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Mr. Brian Pallister

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• (0900)

[English]

The Chair (Mr. Brian Pallister (Portage—Lisgar, CPC)): Ladies and gentlemen, I invite our witnesses to take their seats and to avoid contact at all times with the committee members.

Voices: Oh, oh!

The Chair: Get comfortable, committee members, and good morning. Here we go again, and it's going to be good.

We're looking forward to your presentations this morning.

As you know, we are the Standing Committee on Finance. We've been charged with the responsibility of receiving input and preparing a report to the finance minister for the upcoming budget.

We have asked you to keep your presentations to five minutes, and I will hold you to that. I will give you an indication when you have one minute or less remaining. Of course, it's to leave time for the exchange and sharing of views and questions after that.

We will begin this morning with a representative from the Canadian Booksellers Association, Steve Budnarchuk.

Welcome, Steve. You have five minutes.

Mr. Steve Budnarchuk (Canadian Booksellers Association): Mr. Pallister and distinguished members of the finance committee, good morning.

My name is Steve Budnarchuk, and I am the president of the Canadian Booksellers Association, also known as the CBA. I'm also here before the committee as a long-time member of the organization and as the owner and operator of Audrey's Books, in Edmonton, a local bookstore.

The Canadian Booksellers Association is a national trade organization representing close to 1,000 bookstores from coast to coast. Active members include general trade, campus, chain, specialty, used, and antiquarian booksellers.

As the committee decides how to allocate the next federal budget, we ask that you consider the important role that Canadian booksellers play within the scope of local communities and for Canada's economic health as a whole.

Before I begin, I would like each of you to reflect on your role as a parent, a teacher, or perhaps the owner of a business and evaluate how influential reading and culture has been for your personal development and for the development of your community.

Books inform, educate, entertain, and, most importantly, tell the world about Canada. We believe the existence of Canadian bookstores is vital to a country's growth and is therefore a direct link to making Canada a more competitive force in the global economy.

However, it is important for you to be aware that the industry currently faces many challenges, some of which threaten the vitality of Canadian bookstores as we speak. If Canada is to play an important role in this economy, it must first of all be able to support the many small businesses within its borders.

Specifically, there are two aspects with which the CBA seeks help from the federal government. One is the removal of GST on books, and the other is continued funding for the book publishing industry development program.

To ensure Canadians have the skills and knowledge that can be used for their own benefit and the benefit of their employers and communities, CBA requests that books be taken off the list of items taxable by GST.

Since a high level of literacy is an integral part of a prosperous society, CBA believes that by eliminating the GST on books, books will become more accessible to more Canadians, contributing to an improved literacy rate that can only result in a more informed, innovative, and productive workforce. Moreover, the removal of GST on books will be most beneficial for students who are already struggling to pay for their education. A 2003 Statistics Canada survey informs us that 40% of Canadian adults do not possess the literacy skills needed for everyday life. For a developed country like ours, this is surely totally unacceptable.

Furthermore, since reading is vital to our economy and our culture, we believe books should not be treated as objects of consumption. CBA believes eliminating the GST will bring attention, focus, and support to the bookstores in our communities.

We would like to remind you that prior to the introduction of the GST, no tax was collected on the sale of books anywhere in the country.

An impressive coalition of sixteen national and regional associations with an interest in literacy, reading, and education are all in agreement that the GST should be removed from books, and I have a list of that for you, if you like.

We applaud the recent GST cut of 1%; however, more needs to be done.

Secondly, to ensure that booksellers remain competitive, CBA recommends that the federal government recognize their importance and continue funding the book publishing industry development program.

This program and its components, such as the supply chain initiative and aid to publishers, are vital in ensuring that all members of the cultural chain achieve and reach their full potential. Becoming more efficient through the adoption of technology, marketing, professional development, data collection, and research are all important aspects of bookselling and publishing.

Most importantly, it is critical that you appreciate the cultural significance of this program, since downstream from publishers are independent booksellers that must remain viable if Canadian-authored works are to find space on the bookshelves of the nation.

Booksellers are conduits for the transmission of Canadian culture. They provide benefits that can be captured in the bottom line, such as recommending good books, hosting reading events, and partnering with other related community organizations.

According to the Department of Canadian Heritage, 70% of Canadians are interested in reading books by Canadian authors. Canadian bookstores reach this audience and satisfy this need, as independent bookstores, according to the Literary Press Group of Canada, order a higher percentage and a wider diversity of Canadian literary titles.

A higher number of diverse bookstores in a community is an indicator of its innovation and creativity. It is also a signal that it can attract the best and the brightest to the community, thus further contributing to the economic and cultural well-being. It is frequently true that new arrivals to a community seek out cultural anchors like the neighbourhood bookstore first of all.

● (0905)

We strongly believe that the removal of GST on all books and the continued funding of the book industry development program will ensure that Canadian citizens and businesses will remain competitive in this ever-changing economy.

Thanks very much.

The Chair: Thank you very much, Mr. Budnarchuk.

Next is Sam Shaw, who's with the Alberta Association of Colleges and Technical Institutes.

Welcome, Mr. Shaw.

Mr. Sam Shaw (President, Northern Alberta Institute of Technology, Alberta Association of Colleges and Technical Institutes): Thank you so much.

Again, welcome to Ottawa...no, sorry, Fort McMurray.

It's a pleasure to be here to represent our 17 public colleges and technical institutes.

I'm going to ask Doug MacRae to give a very brief overview of our association, and then I'll continue on.

Mr. Doug MacRae (Executive Director, Alberta Association of Colleges and Technical Institutes): Thank you.

Our apologies for being a little late; WestJet had some problems.

Thank you for the invitation and for the opportunity to welcome you to Alberta. Of course, some of your MPs are from here, so that's fine, but on behalf of the college and technical institute system, we'd like to welcome you.

Our system, as Sam indicated, represents all of the public colleges and technical institutes in the province of Alberta. There are 17 institutions. We serve over 140,000 credit students annually and an additional 250,000 non-credit students. This represents more than 54% of the credit students registered in our institutions. And that's all students; in other words, there are more students in our institutions than there are in universities, which might be of interest to your group.

Our system provides a wide range of programming primarily focused on preparing people for employment. Sam will talk about the skills shortage in a few minutes. We have a wide range of programs and the most comprehensive institutions in Canada, as far as the provincial system. We have apprentice training, which Sam will also talk about. We have career programs, usually one- and two-year, which lead directly to employment. We have a university transfer where, for example, at Keyano College here in Fort McMurray, you can take the first year or two and then transfer to a university. Our community colleges and institutes also offer applied degrees and academic upgrading. Recently legislative change has allowed our institutions to offer baccalaureate degrees.

We have a focus, as I've indicated, on the skills shortage. That's why we wanted to talk to you today. We recognize this as not only an Alberta problem but a national problem that we are here to address. That leads naturally into the first area we want to talk about, which is the skills shortage.

Sam.

Mr. Sam Shaw: Thank you, Doug.

If you look at the price of oil today, at \$58 a barrel, twelve years ago you would have thought it had reached a high. So don't be dismayed by the price of oil or the price of gas. A lot of the projects here in Fort McMurray, and I'm hoping you get to visit them, are fifteen and twenty years in terms of their timeframe, and the skills shortage is a number one priority both here in the province and in Canada.

One of the things we would like to see the federal government do is look at education and training of Canadians. It must be a funding priority at all levels in government, including the federal government. Investment in colleges and technical institutes provides a very quick return, as qualified, skilled graduates are able to enter the workforce as soon as two years after enrolment. In terms of apprenticeship, you must be already working to take advantage of that.

Our institutions educate and train the knowledgeable and efficient workers of Alberta, achieving a 94.4% employment rate among graduates. AACTI has been working with business and industry to ensure that we do have some strategies around looking at the skills shortage, and looking as well at designating applied research and innovation in terms of some of the issues we face.

On investment in innovation and capacity, again, we have been underrepresented in terms of federal funding for research. I urge the federal government to invest in colleges and technical institutes in terms of applied research.

In terms of the opportunities, they are vast; I would mention the word “sea” in terms of applied research and commercialization. Again, I think colleges and technical institutes are well positioned for that.

Certainly the return on investment in colleges and technical institutes is quite high. From our studies, it's 16.4%. In fact, for every graduate and their future earnings, for every dollar invested there will be \$3.76 as a return. In terms of saving on health and criminal justice and so forth, we've estimated that here in the province alone it's \$56.3 million.

Again, we would urge you to continue the good work you've done in terms of apprenticeship but also in terms of the infrastructure fund you've established.

In summary, we would like to suggest that you make that strategic investment in colleges and technical institutes to talk about the skills shortage, to talk about applied research, and certainly to invest in the future of Canada.

Thank you.

● (0910)

The Chair: Thank you very much, gentlemen.

We'll continue now with the Regional Municipality of Wood Buffalo.

Melissa Blake, welcome. You have five minutes.

Mrs. Melissa Blake (Mayor, Regional Municipality of Wood Buffalo): Thank you very much, and welcome to each of you to our fine region. We're thrilled to have you here and to have this opportunity to present.

To get right into it, my name is Melissa Blake, and I am the mayor of the Regional Municipality of Wood Buffalo, which is the largest municipality in Canada. We stretch from an hour south of here to Fort Chipewyan, which is the oldest settlement in Alberta. It's a very vast area. But our history is a little bit of what I want to fill you in on. Certainly it started with our first nations people, our aboriginal people, repairing canoes with the oil sands way back in history.

Through evolution and technology improvements, we've seen periods of increased economic activity. We've seen, essentially, booms and busts, expansion and recession, and lately what we're seeing is cognizance that within the municipal boundaries of that vast area that I referred to is contained the energy security for Canada and for North America. It has been an incredible transformation.

Just to highlight some of the resources that are available to us in this region, what we have on world reserve records is 177 billion barrels, which is only behind Saudi Arabia for quantity, but our known reserves that are ultimately recoverable with today's technology are close to 311 billion barrels of oil. In fact, if we look at new and emerging technologies down the road, that

absolutely skyrockets to 1.7 trillion barrels. So you can see where the order of magnitude comes in and the importance for Canada.

We did create what was called the “business case” last year. It incorporated industry projections. It incorporated stakeholder concerns that were involved in that. Where that business case originated, back in 2002, they had created scenarios for population growth and investment. What we have actually experienced in that timeframe was \$37 billion invested in oil sands. In fact, what we project in a conservative \$30-per-barrel oil scenario is another \$56.6 billion. As you know, at more than \$58 per barrel, which we have seen in recent times, that's very likely to have us, in a fifteen-year period, seeing \$100 billion in investment.

When we look at the benefits that flow from that, what it does is generate jobs, 240,000 of them across Canada by 2008. We estimate that about 60% of those, or 144,000, are in Alberta. So 100,000 other jobs are created across Canada from oil sands development, and we expect those numbers to continue into the future.

Essentially, when we're looking at that kind of growth, there are challenges that come to the community in relation to the population increasing, but when you consider it, I think you realize that the funds we need to increase our capacity have pushed us and our municipality to our limits. The Municipal Government Act in Alberta enables one and a half times debt servicing against your municipal revenues. We've increased that to two times now, with provincial authority, and in fact what we're carrying is debt that's three times higher than Calgary and Edmonton.

Before I identify some of the highlights from the action plan that I have and then move on to thoughts on how you might be able to help us, in fact some of the things we've undertaken up to this point have included a multi-stakeholder inquiry into the cumulative effects of the oil sands expansion through the Alberta Energy and Utilities Board. As well, we are looking for industrial agreements with all of our oil sands expansion proponents. We have looked for crown lands for development released to the municipality at no or nominal cost; one-time infrastructure grants for our unique circumstances; special infrastructure funds; modification of existing funding formulas; and an innovative tax strategy, something we've implemented to rebalance residential and non-residential taxation. Legislative tax class changes to the Alberta Municipal Government Act is another request we've made. We want a comprehensive socio-economic review of the impacts from all future oil sands developments through what we call our resource development review committee, and delivery of affordable housing in the region through an entity we created, called Wood Buffalo Housing and Development Corporation.

The reason I highlight these measures that we've taken is because the community right now is at a point where we don't have enough resources to proceed and continue. So in our appeal to you, and to virtually every other party that can make a difference, I would like to make the following recommendations.

The first thing is, when we look at opportunity, a regional tripartite development agreement, which would incorporate potential funding from three levels of government—the municipality, and federal and provincial governments.

We also think immediate special grant funding from both our federal and provincial governments to help bring our existing infrastructure and services to the same standards as other Alberta municipalities is a potential.

We also request the federal government's cooperation in creating and maintaining a system to analyze and monitor the cumulative socio-economic impacts of oil sands development, including verification of predictions and support for regular public communications.

• (0915)

And then finally, as another opportunity we would request the federal government's ongoing support and engagement in a bilateral intergovernmental relations program based on common interests, outcomes, and opportunities that flow from the oil sands development.

It's an awful lot to digest, and I'm certainly willing to answer any questions you have, but essentially we feel it's a very strategic investment for Canada.

Thank you.

The Chair: Thank you very much, Ms. Blake.

We continue with Fitness Industry Canada, David Hardy, president.

Welcome, sir. It's over to you.

Mr. David Hardy (President, Fitness Industry Canada): Good morning. Thank you.

Mr. Chair, members of the committee, the Fitness Industry Council of Canada is a not-for-profit trade organization representing 2,000 fitness facilities across Canada with two million members. Our primary objective is to represent and promote the commercial fitness industry in pursuit of a more physically active and healthy country. I believe you too share this objective. I know that some of you have played rugby, and we have a Basketball Hall of Famer here today.

One of our primary objectives, and the reason we're here today, is to advocate for an important and positive change that will encourage Canadians to get active. We're asking the committee to provide to Canadians who are active and who thereby reduce the burden on our health care system a tax deduction or tax credit for the activity they're involved in. We believe such a measure would respond to the number one question your report will address, which is: what specific tax and/or program spending measures should be implemented in the upcoming budget to ensure that Canadians are healthy, have the right skills, etc., for their own health and for the benefit of their employers?

We applaud the Government of Canada for introducing the children's fitness tax credit. We agree that the earlier Canadians begin to participate in fitness activities the more likely they will be to continue throughout their life. Mr. Chair, your committee will make recommendations to the new government of Canada on how to be more competitive in the global economy.

An increasingly important factor in our potential success is the productivity and health of our workforce. If Canada is to be a world leader, increasing workplace productivity will be a vital element

contributing to its success. We hope and expect any future government action to benefit all Canadians, regardless of age, who participate in physical activity such as women's soccer, men's hockey, basketball, or people who work out at municipally funded recreation facilities. Such a measure will lead to a more active society and in turn reduce the cost associated with fighting obesity and other illnesses while increasing productivity in the workplace.

We are leading this campaign on behalf of all physically active Canadians. Although we represent two million Canadians who exercise at our member clubs, we have the organizational ability and desire to move this campaign forward on behalf of all Canadians.

During the month of September, more than one million printed postcards were delivered to 2,000 fitness clubs across Canada. These will be delivered directly to the Minister of Finance. We also have an online component, in which postcards will be sent to the Right Hon. Stephen Harper, to the Minister of Finance, the Hon. Jim Flaherty, and to local members of Parliament.

Why should a tax deduction for gym memberships or other physical activity be introduced? I have a number of reasons in my presentation, but I'll give you the top three: number one, it will encourage more Canadians to get active, get healthier, and be more productive in the workplace; number two, a third of adult Canadians are at risk of a disability, disease, and other premature death as a result of being obese, and this program will help reduce those numbers; and number three, the total cost of obesity in 1997 was 2.4% of total health care expenditures. This program will help reduce those numbers.

We know that obesity will become the number one killer in Canada in the next twenty years. It's well-documented that a regular routine of strength and cardio training, combined with good nutrition, can prevent or significantly reduce the risk of developing many diseases. According to the World Health Organization, regular physical activity will reduce the risk of dying prematurely from heart disease or stroke, which are responsible for one-third of all deaths; it will reduce the risk of heart disease or colon cancer by up to 50%; it will reduce the risk of type 2 diabetes by 50%; it will also help prevent hypertension, osteoporosis, and lower back pain; it will help reduce stress and anxiety; it will help reduce behaviours that are risky, such as tobacco, alcohol, and substance abuse; it will help control weight and lower the risk of becoming obese by up to 50%; it will help maintain healthy bones, muscles, and joints; and it will help in the management of painful conditions such as back pain and knee pain.

Mr. Chair, based on its own words, we believe the government agrees with the intent and objective of this initiative, and we want to let them know our members agree as well. The children's fitness tax credit is a step in the right direction for Canadians, but we believe more can be done by extending this to all Canadians regardless of age.

The government should encourage this behaviour with a tax credit for all Canadians, young or not so young, who are making an effort to take care of their health and in so doing are reducing costs and increasing Canada's productivity in the workplace.

Thank you.

• (0920)

The Chair: Thank you very much, Mr. Hardy.

We'll continue with Bernie Blais, who is the Northern Lights Health Region's chief executive officer.

Welcome, sir. For five minutes, it's over to you.

[*Translation*]

Mr. Bernie Blais (Chief Executive Officer, Northern Lights Health Region): Thank you, Mr. Chairman.

Good morning. I want to welcome you all to Fort McMurray.

[*English*]

Before I start, I just want to give you an understanding of our region. Our region is not just Fort McMurray. We also have the west side, where there are no natural linkages or roads; there are no airlines taking us to the other side, so all our travel and organization has to be done through Edmonton and up. It's quite a complex region in some ways.

I'm very pleased to present a summary of our challenges this morning, and I hope to find out what your standing committee can do for us here in Fort McMurray. The comments I will be making are critical to the sustainability of our health system in the Northern Lights Health Region.

The cumulative effects of the oil sands development, the rapid population growth, the lack of investment in ramping up our human resources capacity—and if you think it takes a long time to develop technicians, you know how long it takes to develop health professionals, doctors and other professionals—infrastructure, funding, and the high cost of housing has outstripped our ability to deliver effective health care services to our region.

Using a population base of 80,000 from the current census—and that's not including the camp population or the shadow population that exists in our region, the invisible population that everybody says doesn't live here—will reflect the seriousness of our challenges in the health system. About \$53 billion worth of projects have been identified in our community over the next four years; that would be the equivalent of \$662 billion worth of capital projects if we did it on a per capita basis in Edmonton or Calgary. So we need to be worried in the health region. If we took Ottawa, it would probably be the equivalent of \$800 billion worth of initiatives on a population of that size. This is how we see the world in the health system. We are very concerned about our ability to sustain what we're currently doing.

It goes without saying that some of the greatest challenges we've ever had are here today. Are we in a crisis? Yes, we are, definitely.

Human resources: We don't have enough people, physicians, nurses, health professionals. We don't have enough capacity in infrastructure. We have 102 acute-care beds today to deliver all of what we're being asked to do. If this situation existed anywhere else in Canada it would be dealt with right away. Yet we are left on our own to try to solve the major challenges as a result of the continuing growth pressures.

Funding: We're currently running a major deficit as well, and we're legislated not to run deficits, so we have tremendous pressures.

The housing costs are a major deterrent; they're a recruitment and retention killer for us. The winning conditions we need to retain our people are simply not here; they don't exist in the health system. Why would you work here when you can make the same salary, the same benefits, anywhere else? Physicians, nurses, and other health staff make exactly the same salary no matter where they live in Alberta. So, again, that's a challenge for us.

Investment in infrastructure in such places as Fort McMurray is essential if one of the economic engines of Canada is to be sustained. All of Canada benefits greatly from oil sands development except the people who live here in Fort McMurray, people like those at the Northern Lights Health Region. They are entitled to receive reasonable access to primary health care and acute care.

We are losing ground. We have a 41% physician vacancy rate, a 20% staff vacancy rate, and it's growing. We've just lost another six physicians in the last few months, so it's probably much higher than that.

The lack of infrastructure investment is exacerbating the issue. We just don't have the capacity to continue to provide what we're being expected to.

Very little has been done so far, and we don't think our voices are being heard as well as they should be.

What can the government do for us at Northern Lights? It must invest in infrastructure; it needs to create incentives to develop health professionals in the north or rural communities like ours, and along with the provincial government, it needs to provide incentives like a northern allowance. I was a deputy minister of health and social services in Nunavut, so I know how important those things are: tax incentives or housing subsidies to help overcome the major barriers to retention and recruitment.

We also need you to look at trying to invest in a sustainable health human resources strategy. When you look at the number of people who are retiring...150,000 nurses are leaving the profession, and there aren't 150,000 nurses to relieve the pressure.

The problems in the north and in rural communities of Canada, especially in Fort McMurray because of the growth, are more serious and need to be addressed. We're looking to you to help us with our human resources and infrastructure capacity.

Thank you.

• (0925)

The Chair: Thank you very much, Mr. Blais, and thank you all for your presentations.

We'll move to exchange and questions now. We'll begin with Michael Savage. Seven minutes to you, sir.

Mr. Michael Savage (Dartmouth—Cole Harbour, Lib.): Thank you, Chair, and thank you all for your presentations.

I must say, it's a pleasure to be here in Fort McMurray. I'm from Nova Scotia, and I understand I'm not the only Nova Scotian in Fort McMurray at this present point in time. Just in the few hours that I've been awake, I've met people from Nova Scotia and also from Newfoundland at the Smitty's down the way.

Let me ask you my questions perhaps in the order in which you appeared.

For the booksellers, Mr. Budnarchuk, it's nice to see you again. I met you in Ottawa. You mentioned taking the GST off books, or reducing it on books. Alberta does not have a sales consumption tax of its own, correct?

Mr. Steve Budnarchuk: That's correct.

Mr. Michael Savage: Is there any indication that books sell better here than they do in Saskatchewan or British Columbia because of the non-existence of that tax?

Mr. Steve Budnarchuk: That's a good question, except that books aren't taxable anywhere, and there hasn't been any way to measure any change in sales based on the change in tax regime. I'm not sure exactly the root of your question. The only addition has been federal tax. There's never been a provincial tax on books, so the impact has been presumably uniform across the country.

Mr. Michael Savage: When the GST was harmonized in the maritime provinces—that's the Atlantic provinces, originally, except P.E.I.—there was a lot of discussion about what would be included and what wouldn't. Books were on the list not to be included for GST, correct?

Mr. Steve Budnarchuk: That's right, and that has remained the case.

Mr. Michael Savage: Has that had an impact on selling books, do you think, versus the rest of the country?

Mr. Steve Budnarchuk: Well, I can tell you about the reverse situation. In those provinces where HST is in effect, briefly, books with additional components, textbooks particularly, on campuses of Nova Scotia, New Brunswick, and Newfoundland, books that carried a CD-ROM component or an online access code for additional information but that were primarily books, were briefly subject to the full HST. They were deemed temporarily to be non-books, and that certainly had a chilling effect on sales in those provinces, and some surprise additional expenses for students who weren't expecting those costs. Fortunately, those provinces have also taken the lead in changing the definition of that kind of book now, and the HST has been removed from those books.

• (0930)

Mr. Michael Savage: I certainly agree with you. I think we need to do everything we can to encourage the sale of books, and also the production of books by Canadian writers.

On a somewhat partisan note, which you very seldom see in our committee, my father was the Premier of Nova Scotia and he was the prime mover of ensuring that books not be taxed, so I think that was a good move.

To continue on the non-partisan side, you mentioned the GST and that you applaud the reduction of GST. Do you think this is the best way, to reduce the federal revenue on GST by one point, or do you think it might have been better to focus it on books, heating oil, specific areas of high need?

Mr. Steve Budnarchuk: Strictly from my point of view, of course, it would make more sense to eliminate the GST on books. I think about the impact on literacy. This kind of a tax seems to be counterintuitive, when you consider that a tax on reading is a tax on

literacy. The illiteracy rate in this country costs us a tremendous amount in terms of the costs of social services and for our economy as a whole. I think we might end up with considerable savings in expenses if we could dramatically increase our literacy rates in this country. If the reduction of GST might contribute, that would be—

Mr. Michael Savage: I'm going to hold my thoughts on the literacy issue for now.

I want to ask this to Dave Hardy. As I mentioned to you beforehand, or you mentioned to me, Dean Hartman is somebody in Atlantic Canada I have a lot of faith in. He owns a fitness chain. Do you own...?

Mr. David Hardy: Yes, I own five clubs in Edmonton called Club Fit.

Mr. Michael Savage: I support what you're talking about. The federal government did commit 1% of total revenues towards physical fitness.

Mr. David Hardy: It's towards preventative—

Mr. Michael Savage: Yes, health and wellness. What percentage would it take of that to extend the tax credits you recommended?

Mr. David Hardy: The cost of our initiative, based on the cost of a tax credit, we estimate to be about \$150 million.

Mr. Michael Savage: That's a pretty small amount.

Mr. David Hardy: In the big picture of the costs of the total health budget, and the fact that it's leading to prevention, I think a good case could be made that this would actually save the government money over time.

Mr. Michael Savage: I agree with that. You also indicate in your brief that you represent more than two million Canadians who exercise at your clubs, but you also have the organizational ability and desire to move this campaign forward on behalf of all Canadians who participate in organized physical activity. I would think from that, that you would support not only extending it to adults but also to dance and other forms of activity.

Mr. David Hardy: With respect to the children's fitness tax credit, a committee was struck, and it went across Canada to determine what activities should be included. We think the same thing should be done if we were to have an adult fitness tax credit, so that it's not just limited to gyms, but it would be men's hockey, women's hockey, soccer, or other sports.

Mr. Michael Savage: I know you're an industry group, so you represent your member businesses. I just wonder if you have any thoughts about what the government should do. There are a lot of people who can't afford fitness clubs, with or without tax credits. I think the tax credits would help, but there are a lot of people who simply can't afford to join the club.

Do you have a position as to what the government might do to encourage those Canadians who don't make as much money to be physically active?

Mr. David Hardy: If you look at twenty years ago, the cost of gym memberships, in particular, was typically \$80 to \$100 a month. We're \$29 a month. It's relatively inexpensive to go to a gym today, and the number of people who are participating is one of the reasons. In the last five years, the number of people participating in gyms has gone from 10% to 15% of the population. By having these large numbers, it has enabled us as an industry to keep our costs down. I don't know if it's such a barrier at \$29 a month for a lot of people; it's certainly a very small percentage of the population.

We think the tax credit itself just sends the right message to Canadians that the government realizes this is an important initiative and it's backing it.

The Chair: Great. Thanks very much. The time for Mr. Savage's questions is over.

I should point out to committee members, though, that I'm pretty sure Mr. Hardy is not proposing that we extend running to the salad bar to that category of deductible.

There's a challenge for our committee. We spend a lot of time sitting. All of us appreciate the importance of exercise.

[*Translation*]

Mr. St-Cyr, you have seven minutes.

Mr. Thierry St-Cyr (Jeanne-Le Ber, BQ): Thank you, Mr. Chairman.

I want to thank our witnesses. As I say at the beginning of each presentation, I understand your frustration in having to summarize your point of view in five minutes but you have to understand that it's also very frustrating for us to have only a few minutes for our questions.

My first question is for Mrs. Blake. You said in your brief that we should invest more in our infrastructures and that more money should be dedicated to that. This is a comment that we're hearing all over the country. One can see the state of our roads everywhere. In Montreal, we have problems with the sewer and water supply systems which are in need of major repairs. In the Yukon, we've seen unstable roadbed shoulders which could create major problems for people.

I read recently in *L'Actualité*—the French equivalent of *Maclean's*—that houses are very expensive in this area and that, consequently, property taxes are also very high.

Why should our committee recommend that the government of Canada put money into infrastructure in your region rather than in Montreal, Whitehorse or anywhere else?

• (0935)

[*English*]

Mrs. Melissa Blake: Thank you very much.

In my five minutes this morning what I wasn't able to tell you is the rate of population growth that we are also experiencing. There are problems that exist in all other municipalities across Canada with infrastructure deficits. We've been challenged to keep pace with the regular maintenance workers along with that. I know Montreal has old infrastructure as well; Fort McMurray has that too, and so does the rest of Alberta. What Fort McMurray has that's different is

population. We've been growing at 8% for the last six years. That will continue for the next five. That just takes us to two million barrels of oil production. If we go to three million in 2015-2020 and five million in 2030, the population continues to increase. We have the same challenges as everybody else, but financing growth is where we just don't have an offsetting measure in the interim to be able to do that.

The oil sands will contribute more financially in five, seven, ten years, but right now we don't have money to do it. Our debt is at 85% of two times our revenue, which is more than any other Alberta municipality is allowed to do. It's three times higher than Edmonton and Calgary. If you go across Canada, I think we've got the highest debt already. We don't have enough room to take on more with what we have for confines in the budgeting process.

[*Translation*]

Mr. Thierry St-Cyr: Thank you very much.

This question is for Mr. Budnarchuk and relates to the GST on books. The Bloc québécois has been asking for a long time that the GST on books be eliminated. In Quebec, there's no provincial sales tax on books. I remember a long discussion we had on this issue and there were opposite opinions.

Do you believe that books are a basic need? There's no GST on basic goods but there is on other goods. Do you believe that in a modern and civilized society books are just as essential as food or are they a luxury item? What is your position?

[*English*]

Mr. Steve Budnarchuk: That's a very good question, actually. Thank you for that.

I think we can see by the increased volumes and traffic into bookstores and into libraries across the country that the health of the mind is just as important as the health of the body. For instance, in Edmonton and Calgary, the major public libraries are reporting significant increases in visits to the library, and it's not to use the Internet cafés, specifically, or the Internet terminals, it is to borrow books; it is to read.

We consider reading to be essential to the development of good language skills and literacy. I think it's very obvious to us that access to books is fundamental. It's just as important as fitness and access to good health care.

[*Translation*]

Mr. Thierry St-Cyr: I have another brief question and I guess I'll have enough time.

My question is for Mr. Hardy. In your presentation, you referred to your campaign for extending a tax credit to everybody and not only to children. You mentioned postcards that were distributed in your fitness centers. If I start receiving those postcards, I'll know that they all come from people who are already members of your centers.

How will that encourage new people to start fitness programs?

• (0940)

[*English*]

Mr. David Hardy: Thank you for the question.

In terms of preaching to the converted, or encouraging people who are already converted and are members of fitness organizations, certainly the postcards that we are sending out are on behalf of members of our facilities. And that's not just the commercial industries. YMCAs across Canada and municipal organizations have also signed up and are receiving and distributing these cards. Certainly they are converted, and they've seen the benefits of exercise. We believe that if the government sends a message, just as they're doing to Canadian families with the children's fitness tax credit, that they believe in this and they support it, this will also encourage others to get involved.

There's continual talk about putting a sin tax on food, or on bad foods, that our children are eating, or adults, to try to discourage it. We think it is a better idea to have positive reinforcement from the government and to reward people who do take care of their health, and we believe that's what this initiative will undertake.

[Translation]

The Chair: Thank you, Mr. St-Cyr.

[English]

We continue now with Mr. Mike Wallace. Over to you for seven minutes.

Mr. Mike Wallace (Burlington, CPC): I thank you, Mr. Chairman, and I thank everyone for coming today.

I have a few questions, and I'm going to start with Mayor Blake, if that's okay.

I come from the municipal sector. I was just recently elected in January, and I'm from Ontario.

Could you give me a brief outline...? I don't understand the structure here because I just don't know it. The development that's happening here, do they pay development charges to help you pay for infrastructure? If you could give me a brief overview of that, it would be appreciated.

Mrs. Melissa Blake: Thank you. What happens with the oil sands development and that \$100 billion I'm talking about is they contribute through royalties to the Province of Alberta, who then takes the royalties and redistributes them across the province. What they will contribute at a municipal level is property taxation.

The point when they contribute more to our taxation base is the point at which they are producing oil. So if you have a company under development and that takes three, four, or five years, we don't see significant revenues back against that for a period of time.

Mr. Mike Wallace: So there are no development charges for any development in Alberta. Is that correct?

Mrs. Melissa Blake: None that I'm able to acquire, no.

Mr. Mike Wallace: Okay. And that would not be done through the federal government; that would be done through provincial legislation. Is that correct?

Mrs. Melissa Blake: That is correct.

Mr. Mike Wallace: Have you been pursuing that option?

Mrs. Melissa Blake: We certainly have through our AEUB intervention requested what we're calling industrial agreements, which are somewhat different from off-site levies but on the same

principle that the developers would contribute to infrastructure directly.

We have talked to oil industries directly to see about how we can engage them in doing things up front, as we call it.

Mr. Mike Wallace: Right.

Mrs. Melissa Blake: We have requested Municipal Government Act changes that would enable us to look at taxation differently, so the segregation of machinery and equipment from a commercial base, because if you can appreciate what I am facing, even if I double my tax rates for every ratepayer in the region, I still can't finance the infrastructure required. So if I could separate industry from commercially based...that might give me more flexibility in what I can do, but essentially we don't benefit for a period of time.

Mr. Mike Wallace: Madam, you are aware that in other provinces it does happen where we charge development charges to people who are developing in our communities.

Mrs. Melissa Blake: As I say, we're looking for opportunities and we'll continue to pursue that one. Thank you for the information.

Mr. Mike Wallace: I have a question for our friends from the Northern Alberta Institute of Technology and the association. Do you think the federal government should be giving money directly to students, or would you prefer it go to the institutions directly?

Mr. Sam Shaw: Certainly the tax, in terms of looking at the credit for apprenticeship to business and industry to encourage employers to send their workers to the apprenticeship system, I think is a good one. I would suggest that it be continued.

On the other hand, one has to look at what are some of the problems with the apprenticeship system, and certainly completion rates are an issue, a huge issue. It's one thing to get them in the door, but it's another thing to get them out of the door. I would suggest that this needs to be shored up by looking at that particular area.

●(0945)

Mr. Mike Wallace: Are they leaving due to financial reasons?

Mr. Sam Shaw: I think one of the key elements is that when you have a hot economy, clearly getting them in the door is not the problem; it's really trying to get them to go back for education and completion, because there are so many opportunities for projects and so forth. That's one of the current problems.

But in terms of looking at dollars specifically for students, again certainly on the scholarship side, I think it took us a long while to recognize that we have one- and two-year educational programs in Canada. Certainly I would encourage that there should be more looking at some of the scholarships to look at working with the provinces, business and industry, and the students to look at the growing escalation in tuition.

Mr. Mike Wallace: An additional question is, do you think the federal government should bypass the province, or should we be working with the province? What is your view on the role between the provincial government and the federal government on post-secondary education?

Mr. Sam Shaw: Obviously, education is a mandate of the provinces. But I think in terms of looking at legislation over the last 50 years, you'll see that the federal government has had a huge influence on post-secondary.

Again, I would encourage the federal government to work with the provinces and to look at certain stakeholders, in terms of student groups, to look at some of the issues that are certainly faced by Canada if we want to have the knowledge economy participation and to be competitive.

Mr. Mike Wallace: I have another question for Mr. Hardy. You applauded our youth plan in terms of getting youths active as best we can through a tax incentive to do so.

You said your plan is basically about \$150 million. Is that correct?

We've been on tour for three days now. If I add up just the three days, it's \$6 billion. Everybody wants money. I know that's shocking to you, but do you think a more phased approach might be more appropriate?

I live in a community that has a fair number of seniors in it, for example—a tremendous number of seniors, to be frank with you. I'm getting a fair amount of pressure that it's great to have the youth involved, but what about the seniors?

Has your organization looked at a more phased approach than that everybody who signs up for anything gets a tax incentive to do so?

Mr. David Hardy: First of all, in our industry we're seeing seniors as the largest growth area of our business, and it's not just because of the growth in the population; seniors are becoming more active and are taking more control of their health. This is an area that our initiative would also respect.

We're also suggesting that our plan be fashioned after the children's fitness tax credit, which is not an open cheque but is capped with a \$500 limit.

In terms of a phased approach, the committee or the government would select and determine what would qualify and what wouldn't qualify. We think the tax credit, in terms of its opportunity, should be open to Canadians of all ages, including seniors, and it could be phased in by the government.

Mr. Mike Wallace: Your organization just represents profit-making businesses, though, at this point. Is that correct?

Mr. David Hardy: That's who pays our costs, but we're asking that this initiative cover not-for-profits, YMCAs.... Any sporting activity would qualify for this initiative.

Mr. Mike Wallace: You've told us that you've had growth. Your costs for individuals joining have gone down significantly over the last number of years, but you're still seeing growth from 10% of the population to 15%. That's 5% of the population. Is that correct?

Mr. David Hardy: That's correct.

Mr. Mike Wallace: Do you have a projection of what the growth would be if a tax incentive was there for everybody?

Mr. David Hardy: No.

The Chair: Thank you.

The time is up. We'll continue with Madam Wasylycia-Leis for seven minutes.

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

We've just arrived at Fort McMurray, and it's already been an eye-opener for us. We were struck by some of the comments we picked up talking to individuals last night, comments about how much money they can make so quickly and how many problems are occurring. Some of the folks last night talked about huge drug problems. People are making money so fast that they just have no idea how to spend it responsibly.

As Melissa spoke I was just reminding myself that Jeffrey Simpson in the *The Globe and Mail* wrote three, or maybe more, very intensive editorials. I think he must have interviewed people at the municipality. He talks about the fact that there's been no plan for this oil sands development, that there's no one in charge. He suggests that the municipality can't cope with the burgeoning population's health needs, social needs, or housing.

I'm not being partisan. I'm quoting:

...the [Harper] Conservatives, is asleep at the switch on greenhouse-gas emissions.... And the Klein government, soon to be run by someone else, is behind on almost every aspect of managing the oil sands....

What do we do now? What advice do you have for us as federal members of Parliament for trying to help with the problem in Fort McMurray and to learn some lessons from this for the future?

I'll start with Melissa, but probably everybody here has a comment.

● (0950)

Mrs. Melissa Blake: Thank you very much. I appreciate your acknowledging the kind of coverage the region has received. It goes beyond just Canadian publications. We have interests coming from around the world to speak to us on a weekly and monthly basis. The commodity is what drives that. It's about oil sands and the necessity of global interest in that commodity.

We have been advancing on that front from an economic standpoint, because it makes sense right here. When you talk about the lack of a plan, it has to be a holistic one, which includes environmental protection, the appropriate rate of development, the people who are impacted. When you hear from health and the absolute imbalance across what they provide for services for us, we're dealing in band-aids.

Right now, every time we have a significant issue, we try to find the solution to the issue. What I want to advance is a case for all three levels of government to work cooperatively to put in place all the infrastructure required for that growing population in relation to what is appropriate for development in the oil sands. We don't have that venue yet. This is a first opportunity for us to engage in a multi-party representation at the federal level, and we appreciate that opportunity.

Acknowledging that is the first thing, but coordinating it is the next essential step, and putting out the fires as they arise.

Ms. Judy Wasylycia-Leis: Mr. Blais.

Mr. Bernie Blais: I agree with Mayor Blake. The big issue for us is the same thing. We are working well together in the public sectors here locally, and we are working with the oil industry as well. We're trying to make sure that we're all at the same table. What's lacking is the government is not at our table.

So we don't derive any benefits in help. All of our funding and infrastructure comes from one source. In the last five years, I can tell you we haven't received any funding for capital infrastructure.

In essence, we've proposed different formats on how we might be able to address these issues collectively. We're at the National Energy Board hearings right now, making our case for the first time ever, because it's the only place we have to be heard—and hopefully here.

The federal government, with the provincial government, could have a major role to play in looking at infrastructure and targeting areas of growth, such as this one—it's unusual. As I said, I've worked all over Canada, from Montreal right through to Vancouver, but I have never seen this kind of exponential situation. It's not just regular growth, but also the construction growth and all of these things that are inflating our capacity.

So I think there could be a common approach, and the federal government should be playing a role. I notice that recently they announced some money for roads. Maybe they could do the same thing for areas like this that generate a significant amount of revenues for both the federal and provincial governments across Canada, with jobs numbering in the thousands. If we don't invest here, then what becomes of us? I think in the end that could be an opportunity.

The area of human resources is incredible. How can we allow the situation to deteriorate, not just here in Fort McMurray but across Canada? We need to begin to look at health and human resources as a critical support structure. Personally, I think health is an economic engine of Canada.

I just signed a contract for international recruitment. I have to invest millions of dollars to recruit out of country in order to survive.

The investments to produce health professionals should be made here in Canada. And when you look at the length of time it takes—four years to train a nurse, seven years for a nurse practitioner and for a doctor, and fourteen years for a specialist—we know that even if we started to solve this problem today, we won't see any benefits for the next five to ten years. So our only hope right now is to recruit internationally, and I think this is a sad day for Fort McMurray.

Right now, regarding our out-of-region volume activity, 28% of our patients are leaving Fort McMurray to go somewhere else. This is increasing; it's an exponential number. That doesn't happen in most places I've worked, where it would be less than half that.

Unless we address the capacity issue, and more importantly the human resource issue, northern regions of Canada—and more so, Fort McMurray because of the growth and the cost of housing, and so on—will not be able to compete or provide services to the degree they should. Personally, I think it's a crisis in the making, and it's unforgivable that we would not address this issue collectively.

That's my personal point of view, but I feel very strongly about this. On the human resource front, and regarding infrastructure for

both the municipality and for health, the federal government could make a difference here.

Thank you.

● (0955)

The Chair: Thank you.

There are just a few seconds left, Ms. Wasylycia-Leis.

Ms. Judy Wasylycia-Leis: I should hear from the colleges about the skills shortages.

The Chair: I'm sorry, your time is up.

I'll just insert a quick question, if I may, and then we'll continue with the second round of questions.

Recently, I believe it was in *Policy Options* magazine that former Premier Lougheed referred to the situation here as “a mess” and suggested in essence that it was sort of a “killing the goose to get the golden egg” situation, that development had proceeded far too rapidly. And you are describing some of the consequences of that today.

You talked about employee shortages, worker shortages, and so on. For any of us who can remember back to our high school years, it must seem almost unbelievable that someone with very few skills can go out and make \$50,000 to \$80,000. It must be having an incredible effect on dropout rates.

I'll ask you, Mr. Shaw—and I have to react a bit when you suggest that lower tuitions might be an assist. It seems counterintuitive, when people can go out and make \$70,000 and drop out of high school, that lower tuitions are going to bring more people into university and training.

So please reference that, and give us a bit of insight.

Mr. Sam Shaw: I didn't say lower tuitions. I basically said tuitions are increasing and scholarships are an important vehicle. Certainly, the biggest part of education is not tuition; it actually is living costs. As you start seeing the cost of living going up in communities, the cost of going to school goes up, and it's exponential.

The other key element that I think you're raising is that in fact one of the key issues with that significant growth is what is the game plan. Certainly we've launched here in Alberta a game plan with human resources, but it is not tied together on the federal and provincial jurisdictions of dealing with growth. It's not one department. It cannot be just education, but it has to involve how we look at municipalities, how we look at infrastructure, and so forth, so that you pull that string and we have a combined strategy across Canada.

As you start looking at the significant projects, whether it's in the east or in the west, again some of the referencing around the tremendous growth is really looking at how do we handle that growth in some areas. Certainly in other areas we're seeing massive layoffs of 300 and 400 people. Again, I think we need to have a strategy of looking at Canada as a whole and not just individual components.

The last thing I'd say in terms of looking at education is that our completion rates at the high school level are dropping, and that's what you're really referring to. We're trying to encourage business and industry to ensure that they're looking at students completing school before they go into the work environment. Apprenticeship is a great model, in that you can start apprenticeship work right away but still come back to post-secondary. As a reference, the completion rate again is an issue for us. We need to have a combined strategy, and it cannot be just one department versus another, HRSD versus Industry Canada. I think we need a strategy in the budget that looks at issues, and then from that, there will be certain areas that will be segregated out to the other departments.

Thank you.

The Chair: Thank you, sir.

Mr. Pacetti, five minutes.

Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.): Thank you, Mr. Chairman.

I am following along the same train of questioning. That's the reason we came here, to learn a little bit of what's going on here in Fort McMurray. My perception would have been that everything is rosy; that you guys are floating in money like the federal government does; that you have no problems; and that you're just trying to figure out what to do with all that money. I'm beginning to see that the challenges you face are not dissimilar to other regions of this country. The federal government has to deliver on programs, or deliver programs, but they're normally general programs. They're then put into effect or administered by the provinces or the municipalities.

In particular, Ms. Blake, you seem to be having that problem. I'm trying to understand how we can solve it. The former Liberal government transferred some money with the gas tax, and that was supposed to go to municipalities. I'm not sure if that's enough. I understand that some of the agreements we have in terms of infrastructure are allocated by each province, and then the province decides where those infrastructure moneys should go. But there are challenges. I'm not sure, if we have to set up a program to allocate money to a region like this, how we do it as a government.

That's just on the infrastructure side. We're not speaking about education, training innovation, and the health sector. There are the same problems in cities like Montreal, where doctors are being trained and are being asked to go into the regions and they don't want to go because there is no incentive. Even when they do offer an incentive, it's perhaps a couple of dollars and it's not sufficient enough. You have to help us here.

By the Liberal government signing that health agreement and the provinces deciding where the money should be allocated and prioritized, doesn't that solve the problem? I understand that the federal government should be at the table, but at a certain point the decisions have to be made either regionally or locally. This is a problem that I have in understanding how we're going to make a recommendation to help you guys.

I'm going to close, because I usually don't make a preamble, but I'm amazed. How do we make this thing work? That's without

touching on all the other matters that Judy Wasylycia-Leis brought up—housing, mental illness, and all those other things. I don't know.

Go ahead, Ms. Blake.

• (1000)

Mrs. Melissa Blake: Thank you.

I appreciate the challenge that you face as government for a nation.

Everybody has similar requests. We see ours as a special case, and what we need to do is find a way so that Canada can also embrace it as a special case.

If you're looking at the opportunities the oil sands represent as far as continental energy supply, maybe there is a strategic priority that results from that. Then when you look at the kind of investment it takes to facilitate the outflow of that product, which again brings significant revenues at the federal level, it employs Canadians across the nation. When we look at our commuters, they're coming from across Canada to participate in the oil sands development opportunities here. If you look at it from more of a strategic level, in any of your thinking, when we put forward our request about having a tripartite-type agreement, where we embrace three levels of government that are working to solve the challenges of a municipality, it doesn't put the onus on any single particular area. We've done a significant amount of work as to what a memorandum might look like in that regard, and we're happy to share that. Again, it comes down to setting your national priority-type agenda and then working this into the picture.

I very much appreciate the efforts that have been undertaken up to this point. The federal gas tax is something that municipalities are very gratefully receiving. But if I can give you perspective, what that amounts to over a five-year period for Wood Buffalo is \$12 million. A single project I have will wipe that out, and I have \$814 million worth of those projects over the next five years. So for perspective, it is wonderful in stable situations, without growth, but it just doesn't work for the growth scenario we're facing.

Mr. Massimo Pacetti: If there was money made available to the region, would you in turn decide to put some money towards the health sector and for housing, or would it just be for infrastructure? How would that money be allocated?

Mrs. Melissa Blake: Again, it comes down to priority.

When anybody asks me about the biggest challenge we face, it is housing. As a response, the municipality went outside our area of responsibility and created a housing corporation to address the lower end of the market. We're very proud of that organization. They've been operating for six years, and they've increased 700 units in the community. That's great, but it's just not enough. On a go-forward basis, one of the plans I have is to engage them in development opportunities on any new properties we get so that we can find a sustainability model for them. It's one of our priorities, and we would look at that.

When we look at other areas in the municipality, we now have critical infrastructure, waste water treatment, addressed through a bridge financing loan from the province. We have a water treatment expansion. We have 64,000 people in Fort McMurray right now; our water treatment capacity is 70,000. It's \$40 million to increase that capacity for a higher level. That's just one project.

I could go on in perpetuity about—

• (1005)

The Chair: No, you can't. That's a lot to digest right there.

Thank you.

Mrs. Melissa Blake: That's what I'm saying. There is so much, and it just can't be solved here.

[*Translation*]

The Chair: We continue with Mr. St-Cyr.

Mr. Thierry St-Cyr: Thank you very much.

I'll continue my discussion with Mr. Hardy. We were talking about the tax credit for sports activities and for children participating in fitness programs. Various cultural groups have asked us to extend this credit to cultural activities, which they believe are very important for the development of young people because they exercise their minds and make them appreciate arts and culture. At the end of the day, we'll have to make a choice and decide if the tax credit should be made available to everybody for their fitness activities or if it should also be extended to young people for their cultural activities.

What should our priority be, according to you?

[*English*]

Mr. David Hardy: I'm certainly not here to argue against the importance of the arts. I am a father of four children who have piano lessons and drama club. I'm certainly not here to argue against that. But we are facing a health care crisis, and I believe that physical activity and good nutrition are the cure. I think this is a targeted proposal with a benefit in terms of the cost savings for the government. That's why we think this is an initiative that is probably somewhat different from an arts funding proposal.

[*Translation*]

Mr. Thierry St-Cyr: All right.

I would like to talk now about tax measures. I know that health problems and obesity are very often linked to poverty. I don't know what the situation is here but, in Montreal, that's very often the case. I believe that using tax credits to improve this situation would be inappropriate because most poor people simply do not pay any income tax. Furthermore, even when they do, they don't have enough money to pay for fitness programs.

I'm an excellent example. My MP's salary would certainly allow me to buy a membership in a fitness center, especially since the cost is only \$100 a year at the parliament fitness center, a price which can't be beat. Despite that, I don't use the center.

Would it not be more useful to give some specific benefit to help poor people pay the cost of fitness programs instead of extending that benefit to everybody, whether they need the money or not?

[*English*]

Mr. David Hardy: Well, I guess if we had a solution for helping people who were poor, we would come forward with it. The reality is that when you're trying to make ends meet and you're on a very tight budget, oftentimes certain things get left out, and we find that it's physical activity. They're just trying to do everything they can to make ends meet and may not have the resources to do it. It may not always be a financial issue as well.

With respect to whether people are using the gyms on a go-forward basis, we believe that by allowing consumers, or empowering consumers, with fast credit, they may buy a membership one year and not use it, but they're not likely to do that twice. And we certainly see that, even with the \$100 parliamentary membership. If you're not using it, you probably won't pay for it again.

[*Translation*]

Mr. Thierry St-Cyr: No, I didn't pay.

This question is for Mr. Shaw, of the Alberta Association of Colleges and Technical Institutes. One hears a lot about the manpower needs of the oil and gas industry. Is there any involvement of the private sector as far as funding is concerned? If the need is so great and the present skills shortages jeopardize the plans of the companies, are they willing to provide financial help to your institutes?

[*English*]

The Chair: You can give a very quick answer.

Mr. Sam Shaw: Read the *Edmonton Journal*, the front page. You'll see a million dollars from an individual who owns a construction company to NorQuest because of the great work it's doing, and that's exemplary of some of the business and industry in Alberta.

The Chair: Thank you, sir.

This panel has generated a lot of interest among committee members. I'm going to move to four minutes now.

Mr. Del Mastro, you have four minutes.

Mr. Dean Del Mastro (Peterborough, CPC): It's discrimination, I'm telling you.

All right, Mayor Blake, I'm going to play devil's advocate with you for a moment.

Last year the Province of Alberta ran an enormous surplus. In fact, every resident of Alberta got a "Ralph buck" cheque. I'm sure that was very popular. The rest of the country was not so fortunate.

Why would the federal government pay towards a provincial jurisdiction for items here in Fort McMurray when your provincial government is swimming in cash?

•(1010)

Mrs. Melissa Blake: It's a good question you ask. But again, when we talk about it as a national strategic priority, if this indeed is something that we want to realize as a nation, I think there is an opportunity for engagement. We're very appreciative of the \$150 million that came from Infrastructure Canada for the twinning of Highway 63. It was recognized as a priority, again, for Canadians to utilize that amenity in the community.

I think there are other opportunities. I think there are agendas that we can collectively agree on and move forward on. This region—I didn't mention it—represents five first nations and a number of Métis locals as well. We have rural communities that are part of Wood Buffalo, and again, I haven't even scratched the surface of some of the challenges in those communities. And they too will be facing tremendous growth as we go forward with development in the south of the region.

Mr. Dean Del Mastro: Thank you. I was going to ask Mr. Hardy a question, but Mr. St-Cyr covered most of it.

Mr. Shaw, yesterday we heard about a situation referred to as a "perfect storm"—a skill shortage and a labour shortage, both occurring at the same time. I have great concerns about the graduation rate here in Alberta, and I think there needs to be a little bit of marketing and talking about people's futures. Right now it's easy to get a job with no skill. It may not be in the future, and there may not be a future for those without those skills. How do we reverse this?

Mr. Sam Shaw: Well, clearly, again, I go back to a combined strategy. We have two issues. We have a skills shortage. We also have a people shortage. So what we do in terms of a combined strategy for the federal government is take a look at what we are doing on immigration.

Seventy-five percent of the immigration happens in three cities across Canada: Montreal, Toronto, and Vancouver. We only had 7.8% immigration here in Alberta. It's not acceptable. We need to do a better job on immigration.

The other element—looking at working with business and industry, and certainly on completion rates and so forth—is to work with business and industry to ensure that the skills they're requiring are skills that indeed will be preparing individuals for the long term, not the short term.

Thank you.

Mr. Dean Del Mastro: Thank you.

Mr. Budnarchuk, you obviously believe the GST is a barrier to retail operations.

Mr. Steve Budnarchuk: That's a good question. Any significant increase in the cost of books is going to have an impact on sales, of course. If we reduce the price of books by that remaining 6% GST, that should incrementally begin to increase the unit sales of books across the country. Yes, absolutely.

Mr. Dean Del Mastro: Thank you. I appreciate that.

Mr. Blais discussed a massive capacity problem, essentially, in the system here. We see that coast to coast. If there were a single investment where we should really invest in health care, is it strictly

capacity—beds and so forth—that would take the pressure off things like emergency rooms and so forth? Where should the investment be?

Mr. Bernie Blais: I would be investing in people. We need human resources critically. Yes, there is a shortage everywhere, but I can tell you, in Calgary, when they talk about a shortage, they have one physician for every 700 people. We have one for every 5,000, so it's a different shortage. I think we need to invest in developing health professionals, doctors, nurses, physiotherapists, pharmacists, and those things.

The Chair: Thank you very much, sir.

We'll continue with Mr. McKay for four minutes.

Hon. John McKay (Scarborough—Guildwood, Lib.): I'm also a bit of a devil's advocate. Mr. Del Mastro anticipated my question somewhat. This is a community that's swimming in cash. You had Ralph bucks coming out last year; you have massive surpluses; you're about to change monarchies, and it seems to me that here your presentations would have been much more usefully made to the Conservative Party convention. It seems to me the issue is that you don't have enough revenue-raising capacities to meet your needs.

And you hit on a few things, Mr. Wallace, about development taxes and things of that nature.

Is there any conversation going on between the province and the municipalities and the regional health authorities so that you can raise money? There's tonnes of it here, but you don't seem to be able to get at it. It seems to me to be a taxing authority issue rather than coming to the federal government and asking for them. All the federal government does is write one massive cheque to all the provinces and walk away, particularly from health care issues. The federal government doesn't deliver much in the way of health care, other than for aboriginals and things of that nature.

I'd be interested in knowing whether in fact there is any conversation on reallocation of taxing authorities.

•(1015)

Mrs. Melissa Blake: Certainly there is. I'm a member of a number of different groups of mayors across the province. City mayors have that issue. One of the areas they were hopeful on was the backing off of the province in relation to education revenues; there's some push-back on the provincial side of that. We've made our specific application through the urban municipality association for our tax considerations to segregate the machinery and equipment. They require Municipal Government Act changes and they require the will of the province, or the whim of the province, to do so.

In relation to the amount of revenues that go back to the province from the royalties, I think we contribute, from this region, about \$1 billion currently, doubling next year as the production increases and going up as we go along. But essentially what we're looking at is about \$3.9 billion going back into federal revenues as well, so I think you participate at a good extent as well with the economy generated from the Wood Buffalo region and other oil sands developers. That's where I come back down to; it's nice to sign a cheque over to the province, but it doesn't always get to the municipality. My suggestion on the regional tripartite agreement would be a very specific three-way unison that could achieve what's important on the strategic agenda.

Hon. John McKay: Then you'd get into a really bizarre exercise for regions like my friend's here, from Dartmouth, which don't contribute quite as massively to federal revenues. Would they in fact receive something less? You'd open up a can of worms that would be just horrendous.

Mrs. Melissa Blake: I appreciate that, and the concern I have is the risk that happens if this community is unable to move forward. We won't be able to support the oil sands to the extent that we would like to, so instead of producing one or two million barrels per day, that may be what we're able to achieve is what we have for resources available, whereas if we had additional support, the three and five million per day may become more of a reality. It comes down to whatever is determined as priorities. We appreciate the differences you have to deal with across the nation. Again, we're just trying to articulate what the opportunities are.

The Chair: Madam Ablonczy, four minutes.

Ms. Diane Ablonczy (Calgary—Nose Hill, CPC): Thank you, Mr. Chairman, and thanks to all of you for your presentations.

We came to Fort McMurray deliberately because all of us, including myself, wanted to see and hear firsthand about this kind of anomaly in our country—a good one, in many ways. But as you pointed out, there is a bit of a downside. My colleagues have asked these questions, but I want to address it again, maybe a little bit more bluntly than some of my colleagues have.

Here we have a province that's literally rolling in wealth, certainly from the perspective of many other provinces, yet we have people at the table talking about things the province is responsible for: health care, housing, the municipalities. It's a little bit incredible to some members of the committee who come from parts of the country that really are struggling in a lot of these areas as to why our own province wouldn't be looking after these needs. You all must have talked to the province, and I know you've given some of these answers, but can you just sum up why the provincial government isn't looking after this? Why would you be coming to the federal government for this kind of assistance? It seems difficult to understand.

Mrs. Melissa Blake: Thank you.

Certainly we have been making efforts—very aggressively in 2005, but pre-dating that to 2002—to articulate the challenges and opportunities we have, the kind of investment we could experience here, which we've more than realized and intend to continue, and then the offsets to the impacts, whether it's health, education, housing, or what have you.

We have tried very diligently. We've had a number of meetings. We've made different proposals and pitches with respect to housing, with respect to revenue possibilities. We've had to go to the Alberta Energy and Utilities Board to intervene and say that if we can't address these issues, we can't support continued investments. We've done that on two occasions and we're looking at a third in the near term.

Mr. Bernie Blais: I support what Mayor Blake just said. We are at the AEUB hearings as well for the first time, the first region ever to appear. It's like a risk-management issue. You as a federal government and you as a provincial government have to decide whether you can invest because at some point our municipality and our health system will not be able to sustain oil sands development. When you're looking at David and Goliath issues, it may have to slow down, because we are not able to deliver the required services.

So it is a serious risk-management issue for the federal and provincial governments. If they want to achieve high revenue growth, then they have to support the infrastructure required to support families and employees within this community.

• (1020)

Ms. Diane Ablonczy: Thank you.

Another facet of this will occur to a lot of members of the committee: you have a number of corporations and companies making a good profit up here. Do they have a role to play in addressing these issues? You must have had discussions with them. What's the upshot of that?

Mrs. Melissa Blake: Thank you.

The region has collectively engaged in the Athabasca Regional Issues Working Group, which coordinated the preparation of the Wood Buffalo Business Case 2005. They had a very good understanding—when they signed on to the agreement back in 1996—that it would generate all this increased activity. Governments would have the responsibility to take care of what they did; their responsibilities were to create the investment to deliver the assets. So there's some discussion about whether that has happened effectively or not. They certainly are participants on the corporate citizenship front. Again, we've had significant investment, \$2.5 million from two different companies, but it's still just a blip in the projects we're trying to achieve.

They now understand, because of our moves to intervene, that it needs to change. We think there's greater opportunity for their participation, and there may very well be an appetite for that as well; we're trying to come to the jurisdictional resolution to collectively achieve that.

The Chair: There's enough time now to accommodate three more two-minute rounds, and I'll give the floor to Mr. Pacetti.

Mr. Massimo Pacetti: Thank you, Mr. Chairman.

Ms. Blake, a quick question. You talked about taxing on a development project basis. If I can make the analogy to a municipal project, somebody is going to put together a housing project and they go to the municipality and make a deal: "If you guys want to develop this particular sector, you have to put in the sewers, you have to put in a park, and you have to construct the roads." On a larger scale, if you allow somebody to develop the oil sands, can't you say, well, you have to build a highway and you have to put in all the infrastructure? Couldn't it work the same way, and you transfer all the responsibilities to the industry, the private sector?

Mrs. Melissa Blake: Thank you. We hadn't pursued this from the angle originally suggested by Mike and what you're suggesting now as well. If there are opportunities there, we'll certainly embrace them.

We know about the fair share deal in B.C. We've tried to figure out how we might be able to apply something like that. My understanding is that in the analysis we've done, we don't have that provision under our Municipal Government Act to go that way. Industries are already responsible for provision of their own infrastructure on-site, so they create water treatment systems and so on. One example is Imperial putting \$400 million into a fly-in, fly-out operation. I would rather see that \$400 million going into our community and find a better linkage for people to achieve—

Mr. Massimo Pacetti: Like somebody in the health sector.

Mrs. Melissa Blake: It's not within my purview to do that, but it's certainly my strong inclination.

The Chair: We continue with Madam Wasylycia-Leis for two minutes.

Ms. Judy Wasylycia-Leis: It seems to me there's a huge role for the federal government, notwithstanding the wealth of the Province of Alberta. The Government of Canada could actually require this whole project to be slowed down until proper planning takes place. The federal government could play a role in terms of...it used to play a role in terms of social housing and providing funds to meet acute needs. It can play a role in terms of a direct transfer on the education side to meet skills shortages, to help colleges. It could play a role in terms of incentives to get health care professionals into the region, instead of just studying the skills shortage.

The message you've left us is that we should go back and try to demand that the federal government address these issues.

The other one is climate change. We haven't really dealt with greenhouse gas emissions. There are lots of ideas here about carbon emissions control—that's a role for the federal government, and that has an impact on the health system. Is there anything we've missed and anything you want to add to what I've just said, or does anyone disagree?

Some hon. members: Oh, oh!

Mrs. Melissa Blake: They always do that, don't they?

Ms. Judy Wasylycia-Leis: They do, yes. Just ignore them.

Mrs. Melissa Blake: I think I just want to extend my gratitude to you for taking the time to come to Wood Buffalo, because indeed it is an anomaly. You would expect to find gold on the streets, but what you find are lots of torn-up...and traffic congestion.

I'm pleased that you had an opportunity to hear from our citizens. Understand, of course, that this perspective is not everyone's. I think this is the land of opportunity. We just need to create the right environment to achieve that.

Thank you very much on our behalf.

•(1025)

Ms. Judy Wasylycia-Leis: Thank you.

The Chair: Thank you very much.

We'll continue and conclude with Mr. Dykstra.

Mr. Rick Dykstra (St. Catharines, CPC): Thank you, Mr. Chair.

I'll be quick. I realize I have about one and a half minutes, maybe two, but I've come all the way to Fort McMurray for this, so I'll take advantage of it.

The Chair: We can give you three.

Mr. Rick Dykstra: Wow, that's impressive.

To Mr. Blais, you mentioned that six physicians have left. I'm wondering if you could quickly comment as to why.

Mr. Bernie Blais: Well, the rental rates have gone up again. Just the cost of renting a physician's office has gone up exponentially. I haven't seen those kinds of numbers during my whole career. So that's one issue.

The other issue is just the volume of people. Maybe when they moved here it was 35,000, and they may have been one in a population of 2,000. Now they're one in a population of 5,000. With that volume, they have no life; they are on duty or on call. So it's not a very attractive place to be. And they make exactly the same money they would make in downtown Edmonton, Red Deer, or anyplace else. There is no recognition of the northern aspect of living, or of the travel costs when they go down south or to other places. They lose two or three days for travel, so there is no income for them, on top of the cost of having to stay somewhere else. It's nearly a disincentive.

We have no Canadian-trained doctors left in Fort McMurray, by the way. They're all foreign-trained. They're all IMGs. And as soon as those IMGs finish their contracts, they're gone.

That gives you a bit of the story.

Mr. Rick Dykstra: I've got to tell you, you seem kind of bummed out about the whole thing. I wonder if you're really enjoying your job.

Mr. Bernie Blais: Well, I do. I actually do.

We tend to think we can't solve these issues in northern or rural communities. I was up in Nunavut for three years as deputy minister there. I think it's that attitude we have that if you live in rural or northern communities, then of course you won't have any doctors. But that's not true. There are places in Canada that have been very successful at reversing these. Again, it's the attitude you bring to the table.

Unless we get help in at least levelling the playing field—in terms of the financing, in terms of funding equitably our health professionals, in terms of providing some reasonable incentives to offset the cost of housing—then of course we don't have that opportunity. So we need your help in that regard.

Mr. Rick Dykstra: Mayor Blake, I have a question for you. I don't mean to put you on the spot on this, but it relates to the groups beside you. To the right of you is a group that would love to cut the GST for books, so that folks could actually read more. So they're coming from a mental perspective. Then to the left of you is an individual who would like to extend the tax credit to everyone in terms of the physical side.

If you had to make the decision, which one would you make?

Voices: Oh, oh!

Mrs. Melissa Blake: With respect to the group to the left of me, our health care issues are a reflection of our population. Perhaps if we look at ways in which we can curtail detrimental health impacts over the longer term, that may work.

On the other hand, we would have nothing to work for if we didn't have education and literate people getting into our fine institutions.

Voices: Hear, hear!

Mrs. Melissa Blake: I wish you all the best with those decisions.

A voice: You said nothing; that was great!

The Chair: On behalf of the committee, thank you so much. It was a very stimulating discussion this morning.

I think I would probably sum up all of our perspectives by saying that in this boom town situation, let's hope it's truly short-term pain for long-term gain for Canada and for Alberta and for this community.

Thank you again for being here. We appreciate it very much.

We'll suspend for a few minutes while we let the next panel move in to take those seats.

•(1025) _____ (Pause) _____

•(1035)

The Chair: Order, please.

I encourage those members of the committee who have conversations going to cease and desist. We are going to proceed now.

First of all, to those of you who were not here when the other panel of witnesses was proceeding, I welcome you, but I also will tell you that in the interests of time, we're going to keep your presentations to the five minutes that I believe you were pre-informed about. I will give you an indication when you have a minute remaining. I don't want to cut you off in mid-sentence, but I will let you know that I will cut you off at five minutes.

Welcome. Thank you for being here. We appreciate the time you've taken to be with us today. We appreciate your submissions prior to this as well.

We will immediately move forward with a witness on behalf of Telus World of Science in Calgary.

Mr. Peters, welcome. Five minutes to you, sir.

Mr. Bill Peters (President, Telus World Science-Calgary): Thank you.

I'm the chief executive officer of the Telus World of Science and the Creative Kids Museum in Calgary, and I'm here to make the case for the role of science centres in driving the national science and technology economy, to outline the challenges facing Alberta's science centres, and to press for a national program to unleash the power of science centres that they can bring to our national economy.

You've already heard from our national organization, the Canadian Association of Science Centres, that our 35 facilities host seven million Canadians annually. This represents a huge resource to connect a national science culture agenda to Canadians at the grassroots level. Science centres act as economic drivers by working with families and young people from the earliest stages of learning, through the sometimes difficult hand-off from high school to higher education, to providing a basis for life-long learning.

At the earliest stages of learning, projects such as the Creative Kids Museum, set to open in Calgary in just nine days, literally wire the mind's learning pathways and set the stage for the future. We know there's a strong correlation between enhanced early learning experiences and improved math scores in middle school. We also know that middle school students around age 13 who are confident learners and have started to form a career goal are two to three times as likely to succeed in getting a college degree.

In other words, 13-year-olds who are currently coming to my institution will be filling knowledge-based jobs in Alberta and Canada within ten years. Their decision to follow an innovation career and be life-long learners will have been influenced by what they experienced at a science centre. Equally, science centres are considered so important to their communities that most were founded by local not-for-profit groups led by business people and parents.

We've seen other nations transform their economies in relatively short periods of time through national learning initiatives—Finland and Singapore are two of the classic examples—where science centres have played important roles. Countries such as Australia and the United States have recognized the important role that science centres play in their science and technology strategies.

It's no accident that the nation with the greatest technological prowess also has the greatest number of science centres and supports them at a national level. To give one example from the United States, the San Francisco Bay area alone boasts seven science centres.

In addition, China is currently completing a million-square-foot science centre in Beijing, and several others throughout the country.

We encourage the Canadian government to look at the global context, as it develops its science and technology strategy, and to invest in Canadian science centres as a means of broadening the benefits science will bring to Canadians, and in the end raise Canada's competitiveness as a nation.

In Alberta, the phenomenal growth has outstripped the capacity of our facilities in Calgary and Edmonton. Both urgently need to grow. In Calgary, we're functioning in a building that was designed in 1967 to house 50,000 guests a year. Today, 250,000 guests crowd the facility, often to the point where good learning seems hardly possible. Equally, through outreach and programs it's urgent to support science learning in places throughout Alberta and Canada, places like Fort McMurray.

Canadian science centres play an important role in encouraging youth to enter fields that, in the future, will meet the growing skills gaps evident not only in Alberta but across Canada. By investing in science centres, the Canadian government will be able to take practical steps to extend the benefits of science and technology to main-street Canadians, small businesses, youth, and families. In this way the federal government will be able to demonstrate leadership and partnership with the local communities.

The initiative of the Canadian Association of Science Centres is a national one. Many science centres are seeking support to expand their roles in their communities. Our initiative represents a way for the federal government to engage with initiatives coming forward from across Canada. These will include initiatives from Quebec City, from Saskatoon, from Newfoundland, from Prince Edward Island. We encourage the federal government to continue to support these initiatives, but within an accountable structured framework that speaks to a national strategy.

• (1040)

Given our present-day demands and those from other science centres seeking expansion or communities seeking to build their own science centre, we're calling for a \$200 million fund, over five years, to finance these activities.

Thank you.

The Chair: Thank you very much, Mr. Peters, for your presentation.

Good morning, Ms. Smith. Welcome. You're here on behalf of Mothers on the Rampage, and you have five minutes to speak.

Ms. Beverley Smith (Mothers on the Rampage): Thank you.

I've placed before you a folder of documents in blue, which I don't see that anybody has, but that's life.

The Chair: Ms. Smith, we have to have any documents that are presented to the committee translated and then presented in both official languages.

Ms. Beverley Smith: You have something. That's fine.

The Chair: I assure you we will get them, if not immediately, then as soon as they're translated. All committee members will receive them.

Please continue.

Ms. Beverley Smith: Okay.

[*Translation*]

In the few minutes I have, I will explain the objectives of my brief. Then, I will explain the what should be done to reach those objectives.

[*English*]

This is a quick little story of early times. Men were hunters and gatherers; women were closer to home, tending the young, preparing the food, and nurturing the sick. The hunter needed someone at home to tend the young, and the caregiver needed someone to go out and get the food.

Money was made a commodity but assigned to the male role, the one away from home. The woman at home still worked as hard, but she was considered not deserving of money. She was dependent on the money that the one away brought in, but he still depended on her for the caregiving. It was still a partnership.

Slowly the stigma developed of not earning money. Economists now said being out of the home earning was the only role that was work, the only useful or productive role. Slowly we sank into what women have noticed for at least a century, the degrading of care work in the home. That trend continues.

Though we are several thousands years later, the needs of humans have not changed. We don't send hunters out to bring the bacon home, but they bring home money to buy the bacon. Babies still need to be washed by hand, and the care role has not evaporated. Much has changed, but much is the same.

Every adult is faced with dual obligations of earning and family, career and home, or, as some put it, work and life. There are many ways to resolve this. With the Internet, many people do their paid work from home. We're seeing a return to a medieval tradition of the home-based business, as well as the high-tech option of contact in the office while you're halfway around the world. You can take your child to paid work, or have the tribe, the community, take care of your child while you earn. People want different solutions.

What we should notice and what I urge you to think about is that we still, and you still, define usefulness, productivity, and competitiveness only in terms of money. Think about that. We have a male paradigm takeover that still devalues roles in the home. The government may say it values women; it only values women who get paid. It may say it values children, but it only values children in paid care. We have treated the home-based role as one of no value.

We've tilted economic forecasts way out of whack, because they don't count the human factor. They don't count that we're all one car accident and one phone call in the night away from being caregivers. We've become obsessed with money; and our kids, whom I see because I'm a school teacher, are hurting. They show stress and anxiety disorders, eating disorders, early gang affiliations, drug use, and overuse of alcohol. Lonely singles, I think, in Fort McMurray are having some of these problems. Our kids are crying for someone to be there for them, but the government is pressuring that someone to be away to earn money.

For women who stand up for the care role and dare to do it anyway, there's a huge financial penalty and disdain. As a woman, I think we have to reassess that attitude. It permeates the tax system. When you talk of labour force participation, you're only talking of paid work. You're ignoring unpaid work. You're ignoring volunteer work. Listening ears that help the teen feel that life is still worth living actually add to the nation's productivity. Time invested to make a child feel special and take them to the science centre benefits the community. Our tax system penalizes people who do this. There is a single income tax penalty on households that's 45% higher for single income. When we speak of quality of life, we're not providing the time element.

You ask what spending measures to recommend to make sure citizens are healthy. I urge you to look also at emotional health. You want businesses to be competitive, but unhappy workers are not productive. You ask for suggestions about infrastructure, but there's a question before that question.

Ken Dryden a year ago wanted to build an infrastructure for national day care—a huge system, a glorious standardized, regulated program for all children in Canada to be taken care of by non-family members. He was excited about this infrastructure, and so was Paul Martin. It was like they were building a corporation—consulting stakeholders, writing specifications, and institutionalizing and regulating a basic relationship: the parent-child bond. If children were cars or widgets, it would have worked, but they aren't. The national child care policy was so women could work—notice the goal.

There was a conference yesterday in Ottawa. Sixteen pension rights groups, 2.25 million seniors, are angry at the tax penalty because one of them was a caregiver in the home. They want pension splitting. Last year I was part of 17 demonstrations against only funding day care, not against day care but against only funding day care.

I just want to alert you, having listened to the last group, that you are hearing a lot of people who are all saying, "I would like money." I'm not actually saying the same thing. But you are hearing from people who, if you think of it, are saying, "Give only me some money, because my needs are special."

• (1045)

My goal is to have you say, give people the money more broadly and trust them a bit.

Just to point out to you, fitness centres do not own fitness; you can take the kid for a walk. Bookstores do not own literacy; you can go to the library. And even though you're going to fund some of these people, we should not exclude others from funding.

The Chair: Thank you very much, Ms. Smith.

We continue now with the University of Alberta. We are pleased to have the president, Indira Samarasekera.

You have five minutes.

Dr. Indira Samarasekera (President, University of Alberta): Thank you. Good morning.

I am very pleased to be here as part of this consultation process and to lend my perspectives to a very important discussion.

Canada, like its global neighbours, is entering a new era, one in which the new global currency is knowledge. As members of this committee, you are well aware of some of the drivers of this: economic growth in countries like India and China; the aging workforce in Canada, North America, and Europe; the rapid transmission of knowledge and information; profound advances in science, technology, and innovation; and the great global challenges that we share—climate change, human security, and so on.

Global leaders have become very aware that the development of successful global economies is contingent upon the critical mass of particular ingredients, with human talent and achievement absolutely at the top of the list, and science, technology, and innovation.

In Canada, good progress has been made. Efforts by the federal government to provide world-class research facilities and attract world-class researchers have been quite successful and are beginning to pay off in terms of stemming the brain drain.

However, there are some warning signs suggesting that without continued and increased funding to research and development, Canada may be on the verge of falling behind its global peers. In September, the World Economic Forum released its annual report on global competitiveness. Four European nations—Switzerland, Finland, Sweden, and Denmark—assumed the top four spots. Canada did not even make the top ten; instead we slipped from 13th to 16th place. Given today's reality of global competitiveness, this is a great cause for concern.

In response to global challenges, many countries—notably the United States, the United Kingdom, Australia, and Germany—have just in the past year launched new frameworks for funding models, focused on innovation and competition with significant new investment.

In February, the U.S. launched the "American Competitiveness Initiative: Leading the World in Innovation" with \$6 billion in 2007 to increase investments in R and D and to strengthen education and encourage entrepreneurship.

What does this mean for Canada? There is no better illustration of the importance of the application of knowledge than right here in Fort McMurray, where the University of Alberta researchers were instrumental in finding a way to harvest the oil from the oil sands. What better example of the benefits of science, technology, and innovation can one find—not just for today, but for what we must do to make regions like this totally viable for the future?

Leading the productivity and competitiveness agenda is a key role for the federal government. The federal government has a critical role to play in post-secondary education, research, and innovation. The success of this agenda is intimately linked to our talented people in research and development, and as a result, to universities. University competitiveness, including those individuals researching in and graduating from the nation's universities, is Canada's greatest ability to tap into the world's current and emerging knowledge pools.

Looking forward, what must Canada do? Canada must define a national goal that stakes out Canada's plan for competitiveness. I would suggest a few principles that could guide the government's actions in this ambition. First, create a world-class talent pool; second, attract the best students, professors, and researchers in the world to Canada and retain our best here; provide access to the best quality education in the world; ensure internationally competitive public investments in research; preferentially invest in areas where Canada has a comparative advantage by virtue of world-class excellence or fit with national need; and encourage increased engagement between the universities and the private sector.

The May 2006 budget included over \$100 million in additional funding for granting councils, indirect costs, and tax exemptions. This is a very important investment by the federal government. But in order to be globally competitive, we must look at long-term, increased, stable funding mechanisms for Canada's post-secondary education, research, science, technology, and innovation.

Thank you for the opportunity to present here today. I look forward to answering questions by the committee.

• (1050)

The Chair: Thank you very much, Madam President.

We'll continue with Mike Allen, who is here on behalf of the Fort McMurray Chamber of Commerce as its president.

Welcome, sir. You have five minutes.

Mr. Mike Allen (President, Fort McMurray Chamber of Commerce): Thank you.

It's indeed my pleasure to present to the committee on behalf of the Fort McMurray Chamber of Commerce. We'd certainly like to welcome committee members to the most robust regional economy in the world, one that is driving profound economic change, not only for this region but for Canada.

The total reserves of the Athabasca oil sands have been estimated at more than 170 billion barrels, which accounts for Canada's global ranking that is second only to Saudi Arabia. For a period this year, oil was priced at more than \$70 per barrel. It seems to have stabilized around the \$60-a-barrel mark. Most oil sands developers say that they are able to produce oil profitably at \$30 per barrel.

In contrast to much of the Middle East, Canada offers the rest of the world a stable government and economy. Continental energy security is becoming among the most discussed public policy issues, and the Wood Buffalo region has in the past year been visited by the energy secretary of the United States as well as several federally and state-elected legislators from the U.S. Foreign investment from other nations is also on the rise, and particular interest has been demonstrated by the Far East; many nations there are looking for an equity position in the oil sands.

Although the regional municipality has expressed concerns about its ability to support ongoing oil sands development without an immediate injection of infrastructure funding, all indications are that development of this resource will proceed unabated for the next several years. Analysts have predicted investment of \$125 billion over the next decade. To put it a little more accurately, the figures are more likely \$10 billion to \$12 billion on an annual basis.

What is happening here in our backyard has an impact on the whole of the country, and it is with that impact in mind that the chamber makes its presentation to the committee today.

We are concerned about three primary areas within the jurisdiction of the federal government: fiscal policy, including employment insurance and taxation; infrastructure; and labour supports, including immigration and post-secondary education.

Among the challenges for all employers in the Wood Buffalo region is finding qualified, committed employees in one of Canada's most competitive labour markets. We believe the current EI system is subject to abuses and serves as a disincentive to work. The surplus within the system seems to be used to subsidize government spending in other areas as well, which would effectively be a misappropriation of public funds.

The employment insurance program was originally created to provide insurance against unintended unemployment. If the administration of EI is refocused on that original intention, it will result in changes that benefit citizens and employers alike. It will enable the government to reduce EI premiums further and eventually enable employers and employees to have matching contributions.

We refer this committee to a more specific recommendation of the Canadian Chamber of Commerce on employment insurance. When Canadians are working, we need to ensure their prospects in Canada are competitive with those offered abroad. Recent changes in the American economy, including the rise in the Canadian dollar, have reduced the incentives that drove skilled Canadians to the U.S., the so-called "brain drain".

However, Canadian personal income taxes are still not competitive with American taxes. We recommend changing tax policy to improve the benefits to a shrinking middle class, without failing to recognize our obligation to lower-income Canadians. We also suggest that the federal government make it more attractive to potential employees to move to the northern reaches of the country by increasing the northern living allowance to offset the higher costs of living there.

Municipalities across Canada have approached the federal government with concerns over their ability to fund municipality infrastructure, essential to the delivery of services to citizens. The new Canadian government has honoured the commitments of its predecessor and has also enhanced funding to support transportation and public transit initiatives. Here in Wood Buffalo, that included the August 29 announcement of federal funding of up to \$150 million to support the twinning of Highway 63. The chamber applauds the federal government's contributions to road construction.

However, Wood Buffalo is the least typical municipality in Canada. Canada's energy security, not to mention substantial international trade, depend on our municipality, and our infrastructure requirements are more extensive than simply twinning an important highway. The 2006 census pegged Wood Buffalo's population at 79,000. That is an increase of 9% since 2005, not including the shadow population; people in this group number between 7,000 and 12,000 and reside in work camps, but they make significant use of municipal services. This is not sustainable, given the funding limitations of the municipality.

•(1055)

Several years ago a tripartite working group was announced for the region that, as we understand it, was supposed to investigate our unique requirements and determine opportunities for joint funding of critical initiatives, such as waste water treatment. This group has yet to make any significant announcements.

The chamber strongly encourages the federal government to acknowledge that regional economies of national significance, Wood Buffalo's and others, must receive greater federal support.

We ask the federal government to show leadership with respect to the tripartite working group and to renew its commitment to the special infrastructure requirements of the region. We also recommend careful investigation of public-private partnerships, or "P3s", especially as practised in Europe, to see how Canada can learn to expedite the construction of necessary infrastructure without compromising public interests.

It's a bit of a joke up here that Canada's second largest Newfoundland city is Fort McMurray. Alberta offers many young men and women from Canada's Atlantic region, which has suffered economic declines in nearly every sector, new opportunities to make a good living and raise a family. It isn't only for the oil sands industry that finding skilled employees is a challenge; employers in the service, retail, and hospitality sectors are challenged to recruit and retain good employees.

One of the proposed solutions is to increase the number of foreign workers admitted to Canada to work in Alberta's oil sands.

The Chair: Could you draw to a conclusion in the next few seconds, please?

Mr. Mike Allen: Yes, I will. Thank you.

There's already a program to permit nannies to apply for landed immigrant status after only six months of employment. We do not know whether a similar program is available for skilled workers in other disciplines, but if it isn't, it could be.

Again, changing personal taxation for middle-class Canadians to be more competitive with the United States will also encourage younger Canadians to put their skills to work in the country that helped them develop those skills, to the benefit of us all.

In closing, I'd like to thank the committee for this opportunity, and I'm happy to answer any questions you may have.

The Chair: Thank you, Mr. Allen. Thank you all for your excellent presentations.

We'll move now to questions, and we'll begin with Mr. McCallum, for seven minutes, sir.

•(1100)

Hon. John McCallum (Markham—Unionville, Lib.): Thank you, Mr. Chair, and I thank all of you for your very interesting presentations.

For all of us, I think it's our first time here. It's a very unique place. We're delighted to be here and are looking forward to our tour after these meetings.

I think I'd like to start with Ms. Samarasekera. As one who's been an academic longer than a politician, I can say that I agree with virtually every word you said. Also, I was proud to have been part of the Martin-Chrétien legacy, which I think made a big difference to universities and research and innovation. I don't expect you to agree with me out loud on this, but I think concerning the current government, the court is still out as to whether the small contribution they made in the last budget will translate into a continued push in this area, which to me at least is critical.

But my question is, if you have to make choices, if there isn't all that much money available in total—maybe because the GST cuts are crowding out so much—would you assign a greater priority to increasing the transfer to the provinces designated for post-secondary education or to direct federal measures along the lines of what we've done over the last decade?

Dr. Indira Samarasekera: I think it comes down really to the role of the federal government and how it's defined. I see increasing importance for the federal role to be stepped up in the area of innovation; in that area, really that's the investment in graduate training. This is masters and PhDs, who are really at the heart of creating new ideas, new companies, new businesses, which then go on to employ the rest of the people who are educated in the post-secondary sector.

If that definition is one that's worthy of consideration, then I obviously would favour investments that are directed at the innovation end of it, which means research and graduate students.

Hon. John McCallum: I've seen evidence suggesting that large pools of highly skilled labour are perhaps the number one determinant of where leading-edge companies tend to invest. That points to graduate education; I agree with you on that.

I would have thought also that in terms of support for innovation in universities and so on, the next step going forward might involve greater support for commercialization. I know this is not always popular with academics, who see themselves as pure researchers, whereas commercialization is getting ideas to market. We in Canada I think are pretty good at the pure end. I'm not sure we're all that good at transforming those good ideas into commercial products.

Do you agree with that point of view? Do you see a substantial role for the federal government in moving into pushing commercialization, or would you rather see us stay in our more traditional area?

Dr. Indira Samarasekera: I think the role for the federal government is to create a climate in which the private sector can really take those ideas and make them into commercial outcomes. I think the challenge has been the misconception, in some ways, that academics know how to commercialize research. They don't. That's not what they were trained to do. I think the really important role for the federal government and for the academics is to protect the ideas in a manner in which they can be commercialized by the private sector. So I would say one of the most effective mechanisms of commercialization is really getting our graduates employed in companies that traditionally have not employed graduates, small business and large companies that don't traditionally employ PhDs. What incentive can the federal government create to make that happen?

The second thing is the issue around venture capital and the tax laws and the fiscal and regulatory environment to allow small businesses not only to get going but then to be successful in getting second- and third-round financing in order to sustain growth.

There's the business about making sure you have a management pool and you can attract that, and that comes back to the cities agenda. Attractive places to live attract top-quality people.

So that's a huge set of opportunities that really support commercialization. But finally, commercialization is very much something that the private sector needs to aggressively undertake.

Hon. John McCallum: Thank you. I think that makes a lot of sense.

Mr. Allen, you were cut off when you were starting to talk about foreign workers, having previously spoken about people coming here from other parts of the country. To allow you to proceed on that point, my question is, do you need special dispensations or greater access to foreign workers, or can you rely on the existing situation and perhaps expend more effort to bring in people from other parts of the country?

• (1105)

Mr. Mike Allen: We recognize that there is shortage of skilled labour all over the country. I know there are lots of issues with the Constitution on directing immigrants and that sort of thing. We do believe a large number of immigrants tend to settle in the Toronto, Montreal, and Vancouver areas. We hear many stories about the doctor from Sri Lanka who's driving a taxicab. Certainly that is an issue for the college of physicians to address as well, as to how they transfer their qualifications.

But we believe that between all three levels of government and industry, we should be able to come up with some solutions as to how best to attract people into regions where there are specific skill shortages. I know we can't direct people if they're applying to come into the country, but if they're a skilled machinist, we can recognize that we have needs for machinists in these areas of Canada and perhaps just come up with various ways of encouragement.

Hon. John McCallum: Okay, thank you.

The Chair: Thanks, Mr. McCallum, and thank you, Mr. Allen.

We will continue now with Mr. St-Cyr.

[*Translation*]

Mr. Thierry St-Cyr: Thank you, Mr. Chairman.

I thank you for being here today. You are part of a very limited group, which is good because it allows us to have more exchanges with you than if you were a group of four, six, seven or eight.

My first question is for Mr. Peters about the Telus World Science Center of Calgary. I believe it is extremely important to develop new scientists. Since I am an engineer, I am very aware of that need.

Are there any studies indicating that your type of center encourages people to choose science as a field of study? Do you believe that Science Centers really have an impact on the career choices of young people?

[*English*]

Mr. Bill Peters: Yes, in fact we're accumulating a very significant body of knowledge that young people need resources outside of the conventional school system. We get about 20% of our learning through the conventional school system, and parents, business people, and educators realize that 80% comes through informal channels.

The programs that the Science Centre in Calgary offers, that the Oil Sands Discovery Centre here in Fort McMurray offers, are very directed at enhancing young people's ability to form a view of the ability they have to frame a career as they go forward. For example, one highly successful program that we offer in Calgary is called the Science Olympics, and it actually starts people as early as middle school, junior high, actually working with scientists, engineers, and technologists. Through this personal interaction we know that our Science Olympics students very often, much more than you would expect by chance, go on to, for example, the University of Alberta, the University of Calgary, and other institutions of higher learning in the sciences.

[*Translation*]

Mr. Thierry St-Cyr: Since I have studied science, I know—and you know it too—that very few women choose science studies when they go to university. I know that there are special programs a bit everywhere, in Quebec and in Canada.

Do you have this type of programs here?

• (1110)

[*English*]

Mr. Bill Peters: In fact we do, and in fact many science centres across Canada are very concerned about attracting more women into science and technology. I'm very proud that Suncor, a company that's very active in the Canadian oil sands, sponsors a program for young women, to interest them in science and technology, at our Science Centre in Calgary. This is not unique. There are many corporate sponsorships of similar programs in our 35 institutions across the nation.

[*Translation*]

Mr. Thierry St-Cyr: The name of your organization, Telus World Science-Calgary, leads me to believe that you receive private funding.

What percentage of your revenue comes from the private sector and from the public sector? I suppose that people have to pay an admission fee when they come to your Center.

[*English*]

Mr. Bill Peters: We do. On an operating basis our facility is very similar to facilities across Canada where one-third or less of our annual operating budget actually comes from government. When we look at the capital investments made in centres, and the proposal under the Canadian Association of Science Centres for the \$200 million program, that will be amplified three to four times over by private investment and investment from other levels of government. So it is a strong example of a community and public-private partnership.

[Translation]

Mr. Thierry St-Cyr: Since I have only two minutes left, I will address this question to Mrs. Samarasekera.

In your first recommendation, you refer to the development of a human capital strategy that would mainly be aimed at training the right mix of science, engineering, business and arts graduates.

I would like to know what that would be based on: the needs of the market, an ideal society or the wishes of students? How do you believe this mix could be achieved: by creating quotas for programs, by preventing students from selecting the program of their choice, or by giving them incentives to choose one field instead of another?

[English]

Dr. Indira Samarasekera: It's a very good question.

If you look at Canada and compare it to countries like Japan, Korea, and some of the other nations that are really leaders in innovation, you will find that they have a much higher percentage of people who are engineers and scientists, relative to those who are in the arts. So one of our challenges is to ensure that we have that balance correct. I think there's a good amount of statistics to say what would be a right number.

The other challenge we have is that students who want to go into the arts I think have to be encouraged, because we do need people in those disciplines. I'm a great believer in that. I think our challenge has been that we've underinvested in those areas, so those who do go into the arts do not get a quality education necessarily. There are disciplines like music, fine arts, and so on that are really suffering in this country because, again, we've not invested adequately.

So when I talk about a balance, on the one hand it's having adequate numbers of engineers and scientists and on the other hand having quality education in the arts so that the people who come out with business and other degrees have what they need.

[Translation]

The Chair: Mr. St-Cyr, are you finished?

[English]

We continue now with Mr. Dykstra for seven minutes.

Mr. Rick Dykstra: Thank you, Mr. Chair.

Ms. Smith, I want to start my questions in terms of your presentation with respect to how a single-income family is actually penalized for one of the parents staying at home. Do you have some thoughts on how to correct that, and potentially what the cost might be from an overall federal perspective?

Ms. Beverley Smith: If you agreed with the principle that the person at home is doing useful work, there are a number of ways.... You could increase the spousal deduction to full personal, as we do in Alberta already. You could have a household-based tax, instead of an individual-based tax, allowing income splitting, as they do in France or as they do in the United States. That's a possible option. You could make the universal child benefit, which you guys have to the age of six, go to the age of fourteen or sixteen, and be a more significant amount. Dr. Pierre Lefebvre of the University of Quebec suggests \$5,000 per child. The money flows with the child; the people can purchase day care or nanny care with it, or subsidize their

costs at home. The maternity benefits would have to flow with the fact of maternity, not with paid employment status.

There are a number of mechanisms.

● (1115)

Mr. Rick Dykstra: Thank you.

My next question is to Indira. It is on your points about investing in access to education.

One of the things the recent Statistics Canada yearbook indicated was that despite the fact that education has tripled over the last eleven years with respect to post-secondary costs, the increase in attendance in the country has been phenomenal. I wonder if you could comment on that. Cost is obviously a factor, but at the same time we're seeing a tremendous growth in the numbers of those attending post-secondary education.

Dr. Indira Samarasekera: I think it's a reflection of the understanding that post-secondary education certainly provides opportunities they wouldn't otherwise have, because the number of jobs that now require post-secondary education is growing much faster than the number of jobs that do not. I think that's the reflection of it.

I think the other thing it reflects is that a lot of young people don't necessarily know, when they're going to university, what subject they want to take. They see a university education as equipping them with the skills to acquire perhaps the knowledge they may need later on throughout their lives or even at a later stage in their education. It is giving them that flexibility. I think it's also the flexibility that the university degree offers that makes it more attractive.

Mr. Rick Dykstra: You mentioned that we need to focus on investing where we have an advantage in the world. I wonder if you could highlight for us—or for me in particular—those areas in which you believe Canada is at the cutting edge, areas we should be investing in.

Dr. Indira Samarasekera: Sitting here in Fort McMurray, I'd have to say energy. As you know, in a recent speech the Prime Minister said that Canada can be an energy superpower. We have the resource, but we are not necessarily at the cutting edge in terms of the technologies needed, not only to extract the energy economically but to extract the energy in an environmentally friendly way. We could be a purveyor of environmentally friendly technologies related to energy.

The second one is that we have a wonderful public health care system in which we invest large amounts of dollars in order to deliver quality health care, but we don't reap the benefits of that investment in the form of innovation when there are new medical products and so on. The fact that we can do that requires some thinking, and again, converting some of those investments into outcomes would be a good one. Those are two areas.

I think the other area, really, is our education itself. Education is becoming a multi-billion-dollar, world-class business. Canadian universities are great institutions, yet the number of international students we attract is pretty meagre compared to the U.K., Australia, and so on.

There's a double advantage in that the students who come not only provide revenue and, in a sense, business income, but they enrich the climate for others.

Those are three examples of areas in which Canada could make some investments.

Mr. Rick Dykstra: Thank you.

Mr. Allen, the growth of business in Fort McMurray has obviously been phenomenal. From small business to large, how many businesses are in Fort McMurray? Would you hazard a guess?

Mr. Mike Allen: I can only speak on behalf of my membership. We also work with three other business organizations, which include the aboriginal business association, NABA; the construction association; and the Wood Buffalo Builders' Association. We currently have membership of over 1,100. That includes industry as well. Our guesstimates are that we probably have somewhere in the neighbourhood of 1,600 to 1,800 businesses just in the Fort McMurray region itself.

Mr. Rick Dykstra: On a percentage basis, would you suggest that your chamber here has been...? That's over 50%, obviously. Is it considered to be pretty successful, from a chamber of commerce perspective, that you have that many businesses engaged in your community in a chamber?

Mr. Mike Allen: I believe so. But in working in partnership with everybody else we've adopted some policies of working together and have come up with a program, an online system, for working with industry for local work opportunities that were never present before. This has certainly stirred up a lot of interest in becoming part of the membership.

• (1120)

Mr. Rick Dykstra: I have two quick questions, and I don't know how much time I have, so I'll ask them both.

Was the chamber in favour of the corporate tax cuts that were included in the recent budget, and supportive of them?

The second is, you commented on the employment insurance potential of making it an employee-employer relationship versus one that would include the federal government. How could we actually engage in moving in that direction and see it be positive?

Mr. Mike Allen: What we were doing was supporting the Canadian chamber's perspective, in their paper that was presented to the committee, to eventually have the employer portion reduced to where it was matching the employee portion, rather than being at 1.4 times that, where it currently sits. We believe that in an environment where unemployment is at an all-time low, that would support it.

The Chair: We're continuing with Madam Wasylycia-Leis. It's your round, Madam Wasylycia, for seven minutes.

Ms. Judy Wasylycia-Leis: Thank you, Mr. Chairperson. Thank all of you for your presentations.

I want to start with Mr. Allen. We just had a fine presentation from your Mayor Blake. I would assume the chamber is involved in trying to solve some of the problems that were enunciated. I wonder how you work with the city in dealing with some of these problems, what your view is of the cry for some public investment in areas such as housing and health care, and whether or not you think—given that

over the next twenty years, as I understand it from the presenters, at \$30 a barrel, about \$70 billion in royalties will be going from the oil sands and Fort McMurray to the federal government, and it's likely double that, given that the price of oil a barrel is going up rapidly—some of that money should come back to this community to assist in some of those problems.

Mr. Mike Allen: Thank you for that. Absolutely, we're in support of that.

Really, it's just a matter of the growth never having been anticipated. Our federal, provincial, and municipal levels of government unfortunately were not able to develop a plan. The chamber is working very closely with the municipality and with the provincial government, as well as with our local member of Parliament, to help develop a sustainability action plan for the long term, recognizing that if we were to invest in this community, it would be better for the province and in fact the country in general.

Ms. Judy Wasylycia-Leis: Thank you.

I would like to ask Indira Samarasekera this, related to the issues we heard about Fort McMurray and to the whole issues of science and technology. Maybe Mr. Peters would answer as well.

It seems to me that hardly anybody is really talking in this community about pollution and the greenhouse gas emissions. Reading from the articles, it seems as though Suncor is one of the only oil companies actually looking at some way to put a cap on carbons and make carbon-neutral oil sands production.

What can the university do to force something at this level? And is there any connection here with the whole science centre development?

Dr. Indira Samarasekera: On a number of fronts the university is already working with the oil sands companies. Certainly we've had a lot of work with Suncor and Imperial Oil and so on. This would include the universities of Calgary and Lethbridge. A number of the technologies we're working to develop are actually towards improving the environmental impacts: reducing the amount of water that's being used, reducing the amount of energy that's being used to generate the oil. All of these things are currently going on.

Obviously our role is to generate the knowledge and have the people go in to the companies who can then push for further development. That's sort of what we're aware of.

Ms. Judy Wasylycia-Leis: Do you have anything to add, Mr. Peters?

Mr. Bill Peters: I would add that we've consulted very broadly with Albertans about what they want to see in their science centre in Calgary in the future. Certainly the environment and sustainability is on everyone's mind. They've urged us to make our future facility really exemplary of best practice in sustainability, a low ecological footprint, because there is a growing public passion to see how to do that and insist that it be done, not just for science centres but across all sectors.

• (1125)

Ms. Judy Wasylycia-Leis: Thank you.

Beverly, nice to meet you after all these years of receiving your emails.

My colleagues will probably say I'm on the rampage all the time. Now I'm really on the rampage after listening to your presentation, but I will try to calm down and say that I think there is room for a debate among all of us around how to recognize all work in our society, including what is now considered unpaid work in the home. I think the whole question of how we define the GDP is important.

I appreciate some of the groundbreaking stuff you've done. I have problems, though, with some of what I would consider very erroneous information you present. I'll just refer to one example, because I don't think it's helpful to the debate, and that is your reference that Sweden has disastrous results.

I just read in the *Guardian Weekly* the following facts: that Sweden has a GDP per capita of \$27,310, which is high by European standards and our standards; Sweden has a current account surplus of \$10 billion; it has a lower inflation rate than the U.K., higher global competitiveness, and a higher ranking for business creativity and research. On top of it, in terms of human welfare, there is no competition according to the quality of life measure published by *The Economist*, which is not a social democratic publication by any means. Using the human development index, Sweden ranks third in the world. It has the world's third-highest life expectancy. I could go on.

What I'm trying to say is that when we're trying to pursue public policies that allow everyone choice, you can do that by providing the necessary supports to make those choices, without bankrupting the country. In fact, it actually adds to competitiveness and higher productivity, which is something we're all trying to find and achieve.

I don't know if you would like to make a comment on any of that. I would certainly appreciate it.

Ms. Beverley Smith: Your citing all the advantages of Sweden is exactly what I'm talking about—all of them are about money. Sweden has the highest suicide rate in the world.

Ms. Judy Wasylycia-Leis: I just gave you the overall human—

Ms. Beverley Smith: By *The Economist*? What point of view do they have? Money.

Ms. Judy Wasylycia-Leis: Most reputable organizations in the country and in the world don't dismiss the research that has gone into assessing quality of life. It's worthwhile taking into account the fact that it has a very high quality of life and is very competitive economically on the international front.

Ms. Beverley Smith: I'm in contact with a group there. Bo Pettersson is the head of it. He made a complaint at the United Nations that Sweden's tax laws are so offensive...actually they've taken the world "family" out of their laws. They encourage women to be out of the home. There are huge penalties for being in the home. He thinks Canada is moving in that direction.

Just before the election, I said, "How do you think it's going to go?" He said, "I don't think people have the courage to vote out this government, because there are so many tax breaks to leaving your kids, and people like the tax breaks, too." They voted them out anyway. People voted with their heart. We should be aware of that.

Maybe we're on the same page trying for women's rights. I think the NDP is missing something you could really think about for

policy, which is a universal benefit program, because when you guys endorse universal day care, you're alienating most parents.

The Chair: Thank you, Madam Wasylycia-Leis.

To accommodate everyone, folks, we're going to go with four-minute rounds here. We'll go with Mike Savage.

You have four minutes, sir.

Mr. Michael Savage: Okay.

Ms. Samarasekera, I had the pleasure of chairing the Liberal committee on post-secondary for the last couple of years, first in government and now in opposition. I've gone to a lot of the country. I didn't get to your university, but I certainly appreciated your comments, and there's nothing in your brief that I would disagree with.

I want to ask you a follow-up to a question that Mr. McCallum and Mr. Dykstra started. You mentioned that enrollment has actually gone up. Does this indicate that maybe tuitions aren't too high? There are two parts to that. First, student debt has gone up exponentially. Second, enrollment has not gone up among low-income Canadians, aboriginal Canadians, and persons with disabilities. It seems the real issue in access is, how do we get those people to university?

You cited a lot of this excess in the research investments that came about since 1998. I think some \$13 billion has gone in and stemmed the brain drain. I'm sure your university, like universities you read about in the paper, is repatriating researchers. That was a direct federal investment to the university. Last year, in the economic update, we brought forward a plan for large amounts of money, \$2.2 billion for low- and middle-income Canadians to be able to get to university.

What is the best way to ensure that Canadians, who don't have access to post-secondary education because of money, get there?

• (1130)

Dr. Indira Samarasekera: You've touched on a really important issue. There is an enormous, and I think an almost excessive, focus on tuition cost, as opposed to affordability. I think one of the challenges we have is that we are keeping our tuitions relatively low compared to most countries. In some respects, that's costing us in quality, and also we are not taking advantage of the potential for some people to pay and translating this into scholarships and bursaries for others who cannot afford it. The real opportunity for us as a country is to create some scholarships and go after the low-income, underrepresented groups—the aboriginals. There's a huge opportunity here in Alberta and across this country. I think we have to shift the debate. So that's the first thing: affordability.

Secondly, you know the debt hasn't been going up exponentially. The average debt of a Canadian student coming out of post-secondary is about \$20,000, if I have the numbers right. Many of them do pay the debt off in a relatively reasonable period of time. The real issue is not the tuition; it's the actual cost of going to school and giving up work.

Mr. Michael Savage: I agree with that. I don't think the issue is tuition. It's certainly not as simple as tuition.

Dr. Indira Samarasekera: No.

Mr. Michael Savage: And we have to take direct measures to make sure that Canadians who aren't going to university now get to university.

On the front page, you mentioned that the University of Alberta has a lofty goal to be among the top twenty public research universities in the world by 2020. Who measures that? Secondly, I assume there are no Canadian universities there now.

Dr. Indira Samarasekera: No.

I think there are a variety of measures. Generally, the universities in the top twenty in the world have some very clear attributes, and that is that they are destinations for everybody. Faculty want to go there, the best students want to go there, and the best researchers from around the world want to go there. I think if you're near the top twenty, you know, because people are beating a path to your door. For me, that would be the metric, and I don't think any Canadian university has that kind of attraction.

The Chair: You have a very brief time.

Mr. Michael Savage: Okay.

We heard earlier from the community college in Fort McMurray. It seems one of the other keys to the future of education in Canada is working closely between universities and community colleges. Does U of A do that?

Dr. Indira Samarasekera: Yes. In fact, we have a very strong relationship with Keyano College; we're offering joint degrees. U of A degrees can be received right here, and we're doing this right across the province. We have MOUs with close to twenty colleges where we are offering degrees. It's a very exciting model and again one that accesses the underrepresented and non-traditional students to get into post secondary.

Mr. Michael Savage: Thank you.

The Chair: Thank you, Mr. Savage.

Certainly one of the concerns that a number of the committee members share is access to post-secondary education and training for rural and isolated family members and students. You've mentioned tuition as a relatively minor cost, certainly a far lower percentage of the cost for someone who comes from a rural community than for someone who can live and have accommodation within the community where the training is offered. Do you have any specific ideas or suggestions for the committee on how we might address the inequality with respect to those barriers?

Dr. Indira Samarasekera: I have two comments. Of course, one is to continue to ensure that resources are in place to allow major universities like ours to offer degrees in those communities, because one way to keep people there is not to relocate them in the first place.

Many would much rather receive a degree from the University of Alberta at Fort McMurray than to have to move to Edmonton. That's the first measure. And those programs are more expensive for the student than actually relocating them on a campus in Edmonton. The costs of delivering a program in Fort McMurray would be marginally higher, because you're dealing with a smaller volume.

The second issue is there are some students who would benefit from and want to go to Edmonton. For those students, we should have preferential grants covering some of their costs and some scholarships associated with the fact that they are from outside the region. This is where it comes back to an affordability program that addresses those specific challenges for students who are not necessarily higher, because you're dealing with a smaller volume.

The Chair: Thank you. And involving the private sector and individuals outside of government in that second suggestion is something I am a proponent of. I'm a member of our Brandon University Foundation and have established a personal fund specifically for that purpose, and I encourage others to do the same.

I have a second question on the rents. I got some information here a minute ago from, I understand, a town councillor, saying the average wage here is over \$90,000. The average rent for a one-bedroom apartment is around \$2,000. Nod if that's in the ballpark.

• (1135)

Mr. Mike Allen: It's a little bit high on the rent, but it is certainly very high.

The Chair: Okay. Also, he said that the federal government will receive \$60 billion in oil revenues if oil prices continue where they are over the next twenty years—\$60 billion! It's almost an unbelievable amount

But we have to concern ourselves a little bit with the short-term challenge issues communities are facing and others.

On the issue of your retail rents, obviously it's a supply and demand issue. I assume you have an incredible demand for space; therefore, the price is naturally going to rise. This is the free market working here, right?

Mr. Mike Allen: Absolutely. I think one of the challenges, and this is not a federal issue but rather a provincial one, is that everything surrounding Fort McMurray—and I've had many people from across Canada say, "I can't believe you keep talking about a shortage of land, because everywhere we look there's land"—is owned by the Crown, and there are issues around the release of land.

Currently, with the growing population the focus is on providing residential properties, and we understand that. What we're looking for is some form of focus on getting commercial and industrial development going as well and diversification of the businesses in the community, because otherwise we turn into an industry town.

With the retail sector and the service sector, the challenges with staffing are related directly to housing costs and the competitive wage nature. So how does this hotel in fact compete when they have 100% turnover of staff? For small businesses, myself included, where many people in the community are from Edmonton, Calgary, and Toronto, they expect competitive pricing when overhead costs are in fact almost double. That's—

The Chair: But my point, and I want you to address it, is this. Is not some of this a natural consequence of the lag between, say, housing starts, commercial development, and so on, following the increased interest in the community? We'll put it that way.

Mr. Mike Allen: Absolutely. We're looking to catch up, essentially, and that catch-up mode is starting.

The Chair: Okay. So how does this committee in its recommendations address the catch-up challenge you're talking about, or is it largely a provincial matter of jurisdiction?

Mr. Mike Allen: We say it's largely provincial. Certainly, there is some federal assistance, and that's when we approached the tripartite-type agreement. The focus we're working on primarily with the provincial government right now is on the funding formulas. And I believe you would have heard it from both the mayor and from the CEO of the hospital: all the funding that comes forward from the public side is based on a formula that is the same for every other community in the province and/or Canada.

With the rapid growth that's happening here, what we're suggesting is that as a business, for example, I would invest my capital where I'm going to get my best return. Any investment in that infrastructure right now in this region, or any other high-growth region, such as Grande Prairie or Cold Lake, in the energy sector will certainly pay off for the rest of the country in the long run.

[Translation]

The Chair: I now give the floor to Mr. St-Cyr.

You have four minutes, sir.

Mr. Thierry St-Cyr: Thank you.

I would like to say a few words about Mrs. Smith's brief.

Even if I basically disagree with what you say in your brief, I must admit that it has the advantage of being very upfront about what you want. Some of the groups that appeared before us have tried to hide behind the so-called right of women to choose when in claiming that women should stay at home. The government itself has used this argument. You, however, are very upfront about this. I believe that your historical perspective, at the beginning of your presentation, was very enlightening. It fits in very well with what some people are saying here.

That being said, I have to admit that I am a bit uncomfortable with the idea of penalizing people who do not use a given social program. Even though I have been lucky enough not to have to be hospitalized over the past few years, I have still paid willingly all my taxes. People who do not use childcare services because they don't need them are not penalized. By definition, a social program means that one uses the resources of the collectivity to meet the needs of some people. However, if we collect money from everybody and redistribute that money to everybody, it's useless because it's a zero-sum game. If that's what we want, we might as well eliminate all taxation and let everybody do what they want with their money.

There's also an important contradiction in your brief, which I want to explore with you. At the beginning, you state that money is not the be-all and end-all, that it isn't important. At the end, however, you try to convince us that we should fund people who stay at home to care for their children. It's as if you said that money is not important but,

please, give me some. That is somewhat contradictory and devalues voluntary activities. When people do something voluntarily, they don't expect to be paid for it, they don't ask for money in exchange.

As far as you're concerned, is money important? If it's not, why should we implement your recommendations? If it is, if money is important, why should government fund a very expensive program aimed at pulling millions of women from the labor market? Why should government, in doing that, deprive itself of all that tax revenue?

• (1140)

Ms. Beverley Smith: It's a good question.

First, my aim is not to ensure that women stay at home but only to recognize those who choose to do so. I have four daughters but they don't live at home now. One is a lawyer. She has a job and she leaves her two children in a childcare center for a few days. I have nothing against childcare centers.

However, if my daughter chose to stay at home, she would not get any financial benefits, even if she took care of her children's education on her own. I believe that the problem you raise about childcare centers is the one that we've raised also, and that is that children who use childcare centers receive some education services whereas those who don't use them don't receive those services. Personally, I have taken care of my children's education at home. I have used the same programs, which is not your case: you give them to one group but not to the other.

Mr. Thierry St-Cyr: So, you think that you should have been paid because you were providing the same services?

Ms. Beverley Smith: No. You should have paid me because I was providing the same services that you pay for when they are provided in a childcare center. I was a care *giver*, not a care *seller*.

Mr. Thierry St-Cyr: In the end, your approach is very...

The Chair: Your time is up, Mr. St-Cyr.

Mrs. Ablonczy.

[English]

you have four minutes.

Ms. Diane Ablonczy: Thank you, Mr. Chairman.

Thanks to all of you for being here. There have been some diverse presentations, but important ones.

I'd like to just ask Mr. Allen something. You said that the land surrounding Fort McMurray is owned by the Crown. Is that the Crown in right of Alberta or of Canada?

Mr. Mike Allen: It is the province.

Ms. Diane Ablonczy: It is the province. Clearly, you're crying for land. We saw an article last night about a man who came out from Quebec to work in Fort McMurray. He brought his fifth wheel so he'd have a place to live and then found he had no place to park it. What's the hold-up? Why can't there be an agreement with the province to release some of this land for development? What's the issue there?

Mr. Mike Allen: Certainly at one point there were some politics involved, but that seems to have gotten out of the way. The province is responding much more quickly now.

In the region, the growth we're experiencing right now was really unplanned. It was never expected to happen this quickly. The price of oil certainly has contributed greatly to that. When we go back to late 1980s and early 1990s when the boom fell, the price dropped—

Ms. Diane Ablonczy: It's not so much of a problem now. Isn't land being made available?

Mr. Mike Allen: There is land being developed now. It has been released. We certainly could use a lot more. It took a long time to get it released when we were requesting it in the first place.

Ms. Diane Ablonczy: I had some discussions with various people about this issue of the labour shortage. The issue for them was a resistance to bringing in workers from overseas. They felt that workers should be recruited from the rest of Canada. They had some reasons; they felt that jobs should be going to Canadians rather than to people from overseas.

Have you dealt with that issue? Can you expand on it for the committee?

• (1145)

Mr. Mike Allen: Most of the concerns I have heard have been related to the labour unions, and many of the thoughts are well presented.

We, as well, believe that.... I think most companies also prioritize their requirements in local, then national, and then foreign workers, so foreign workers certainly take up the last priority, but it is becoming a growing priority. It's not because of competitiveness—you know, being able to bring in people from China, for example, or Mexico, and getting that labour cheaper. The folks who are looking for employees are just looking for warm bodies in those jobs.

Ms. Diane Ablonczy: There was some resistance to recruiting from other parts of the country. I don't know whether it was politically motivated or whether there was really some good reason for it. There was a feeling that questioned why workers from all parts of the country should be sucked into Fort McMurray, so to speak. Do you see any advantage for workers to relocate to Fort McMurray in the long or short term? Have you addressed that issue?

Mr. Mike Allen: We have taken a position, as a business organization, that we are here for the community, so we're not looking for people to come in temporarily. We sympathize with communities in Newfoundland, for example, that are shrinking because of the large population that is moving from the eastern provinces into Fort McMurray. What we're hoping, though, is that people will actually relocate, bring their families here, and become members of the community. The transience in the workforce has grown dramatically and can be somewhat of a problem as well.

The Chair: Thank you, Mr. Allen.

We'll continue with three-minute rounds.

Mr. McKay is next.

Hon. John McKay: My first question is for Mr. Allen.

You were concerned about EI and the allocation of EI. Am I to interpret from your comments that you would like any job creation programs sponsored by EI to be eliminated from EI?

Mr. Mike Allen: No, we're not suggesting that. We have made a lot of progress in the EI program with regard to its availability to workers. Certainly our organization, both provincially and nationally, is prepared to work with any panel to help develop something that encourages people to go back to work, rather than encouraging them to.... The way the program is developed, there are still areas in it that encourage people not to work.

Hon. John McKay: The average is already \$90,000 a year around here; that would encourage a lot of people to work.

Mr. Mike Allen: That is certainly not here.

Hon. John McKay: My next question is for Beverley Smith.

My colleague Paul Szabo, from Mississauga South, had a bill on the floor of the House that would recognize "unpaid work" as a pensionable credit. Would you in principle support that idea?

Ms. Beverley Smith: Yes, but yesterday Paul Szabo was against us for pension splitting, which we couldn't understand, so I'd have to talk to him.

Hon. John McKay: Okay. I recommend you give him a call.

Thank you.

The Chair: Mr. McKay, if you wish, you have another minute.

Hon. John McKay: It's all right. I'll add it to my time next time.

The Chair: I sincerely doubt that.

Dean Del Mastro, you have three minutes.

Mr. Dean Del Mastro: Thank you very much, Mr. Chair.

Ms. Samarasekera, I have a quick question. We've had a number of student groups and university groups come forward to suggest that the Government of Canada look at setting up a designated or dedicated transfer for post-secondary education to the provinces, meaning that money could only be used for post-secondary. Would you be supportive of that type of agreement between the federal government and the provinces?

Dr. Indira Samarasekera: It would depend very much on what it would replace. In other words, my concern—and I think I responded to John McCallum—is if that is the sole investment of the federal government in the post-secondary sector, and that takes away from the investments in research, graduate training, and so on, I would be concerned.

Back to the issue of post-secondary education, I believe increasingly it's a national issue. One of the concerns I have going forward is that for the segregation as being locally or provincially managed, it precludes Canada from taking a national position on how post-secondary is marketed abroad or marketed within the country or positioned within the country. I'm very ambivalent about that, quite frankly. I would have to see what that would be in the context of all the other investments the federal government would be making in supporting post-secondary and innovation.

• (1150)

Mr. Dean Del Mastro: Thank you.

Ms. Smith, I have a couple of things.

First of all, in a broader policy context, we do support the notion of income splitting for households, but it's a very difficult thing to move toward because it would represent a fairly significant change in our income tax system. Certain allegations have been made in the House that by not investing in a national day care program, what we may end up doing—and it's not something I agree with to any extent—is we'll have to invest in prisons long-term. Do you have comments on that?

Ms. Beverley Smith: I am not against a national system for children's care. I would define care as wherever the kid is, he's being taken care of; otherwise it's illegal care and there's nobody around. So I would fund the child...to flow with the child. If you want to avoid kids ending up in prison, sending them off to third-party care is counterintuitive. Kids need love and they should be with people who love them.

Mr. Dean Del Mastro: The Coalition of Child Care Advocates of B.C. yesterday...one of their guiding principles is to provide children from birth to twelve years of age with "optimal environments in which to grow". Would you comment on what you think is the optimal environment for a kid to grow?

The Chair: I'm sorry, but Mr. Del Mastro's time is up. But we will continue with Mr. Pacetti.

Mr. Massimo Pacetti: Thank you, Mr. Chairman.

Just a quick question to Mr. Peters. In your brief, you didn't ask for any funding. Then at the end of your presentation you requested a \$200 million separate fund for science and museums. Is that correct?

Mr. Bill Peters: Yes, a \$200 million fund to enable infrastructure and programs in science centres. That's over a five-year period. What I would comment on, and this relates to what Dr. Samarasekera is saying as well, is the perceived need for a national science and technology system for Canada to really move Canada ahead. Science centres are saying we have a role to play on behalf of the nation. We can be one of the contributors to really moving Canada ahead as a science and technology nation. Therefore that investment is merited.

Mr. Massimo Pacetti: So it's an investment. Would you see a return on that investment, or is it investing in centres or investing in science?

Mr. Bill Peters: It's really investing in Canada's young people. Through the learning results we get with Canada's young people, there would be a future return on this investment.

Mr. Massimo Pacetti: Before I get cut off, can you send us a couple of lines of what the idea is? It's not in the brief—or am I mistaken?

Mr. Bill Peters: We've already submitted a couple of briefs, but I'll make sure we get that.

Mr. Massimo Pacetti: I didn't see the exact purpose of the \$200 million. I didn't see that in the brief. I have the brief here. Is it in here?

Mr. Bill Peters: It should be in there, but we'll make sure that gets covered more thoroughly, if it's not adequately done.

Mr. Massimo Pacetti: Okay. It doesn't have to be a huge document. One page would be enough.

Mr. Bill Peters: Great. Thank you.

Mr. Massimo Pacetti: Thank you, Mr. Chairman.

The Chair: Thank you for doing that, Mr. Peters. We appreciate that.

We'll move finally to Mr. Wallace for three minutes.

Mr. Mike Wallace: My questions are directed only to Mr. Allen. I'm from Ontario. I was surprised there are no development charges here in the province. You're in a growth community. Is your organization absolutely opposed to development charges to help communities grow?

Mr. Mike Allen: Which development charges are you speaking about?

Mr. Mike Wallace: Anybody who builds. Anybody who does anything pays a development charge to help the sustainability of the community. For anything that's built, there's a charge.

Mr. Mike Allen: Actually, there are a number of charges within the municipality for development charges. It depends. Are you speaking specifically about industry, or...?

Mr. Mike Wallace: Whether it's an industry, whether it's a company, whether it's an individual, they all pay a development charge.

• (1155)

Mr. Mike Allen: They have a system of off-site levies here, actually, that are primarily, right now with housing, based on deep services. For any of the building that's going on, those charges are forwarded through the municipality. I believe those go through.... So we're not opposed to them, no.

Mr. Mike Wallace: Do they go to soft services also, such as arenas, city halls, and those types of things?

Mr. Mike Allen: That I can't say for sure.

Mr. Mike Wallace: My next question, which will probably be all I have time for, is this. I used to sell in a previous life to doctors' offices, and I heard from the medical folks earlier—I'm not sure whether you were here for their presentation—

Mr. Mike Allen: Yes.

Mr. Mike Wallace: —that six people have left, and part of the issue is rent, and a number of other things. In Ontario—and I don't know whether it's national, and I need to find this out—they're not allowed to be treated as businesses. I used to sell them office equipment, and they could not write that off as an input. It came out of their fees, basically.

Would your organization support the concept that a doctor's office would be treated as a business and be able to write those costs off, just as any other business could?

Mr. Mike Allen: Absolutely, Mr. Wallace. In fact, I always believed they were treated as a business.

Mr. Mike Wallace: It's just a question.

Mr. Mike Allen: Absolutely. We would support anyone who is providing a service as being in a business.

Mr. Mike Wallace: Okay, thank you.

Thank you, Mr. Chairman.

The Chair: Thank you, Mr. Wallace.

And thank all of you and each of you for the presentations today, and for a very stimulating exchange. We appreciate your time. We appreciate the time you've put into your endeavour today, but your time generally, of course, is valuable, so we thank you for giving us some of it. You're excused.

Before we lift, I have just a quick question to poll the members of the committee on a specific invitation I'd like to extend to you.

I know some of you are departing after Saskatoon, but I just wanted to say there's a very fine little unpretentious Chinese

restaurant in my home town that does a special thing called a Peking duck dinner. It's a thirteen-course dinner, and they'll put it on for ten people or more. I wanted to ask those of you who are continuing with us.... If you're interested in it, we could arrange it.

I think it's \$25 a person. It's unbelievable, so...and John McKay is buying.

Some hon. members: Oh, oh!

The Chair: We are adjourned.

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