begin with commenting on productivity growth and investments in physical and human capital. In today's society, post-secondary education and research institutions do have a key role in the country's social and economic future. These universities enhance productivity growth in Canada through investments in physical infrastructure and human capital. The University of Manitoba fully endorses the submissions from the Association of Universities and Colleges of Canada to the federal government regarding the strengthening of post-secondary education and research in our country.

Notably, the university supports the AUCC proposals for ensuring that the federal government make the necessary investments for Canadian universities to have the capacity to offer high-quality education to growing numbers of students.

Secondly, we support that it increase its investments in the direct costs of research through granting agencies, the full funding of indirect costs, which the universities incur in order to support such research, and increase the competitive levels of university research infrastructure.

The third element is that the federal government increase investments in encouraging more undergraduates to pursue advanced education.

Four, it should increase provision for financial support to graduate students.

Five, invest in student financial aid targeted towards aboriginal students and provide funding to universities for outreach and support services to assist these individuals and those from underrepresented immigrant groups.

Finally, we recommend that the federal government create a separate federal-provincial fund for post-secondary education through which funding is provided for universities to build and renew university infrastructure.

Because I have only a few minutes to speak today, I've chosen to focus on only a few of the issues that are addressed in the University of Manitoba's written submission. One of these that I wanted to speak to specifically is what I call the Manitoba-Saskatchewan innovation fund. As you know, Manitoba and Saskatchewan have smaller corporate communities and corporate bases than their more affluent neighbours, east and west. Due to this economic dichotomy, Manitoba and Saskatchewan universities are less able to maximize their usage of the federal foundations that support research. For example, because of the limited availability of partnership opportunities in funding in this province, the University of Manitoba is very often required to restrict the scale of projects it submits to the Canada Foundation for Innovation. While the University of Manitoba is relatively successful in the number of CFI applications that are funded—in fact, we do better than the national average—these tend to be smaller in dollar value than is often the case elsewhere.

• (1455)

The university, therefore, recommends that the Government of Canada establish a Manitoba-Saskatchewan innovation fund for innovation and research capacity building similar to the Atlantic innovation fund administered by the Atlantic Canada Opportunities Agency.

The Manitoba-Saskatchewan innovation fund would assist in offsetting matching fund requirements as well as strengthen the university's research infrastructure and capacity. Such a fund would certainly help build the economy in the two provinces. It would increase the region's capacity to carry out leading-edge research and development, and of course, because these build on each other, such research and development would not only directly contribute to the development of new technology-based economic activity in the region but also lead to the launch of new ideas, products, processes, and services.

Another element that I want to focus on in our written brief is investment in human capital. Given that university education is the surest way to develop human capital for individual and social benefit, the University of Manitoba believes that all who have the potential to succeed in post-secondary education should have access to it. But it's worth saying that access is more than just entry. There are a whole lot of other things that have to be provided once the students enter.

The University of Manitoba cannot stress enough the importance of aboriginal peoples to our province's future. In that regard, the University of Manitoba prides itself on being an institution of choice for students of aboriginal ancestry. In fact, most of our aboriginal students enter the university through the conventional route, with high school marks that qualify them for entry. But for almost three decades, the University of Manitoba has kept the door open to students who might enter through another route, through what we call our access programs. Such programs are designed for people who do not meet normal entry requirements but who have the capacity and the desire to learn, including people of aboriginal descent, refugees, and those from remote locations.

The university's access programs are designed to help such students overcome the cultural, social, and economic barriers that

have prevented so many from pursuing higher education—I note—without reducing standards for degree completion and with no stigmatization of the individuals who use that route to progress through the university. As a measure of success of these access programs, I'll just give you a few examples.

The University of Manitoba has graduated one-third of all professional engineers of aboriginal descent in Canada. There are about 150 of them, and our numbers now exceed 50 professional engineers. We've graduated 27 aboriginal physicians, which I believe is the single largest number of any Canadian university; more than two dozen lawyers of aboriginal ancestry; almost half of all aboriginal dentists; over 300 aboriginal social workers; and many more professionals with other kinds of professional degrees.

Access programs really provide the opportunity for the university and governments to work together to ensure better access to post-secondary education for all Canadians without forgetting that special supports are required after entry. Yet despite—and I say despite—commitments to access, direct federal funding has been scarce.

The University of Manitoba programs, for example, were profoundly affected by the discontinuation of direct federal funding in the mid-1990s. Currently the University of Manitoba receives financial support from the Manitoba government only, and that covers 40% of the costs for 64 high-need students. While some aboriginal students are able to apply for other sources of funding, through their band councils, for example, others are not. With over 400 students enrolled in access programming, demand far outstrips the supply, and the University of Manitoba would very much like to see the federal government renew its direct funding for access programming.

The University of Manitoba has awarded undergraduate degrees to numerous aboriginal students, but there's great need and requirement for these individuals to pursue graduate degrees. We have a whole pool of people who already have undergraduate degrees. So we are actively recruiting and encouraging undergraduates of aboriginal descent to pursue graduate education. We believe the federal government should fund and develop programming such as a dedicated aboriginal graduate scholarship designed to encourage successful aboriginal people with undergraduate degrees to continue on to advanced degrees.

In conclusion, Madam Chair, I thank you for the opportunity to appear before you today, and I certainly welcome any questions your committee might have.

• (1500)

**The Acting Chair (Ms. Judy Wasylcyia-Leis):** I thank all of you very much for very detailed and comprehensive briefs.

We have half an hour to have some dialogue, so I'm going to be a fairly relaxed chair about this. I think we could do some back and forth for a change. I'm going to start with Joy, and then I'll just see how the time goes. I might jump in, and I'll make sure Steven gets a chance. We'll all get a fair share at this. But I'd also like you to respond to anything you might like to comment on as well.

Okay, Joy.

**Mrs. Joy Smith:** Thank you, Madam Chair.

Listening to you today has been very inspiring. You're leaders in our Manitoba community, and we all want to thank you so much for your input today.

I'll start off with Emőke Szathmáry and Joanne Keselman.

I have two daughters who are attending your university right now, one in first year and one in third year. There are many challenges that I can see that are out there with the large classes and the need for more professors, but what a fine university. I believe it's the best one in the country. We've done so well to have this here in Manitoba. You both are to be commended for your work there. We thank you so much for that.

Having said that, I'm very interested in what you're saying about these access programs. In the province of Manitoba we have a large number of aboriginal...in fact, I think one in four or one in five people in the Manitoba workforce within the next three years will be aboriginal. I'll double-check my statistics, but it's very close to that. Having said that, I know the potential that is there.

When you use words like the potential that these people are trying to reach and that everyone is trying to reach, it is all good. It's going to generate jobs, it's going to build our economy, and it's going to use our best minds and our best talent.

Do you mind spending a bit more time talking about what can be accomplished? I think this is something members on all sides of the House should get behind to accomplish here in the province of Manitoba because of our high aboriginal population.

**Dr. Emőke Szathmáry:** If I may, I certainly would be pleased to.

I think it's very important to remember that our university has not gotten into a nationally known fiasco such as Queen's University did last year, when Queen's announced a lowering of standards in order to admit aboriginal people. That feeds into a negative stereotype that is not warranted, because good minds exist in all sectors of humanity. It's just that some people have greater ability to be able to enter university than others for financial and other reasons.

In fact, the University of Manitoba has a suite of access programs based on this premise that there are good minds in all sectors of humanity. The provincial government funds only the aboriginal portion, but from our operating budget, we also put money into our suite of access programs so that refugees, people of low socioeconomic circumstance and coming from remote locations, for example, could also enter through the access route.

How do we do it? Once we know—because individuals have been identified by people who know them—that they have the capacity to succeed, we will admit them but test them at the same time, to see what their deficiencies might be in literacy and numeracy. If they

require upgrading, they are provided with that upgrading and then they are permitted to take their first university-level course. They take that with all other students, so there's absolutely no way to tell them apart from the others who come in from the conventional route, some of whom are aboriginal. You can't tell them apart.

If they're successful with that first course, then they're permitted to take more courses, so that on graduation they meet exactly the same standard as anybody else. It just takes them a little longer. Because we pay attention to access as being more than just entry, we actually provide a physical space, councillors, etc., so that the students can form a little community within. The councillors are there to help those who require that kind of help—for example, to find places to live; to look after their children; to use an ATM machine, which you may not know how to do if you come from a remote location; how the bus system works, etc.

Quite frankly, I think our access students actually have the best of university education, because they are in fact provided with a community where they can learn and where everybody is oriented toward learning. I wish we could do that for all of our students.

• (1505)

**Mrs. Joy Smith:** Earlier today, you would have been very interested in hearing some of the presentations made here, because members all across this panel today have talked about poverty. We're so concerned right now about the level of poverty that happens not only in our city but on reserves as well.

In one thing that came up this morning, one presenter said a lot of aboriginal children outside of the city didn't want to leave where they were living because they were familiar with it and they didn't know what they wanted to do when they finished grade 12. As they were talking this morning, I was thinking of this access program. I was wondering if there is any outreach for students, aboriginal or otherwise, in remote areas, such that they can be given the opportunity to understand and know what's available, so that they won't be fearful about trying this approach.

**Dr. Emőke Szathmáry:** We do carry out surveys, for example, and we have two aboriginal recruitment officers who go to communities, and in fact, I know how they operate, because I went to Cross Lake with one of them just to see how they operate.

I think Mr. Fletcher may have actually been UMSU president when UMSU led an initiative to go out to Peguis to actually talk, I think in that instance, to grade 10 students. One of the messages we consistently deliver is that you don't have to make a choice when you're 17 or 18 about what program you might want to take for study.

We have a common first year, which is in fact designed so that students can choose where they want to end up. It was designed specifically so that they don't spend the money and then drop out at the end of the year because they're not happy and they don't do well.

Students can choose their programs of study after a common first year without increasing the length of their education, and I believe the aboriginal students in grade 12, because that's where we target, in fact are aware of it.

**The Acting Chair (Ms. Judy Wasylycia-Leis):** Thank you.

I think we'll go to Steven now for about seven minutes, and then I'll take a run at it.

**Mr. Steven Fletcher:** I want to get some questions to the Association for Community Living and the Manitoba Child Care Association, but first I have to ask the University of Manitoba another question.

First of all, Dr. Szathmáry, under your presidency, the University of Manitoba has really done extremely well in all areas. Your presidency has been a huge success for the university and for Manitoba and Canada. As a graduate, I'm tempted to ask you why the University of Manitoba is the best university, not in Canada, but in the universe, but I will refrain from that.

**Dr. Emőke Szathmáry:** We have a lot of bright students.

**Mr. Steven Fletcher:** But I will ask you a serious question. We had the federation of students in earlier today and the current UMSU president. There are a lot of ironies in what they said. On one hand, they were saying what a great thing the tuition freeze was and that tuition should be, if anything, reduced.

But on the other hand, the students, including UMSU, have raised their fees, even since the time I was there, by I think two or three times the amount they were at the turn of the century five years ago. I find that contradictory and sort of hypocritical of the student movement, and I'm interested in what you have to say about that and also about the tuition freeze.

I have one more point. You talked about the role the federal government can play in education, and education is the responsibility of the provinces to deliver. We have a provincial government that has a tuition freeze that's causing, in my view, a lot of problems in the universities. If the federal government is going to give money to the provinces, I think the federal government needs to know that the provinces are going to use the money in a way that is responsible and isn't going to do things like open up a sixth university when the province can't afford to operate the five universities it already has.

I wonder if you have any comments on that.

• (1510)

**Dr. Emőke Szathmáry:** Well, the good thing is that the province does not operate the five universities that exist. In fact, we all have our independent university—

**Mr. Steven Fletcher:** But the funding comes from them.

**Dr. Emőke Szathmáry:** A significant portion of the funding does come from the province, and there is a voluntary tuition freeze. There is no legislation in the province that says the fees shall be frozen. They could pass an omnibus bill, but they have not. They've left it up to the individual boards. I guess presidents exist in order to

negotiate that terrain and advise their boards on what would be the optimum strategy to keep the university afloat.

I think it needs to be said, for the sake of this committee, that different jurisdictions have different rules. In Manitoba, balanced budget legislation prevails and the university must come in on budget; we cannot run a deficit. This has been true for 27 years. I know, having come here from McMaster, that in Ontario there are universities with significant deficits, and there are even greater ones in the province of Quebec.

• (1515)

**Mr. Steven Fletcher:** U of W had a deficit for years.

**Dr. Emőke Szathmáry:** I think we had a deficit once 27 years ago, but we have never had one since then. Some argue that if you don't run a deficit the province will never see, but fortunately we've not tested that, in large measure because our boards are the ones that ultimately have to bear responsibility in this regard. We are prudent and efficient, but it does limit what we can do.

There is a movement among the current student leadership at the university to join the Canadian Federation of Students. They pulled out of the alternate, the Canadian Alliance of Student Associations, last year. What distresses me about this is that on one hand they are in great opposition to any kind of fee increase at the university, whether it's tuition, ancillary, or whatever, but at the same time—as Mr. Fletcher has noted—they have increased fees the university collects on their behalf. That has to be known.

A recent Statistics Canada report about how much fees have gone up at universities over the last five years, for example, is entirely explainable in the case of the University of Manitoba as being fees we collect on behalf of students, whether it's student health fees, student organization fees, or voluntary donations that faculties and schools want to direct to assist their own units in terms of what they offer to students. These are voted upon in referenda by students.

On what disturbs me about the move to CFS, because of what I know about these two student organizations, I do not see what material gain our students as a whole will get out of the move to CFS. For them to join that organization will cost the Manitoba students union \$300,000 more per year, which is at minimum \$5.65 per student per term. Of course, they're opposing any kind of fee increase in ancillary fees or whatever. If I were an economist I'd laugh about it. I'd say they were strictly operating as very shrewd economists: maximize personal gain for minimum cost. That's really what it is.

In terms of the province causing problems, you may have different information than I do, Mr. Fletcher, but to my knowledge Premier Doer has in fact been speaking with the federal government, through the Council of the Federation, urging an increased post-secondary education transfer. I think that is absolutely critical for universities in all jurisdictions, but it's certainly important in Manitoba, where our tuition fees are frozen at the 1999 level. In fact, students pay 10% less than the 1999 level of fees. I believe we are second lowest in the country. We're vying with Memorial University, because of course Quebec's universities have a fee structure whereby I think it costs \$1,600 per year for art students who are domestic to the province of Quebec, slightly higher for students who are out of province, and higher yet for students who are international.

So we do a lot with a minimum, and it's getting increasingly harder to keep our noses above water.

**Mr. Steven Fletcher:** The province needs to act responsibly, and students have to pay their fair share, in my view.

**The Acting Chair (Ms. Judy Wasylycia-Leis):** Steven, you have one minute left for this round.

**Mr. Steven Fletcher:** Thank you, Madam Chair.

To the Manitoba Child Care Association, this is obviously a very important issue. It's an issue that's going to be high on people's agenda in the upcoming election. Not everyone wants to send their kids to day care. They demand choice in child care options, and it doesn't seem that the current arrangement with the province allows choice or financial incentives to do anything other than go to a licensed child care facility.

I wonder if you have comments on that, and also comments about children with special needs. I understand the agreement doesn't deal with children with special needs either.

**Ms. Pat Wege (Executive Director, Manitoba Child Care Association):** Thank you.

First of all, Mr. Fletcher, you really need to understand that most parents don't have a choice right now at all. There isn't enough regulated child care anywhere in this province, either in the city of Winnipeg or in the north, east, or west. If we're really talking about choice, what we should be doing is developing a child care system right across Manitoba, so no matter where a child lived, a parent could have access to early learning and child care, either full-time or part-time. That would provide choice.

**Mr. Steven Fletcher:** They won't have a choice for institutional child care when they live in rural areas. There aren't day cares in remote areas.

**Ms. Pat Wege:** But you know what? Different kinds of models of early learning and child care programs can be implemented, such as small programs in small communities or large programs in larger communities. And child care really isn't institutional in the way you're talking about it. I think I would like to take you on a tour of child care programs so that you could see that these are warm, caring, bright, colourful, and nurturing programs. "Institutional" is not quite the way my community would see itself.

**The Acting Chair (Ms. Judy Wasylycia-Leis):** That's exactly the topic I would like to address. We fought for 20 to 30 years for a national child care program, and the Manitoba Child Care

Association has been at the forefront of that fight. But just at the moment when we seem to be making some progress, we're getting considerable opposition from the Conservatives and some of the organizations out in our communities about this important program.

I want to give both Pat and Karen a chance to be able to show how in fact this is about choice, but first I want to say to Steven that as a parent who depended on the child care system, if it weren't for non-profit child care centres in Manitoba I wouldn't have had a choice. And many parents are left without that choice. I have a son, Nick, with a disability, and he had the most incredible experience going through the child care system with a non-profit centre that was prepared to integrate him, to give him special services, to work with the medical community, and to do the best we could together. I'm very grateful for that.

I think it's important for the two of you to just talk a bit about that, but also to remember that when we're talking about the child care program, we're talking about something to address the needs of working women particularly. This isn't meant to deal with all parents and all families in the entire Canadian community. We're dealing with the fact that we have over 3 million children under the age of 12 whose mothers are in the paid workforce. They are the ones who are looking for choice, and they are the ones who want to have safe, protected, non-profit, quality child care spaces. In fact, those women contribute \$53 billion annually to Canada's GDP. So it's not like we're talking about some fringe group and non-participating members of the economy.

At any rate, my question is to Pat and Karen. I still have my time going on this. Then I'd like to ask a broad question to the rest of the panel.

• (1520)

**Ms. Pat Wege:** Mr. Fletcher, your party has been citing a research statistic that most parents would prefer a parent to stay home. And you know what? Yes, 100% of parents would say, absolutely, I would rather stay home. But the reality of today's families is that this is not possible for most of them. So I think you need to look at some research other than that.

Right now the biggest problem in our country is that, in finding good-quality, reliable, affordable child care, choice is not the word here; it's luck. Parents who find good child care say, over and over, "I was lucky". Well, you know what? Good-quality child care should be more than a matter of luck. I think we are sadly neglecting the needs of our kids and families unless we realize that people need spaces—*spaces*; that's what you should be looking at.

**Mr. Steven Fletcher:** Since you—

**The Acting Chair (Ms. Judy Wasylycia-Leis):** Sorry, Steven, no.

**Mr. Steven Fletcher:** On a point of order, Judy, she directed the comment to me.

**The Acting Chair (Ms. Judy Wasylycia-Leis):** There's no point of order here. We are going to finish my time. This is my time, my eight minutes.

I have another question for all of the participants. We are talking about a pretty broad theme—productivity—that sometimes can be used and distorted to feed a certain perspective and fuel a certain agenda that doesn't always allow for investments in the areas you're talking about. So I want to raise with you this notion of productivity—since that's what the government is focused on right now—and how we can go back with a report that presents productivity in terms of the need for a balanced approach vis-à-vis tax cuts, debt reduction, and investments, with an indication of productivity meaning something more than inputs and outputs and production of widgets, but in fact something about our whole society.

Otherwise, I think we're going to lose the battle. You already hear the news today about tax cuts and see, blaring across the front of the *Globe and Mail*, news about debt reduction. I'm afraid we might lose the importance of investing in education, in housing, in agriculture, in people with disabilities, in dealing with poverty and child care.

Perhaps we could have a quick run-through from you, Sid, in terms of the macro here.

Then we'll have another round, Steven.

**Mr. Sid Frankel:** Well, I think we've had several wonderful examples. For example, we had a report earlier this week—I think two days ago—from the Conference Board of Canada about productivity. What countries had the largest productivity growth? The Nordic countries.

A few weeks before that we heard from the World Economic Forum, hardly a left-leaning group, again saying that the country with the most competitive economy in the world is Finland. The other Nordic countries are all in the top 10. When we look at those countries, we see a particular pattern. We see high investment in public services, which requires relatively high tax rates, we see low levels of poverty—for example, all the Nordic countries have child poverty rates of less than 3.5%, which is very important—and we see high productivity and economic competitiveness.

So I would quote the chief economist of the World Economic Forum: “What is important is how well government revenues are spent, rather than the tax burden, per se.”

Thanks.

**The Acting Chair (Ms. Judy Wasylycia-Leis):** Martin.

**Mr. Martin Itzkow:** It's interesting. We're non-profits at this table—including the university, and I guess Keystone, which is a non-profit organization—and that's important.

The conversation on productivity and innovation, really, in my sense, is a value conversation. We're finally going to have to recognize that the non-profit sector of Canada is an economic sector. It is heavily engaged in productivity, but also innovation. We're not just talking about the satellite account that just identified \$62 billion worth of goods and services. We are engaged in this. We are not the

state, we are not the market, but we are the community. I think we are contributors to that; we're not consumers of that. We can then talk about all the other elements, but from a position of value, I think we clearly have to be recognized as contributors to productivity and innovation in Canada.

That's a quick statement.

• (1525)

**The Acting Chair (Ms. Judy Wasylycia-Leis):** Thank you.

I've got one minute and 10 seconds left in my round, so Dale and David and Emöke, would you like to quickly add something?

**Mr. Dale Kendel:** Sure. I have two quick points.

Keeping people in institutions across this country—and there are over 10,000 people with intellectual disabilities in the institutions—is a non-productive, non-starter kind of thing if we really believe that people are full citizens and need supports to contribute to their communities.

Number two, last year when I appeared before this committee I focused on employment issues and the fact that over 50% of people with intellectual disabilities who aren't given the support to participate in the economic parts of our economy by being even expected to work is a travesty.

**The Acting Chair (Ms. Judy Wasylycia-Leis):** David.

**Mr. David Rolfe:** Certainly, my industry is moving towards a non-profit organization very, very quickly.

Agriculture is one of the most productive and one of the most efficient industries in Canada, even though it's not recognized as such. We've made some of the most productivity gains of any industry out there.

However, agriculture is a base for 1 in 10 jobs in Manitoba, and the number is significantly greater in other parts of Canada. We have to stop looking at agriculture through a very narrow lens. I mentioned that earlier. As you look at all the jobs that are actually dependent on agriculture, whether they're processing, whether they're distribution, whether they're retail, whether they're manufacturing, it's a very broad, encompassing industry that starts from a very narrow focus. We have to realize that. But it's also the social fabric of Canada. Rural Canada is the social fabric, and we have to find some way to protect that social fabric.

Thank you.

**The Acting Chair (Ms. Judy Wasylycia-Leis):** Emöke.

**Dr. Emőke Szathmáry:** I wonder how they'd measure input and output with reference to students. It's not quite like a garment factory. The collar of the shirt doesn't say, "Oh, I've got to hop off the assembly line because I've got to take a year to find myself". You do find students taking time out for whatever reasons, whether it's because they want to explore, or simply that they have the necessity to work, or because of family responsibilities.

The federal government, the provincial government, even municipal governments, have innovation agendas. If universities are not adequately funded, then in fact they cannot deliver on the innovation agenda that really is going to move us towards the new global economy. Professors are mandated to teach as part of their assigned duties, and at the same time they are also required to undertake research. Investment in universities is really what this transfer from Ottawa ought to consider, both for the sake of producing the educated, informed electorate, on which our way of life depends, as well as that research function, which really is the innovation agenda at all levels of government.

**The Acting Chair (Ms. Judy Wasylycia-Leis):** Thanks.

We have five minutes left. I'll let Joy and Steven split the time.

Joy, two and a half minutes.

**Mrs. Joy Smith:** Thank you.

I want to make a comment about day care. I was listening to the conversation as well, and I think something has been misunderstood or misconstrued.

I'm a mother of six children, and I used day care all my life. I taught school for 22 years. I can tell you—I've talked about this at length with the leader of our party and I've listened to the comments in the House of Commons on all sides of the House—day care is very important. The spaces have to be there. The supports have to be there for single moms. I know myself—I was a single mom for seven years. There are things that have to be put in place.

The other thing is choice. There has to be an extension to that, where parents do have choice. That's when we talk about giving tax breaks and things like that, so parents can make a choice. Do they want to send their children to day care? Do they want grandma to take care of them, or whatever happens? The fact is most parents are working now; there are usually two parents working.

I think in this economy, government on all sides of the House is looking at how to accommodate all things right now, because it's inadequate. It's more than inadequate, it's not meeting the needs. It's a shame it got into a debate today, because to me it's not a debate; it's a necessity.

**The Acting Chair (Ms. Judy Wasylycia-Leis):** Pat, did you want to respond at all?

**Ms. Pat Wege:** Thank you, Joy, because your comments are up with 2005 standards and not back in 1960. Perhaps you can spend

some time working with your party to help them understand that a tax cut won't create one new child care space anywhere in Canada and it's not a substitute for an early learning and child care program.

• (1530)

**The Acting Chair (Ms. Judy Wasylycia-Leis):** You have two and a half minutes, Steven.

**Mr. Steven Fletcher:** To the Child Care Association, the point I am trying to make is that the best people to raise our children are mom and dad, period. They may need help, and child care may be one way of doing it. There may be family members or private child care providers as well. Creating a funding arrangement that empowers parents to make the best choices for their children is, in my personal view, the way to go, not focusing money on just one specific sector of the economy.

In part, the reason I believe this is it actually comes to community living. I am a big proponent of community living. I think we need to move away from government-run institutions of the past to people living in the community. We have a situation in Portage, Manitoba, where the provincial government is focusing money on an institution, mostly going to unionized employment—which is a model of the 1950s and 1960s—and preventing people from living in the community. The money from the provincial government, in my view, would be much better utilized by focusing on individuals so they can make the choice of where they want to live, how they want to live, to have a quality life.

I'd like Mr. Kendel perhaps to comment from his perspective on what I just said. Do you support the institutional living that occurs in Portage, or would you rather see the moneys more directed at the individuals themselves rather than the unions that seem to be pushing that institution?

**Mr. Dale Kendel:** We think the long-term future for people who live with intellectual disabilities is in the community. We have vigorously opposed the provincial government's \$40 million reinvestment plan, and we will continue to vigorously oppose it. Contrast that with the Ontario government's coming out roughly at the same time with the statement that they would invest \$110 million in community service development, and the closure of three institutions, and the record of the NDP government in this province, which already closed an institution. We're flabbergasted. It's an absolute contradiction of policy and values.

**Mr. Steven Fletcher:** I agree with you.

**The Acting Chair (Ms. Judy Wasylycia-Leis):** That brings our session to a close.

I would like to thank everyone for your presentations and for allowing the three of us to have a dialogue of sorts with you. We'll make sure all of your briefs are taken back with us.

Thank you very, very much. Please keep in touch.









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

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

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

---

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

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