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## Standing Committee on Finance

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EVIDENCE

**Thursday, October 5, 2006**

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**Chair**

**Mr. Brian Pallister**

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Thursday, October 5, 2006

• (0900)

[English]

**The Chair (Mr. Brian Pallister (Portage—Lisgar, CPC)):** First of all, welcome to our guests today. We look forward very much to your presentations this morning. Thank you for the time you've taken to be here with us and the time you've taken to prepare your briefs, which we have. I understand some of them are in translation; nonetheless, we will be reviewing them.

I know you're aware of the process, but just for the sake of review, we are the finance committee of the House of Commons. We've been charged with the responsibility of hearing briefs and receiving input, which we can then provide and forward to the Minister of Finance prior to the next budget.

It's an exciting process. This week we've spent about twenty hours in airplanes, so if you see a couple of beleaguered members of our committee coming in here a titch late, apologies in advance, but they will be reviewing the material.

The presentations, as you know, are limited to five minutes. I will give you an indication when you have one minute remaining and will cut you off at five minutes, in the interests of an exchange thereafter with committee members.

Let's begin. We'll start with the Regina Airport Authority, and Rob Slinger. Welcome. Five minutes to you, sir.

**Mr. Rob Slinger (Chief Executive Officer, Regina Airport Authority):** Good morning, ladies and gentlemen, and thank you very much for coming to Saskatchewan. By the way, you're just in time for the Rolling Stones concert down yonder in Regina if you're looking for a detour on the way east.

This morning I'd like to offer you an opportunity to consider the airports network in Canada in general and in Saskatchewan in particular as an economic engine. Everybody knows of airports as places to go to get on and off airplanes, but those airports are generally, across Canada, economic engines in their community.

I have a particular factoid for you in Regina, to reconsider how that airport impacts its economy. A Boeing 737 landing and taking off creates eighteen person-months of employment in the community of Regina. That number would not be dramatically different at any airport in Canada. A different-sized aircraft might have a different number from eighteen person-months of employment, but it's a substantial economic activity, not just people getting on an airplane to travel.

In particular, to be successful in running that business of airports, there are several government roles. This morning I want to mention to you the airport rent challenge and removing that as an obstacle to us being successful in business. Secondly, the Canada Airports Act is in first-stage reading and has potential financial implications that I'd like to touch on.

From the airport rent tax perspective, to quote an ad on television, it's "hands in our pockets". That means there is direct tax or rent money leaving our pockets. In fact, one dollar in my airport budget creates \$35 worth of GDP. That's a pretty good ROI in my economy. Comparing that with the tax level, \$14 of that \$35 goes to three levels of government. So for each dollar you leave in our pocket, we're providing tremendous leveraging and return on that investment.

Another observation on the rent is that if the airports in turn are charged rent, we should be allowed to charge rent to government entities. For example, the customs people get free offices and free space, as do the CATSA security folks, and I'm not allowed to charge the Prime Minister a landing fee on his aircraft. Although the Prime Minister in turn pays for everything else, including his gas, his hotel, and his rental cars, etc., he gets free landing fees by direction of the Government of Canada.

Looking at the Canada Airports Act, the accountability provisions are very clear and very welcome. The challenge of commercial viability must be met by allowing the airports and encouraging the airports to operate subsidiary businesses, because we use those businesses to cross-subsidize and be competitive in the air fees that we charge for landing, etc. We require partnerships to do that, both amongst airports and amongst community businesses, and we require creative investment solutions in order to be as commercially viable as we possibly can.

So the bottom line is that it's all about the economy. The airports are key pieces of the economic engine, the economic infrastructure in our communities, and the Government of Canada roles are substantial in the areas of rent and the Canada Airports Act.

Thank you very much.

**The Chair:** Thanks, Rob, very much.

We continue now with the Saskatchewan Association of Rural Municipalities, and David Marit. Welcome, sir. It's over to you.

**Mr. David Marit (President, Saskatchewan Association of Rural Municipalities):** Thank you, Mr. Chairman, and thank you to the committee for this opportunity to meet with you today.

I just want to give a little history of our association. We are a volunteer organization in which all the rural municipalities in this province are volunteer members. Our organization celebrated its hundredth anniversary along with the province in 2005, so we have been here for over a hundred years. Our members span the province, of course, giving us a broad perspective of the issues of importance to rural Saskatchewan. I would like to touch on a few issues that are of concern to us.

In the agriculture sector, farmers again will face negative incomes for 2006, for the fourth year in a row. Low commodity prices and high input costs are offsetting high-quality yields in this province this year. Drought in the southwest and floods in the northeast are devastating many of our producers. The announcement of changes in the CAIS program and crop insurance is welcome news to Saskatchewan. We need to separate business risk management programs, and disaster relief programs have to be separated. Our programs need to be defined, reliable, and bankable to provide stability to the producers of this province.

Value-added programs to ensure producer involvement and ownership are vital to rural growth and to helping the producers' income crisis. Federal initiatives to encourage producer-ownership should be expanded. Value-added enterprises can foster growth and profitability for both farmers and their communities in rural Saskatchewan.

Biofuels present opportunities. All of Canada has the potential to benefit from the biofuels industry. The greatest achievement—or benefit, if you want to call it that—will be clean air for all Canadians. In rural Canada, the biofuels industry has the potential to increase demand for agricultural production, strengthen the rural economy, and provide much needed employment in rural Canada.

A healthy rural economy also means major economic benefit to all of Canada. Technical expertise and building materials would be for the most part sourced from our large urban centres.

We see three challenges that exist for the federal government in developing and implementing policies and incentives: ensuring the participation of agricultural producers in the ownership of biofuels facilities—a program such as BOPI is a good start; ensuring that facilities are located in rural communities; and ensuring that facilities are located in Canada rather than just south of the 49th parallel, with the raw product to fuel those facilities being shipped from Canada. In order to take advantage of the opportunities that exist, we must act as soon as possible or they will be lost forever. Time is of the essence.

On Western Economic Diversification Canada, in rural Canada the traditional sectors of agriculture, forestry, and fishing have changed dramatically in recent years. Other areas have to be developed to diversify the rural economy.

Western Economic Diversification has been a valuable program for rural Saskatchewan. Many successful economic development projects have benefited from seed money received through the program. Examples of this are Action Swift Current; the Exploring Saskatchewan's Nuclear Future Conference; the Potash Interpretative Centre in Esterhazy; and the Saskatchewan Canola Development Commission's canola biodiesel research. Various other economic

development studies have also received seed money from this program.

The Clearing the Path initiative is a joint initiative between SARM and SUMA to encourage development and growth in rural communities. As our population and levels of service decline, we are encouraging communities and neighbouring municipalities to work together to attract and build economic development. The Clearing the Path committee has received funding and is in the process of hiring three resource people to assist in planning Clearing the Path economic initiatives in these communities. These people work with groups such as your regional economic development authorities to develop plans and working relationships between different groups and municipalities.

Infrastructure is my final one. Good infrastructure is vital to the economy in rural Saskatchewan. A large area in rural Saskatchewan does not have access to primary-weight highways or roads, which puts us at a disadvantage in many communities. One of the key recommendations of Clearing the Path is to establish a province-wide primary-weight corridor system. Municipalities do not have the financial resources to complete the primary road system on their own. They need help to complete construction of the corridor system from the federal and provincial governments in the form of an expanded prairie grain roads program.

● (0905)

The federal government has contributed \$106 million to the Saskatchewan portion of the prairie grain roads program. This contribution has been levered to contributions from municipalities and the province, with the result being over \$215 million invested in roads, both highway and municipal, in the province. The announcement of a new PGRP program is essential to ensure that the corridor is completed and our communities can achieve their full potential.

In conclusion, we agree that if Canada is to prosper in the future, we must be proactive and prepared. Rural Saskatchewan is a vital part of Canada and its economy. However, it has unique needs. Rural communities require targeted financial assistance as we work on diversifying our economies and maintaining and improving our infrastructure.

Thank you for this opportunity.

● (0910)

**The Chair:** Thank you very much, sir.

We continue with the Council of CEOs of Regional Colleges of Saskatchewan, and Brian Nylander. Welcome. It's over to you.

**Mr. Bryan Nylander (President and Chief Executive Officer, North West Regional College, Council of CEOs of Saskatchewan's Regional Colleges):** Thank you, Mr. Chairman.

I am here today with my colleague Mark Frison, president of Cypress Hills Regional College, and we are representing the eight regional colleges in Saskatchewan's post-secondary system. Among the eight colleges, we cover the lion's share of the geography of the province. Together, we have more than forty sites across the province, and we serve the entire province with exception of the four most populous cities, namely Saskatoon, Prince Albert, Regina, and Moose Jaw. In addition, our association represents the Saskatchewan interests of Lakeland College, Canada's interprovincial college.

Our colleges offer a wide variety of programs, including adult basic education, literacy, technology and applied arts programs, trade training, and university studies. These programs are delivered to learners close to home. To that end, we have sites in centres as large as 20,000 people and as small as a couple of hundred. Our institutions are structured to be responsive to employer, learner, and community needs. As a result, our programming mix in any given community can change considerably. This allows us to use our resources to maximize advantage in serving labour market requirements.

First, Mr. Chairman, we think it is instructive to share with you our view of the current public policy context for this budget, and our advice. Canada continues to search for its place in the global economy, and I think it is clear to most that we need to build an economy that is based on knowledge and skills. While the economy has been strong and resilient for more than a decade, our prosperous future is not assured. More must be done to ensure that Canada is positioned to be competitive for the next two decades.

The economy of our great province has experienced tremendous growth recently, especially in the resource-based sectors. Our economic future looks bright if we can realize the potential of this sector. To do so, we must address the challenges of labour and skill shortages facing business and industry in this province. While high unemployment characterized the challenge faced by the economy in the late eighties and early nineties, labour and skill shortages will be a significant challenge over the coming decade. This will require a different set of policy and program tools if we are to address the problem.

Human Resources and Skills Development Canada estimates that in the next five years, nine out of ten jobs will require a high school diploma. Further, 75% of the new jobs created will require a post-secondary education. Clearly, if we are to meet the skill challenges, we must find ways as a country to ensure that more folks complete high school and attend our colleges and universities. The Government of Canada must play a leadership role in ensuring the accessibility of Canada's colleges and universities. We need to make full participation in post-secondary education a national preoccupation.

We must build learner support systems that encourage everyone to pursue at least some post-secondary education, whether it is at a one-year certificate, two-year diploma, or four-year degree level. This may require revisiting Canada's student assistance system to ensure that it has all the appropriate incentives to have folks enter that first year of post-secondary studies. Further, it needs to ensure that individuals from lower-income families are provided with the necessary resources and incentives to pursue college or university studies.

One of the opportunities for Saskatchewan lies in our large young aboriginal population. As you are aware, Mr. Chairman, the demographics of the aboriginal community are different, and there is a large young cohort that could help mitigate the labour shortage this province will face. However, more must be done to help this population prepare. High school completion rates among the aboriginal population lag far behind the non-aboriginal population. This makes a tremendous difference in terms of labour force participation. Aboriginal peoples without a high school diploma have a labour force participation rate of 37%. With a high school diploma, that labour force participation rate rises to 65%. The Government of Canada has a compelling interest in aboriginal people and needs to invest more heavily in education funding if we are to ensure that this population is able to enjoy a better quality of life and make a more substantial economic contribution to the country.

Mr. Chairman, in addition to our aboriginal population, more must be done to ensure that all Canadians are prepared to fully participate in the workforce. Skills deficits keep far too many Canadian citizens on the economic sidelines. If Canada is going to increase its productivity, we must do more to improve the literacy of our citizens. Low literacy levels hamper our productivity and threaten our economic prosperity. The recent international adult literacy survey showed that four in ten Canadians do not have the required literacy skills to learn new job skills or participate fully in the workplace. This presents a major challenge as we continue to propel into a global knowledge and information economy. While we understand that the Government of Canada is currently re-examining its role in literacy, we think this is an area that requires national leadership and more robust investment.

● (0915)

**The Chair:** Your time has just elapsed now, so we'll look forward to more commentary during the exchange with the members. Thank you, Mr. Nylander.

We'll continue now with the Saskatchewan Union of Nurses, and Marlene Brown. Welcome, Marlene. Proceed.

**Mrs. Marlene Brown (First Vice-President, Saskatchewan Union of Nurses):** Thank you, and good morning. My name is Marlene Brown. I'm a registered nurse and the first vice-president of the Saskatchewan Union of Nurses.

The Saskatchewan Union of Nurses represents 7,700 registered nurses and registered psychiatric nurses employed in long-term care, home care, acute care, primary care, public health, mental health, community health, and blood supply services.

SUN supports the presentation that our national organization, the Canadian Federation of Nurses Unions, has already made to this committee. Our presentation will differ, as we will focus on what we believe must be a priority issue for the next federal budget: the urgent need for investment in a comprehensive, pan-Canadian health human resources plan.

What new information or perspectives can nurses from Saskatchewan offer this committee? A cautionary tale. The 2004 federal-provincial ten-year plan to strengthen health care committed the provinces to increase the supply of health professionals; to set targets for training, recruitment, and retention of professionals; to make those commitments public; and to regularly report on progress. Despite that commitment, Saskatchewan's health minister continues to refuse to set targets for retention and recruitment of RNs and RPNs. Here's what our minister says about targets: "Even if we put a number on it (targets for more nurses), there's no guarantee that we would be able to meet that number in any case." There are no targets, no public commitments, and no regular reports on progress.

Saskatchewan's continuing failure to commit to a comprehensive nursing shortage strategy has left our province extremely vulnerable. The first wave of the looming nursing shortage has hit Saskatchewan hard and much earlier than other provinces. The consequences are unfilled vacancies, short-staffed units, increased patient morbidity and mortality, more bed closures, longer waiting lists, future facility closures, and a sharply escalating cost of effective intervention as the shortage intensifies. We believe we offer an early warning sign for other provinces: follow Saskatchewan's example at your peril.

Along with our dark warning, we can also offer a sunnier and more optimistic insight: evidence that genuine commitment and well-funded, comprehensive health human resource strategies will work. For example, Saskatchewan has implemented the most comprehensive and generously funded program of physician recruitment and retention programs in Canada, producing a 15% increase in the supply of physicians in Saskatchewan between 1998 and 2005—progress which outstripped all other provinces.

Another example is to compare Saskatchewan's performance with Manitoba's, a province with similar resources and similar nursing recruitment and retention issues. In the year 2000, the Manitoba government sat down with the Manitoba Nurses' Union, nursing colleges, and employers, and crafted a five-point plan to increase the supply of nurses. The resulting 6.7% increase in their RN workforce since 2000 is a testament to real commitment, real targets, and real action.

By contrast, Saskatchewan's failure to act has produced a declining RN workforce while all other provinces except Nova Scotia have managed to produce net increases. One-third of our nursing workforce will be eligible for retirement by 2010. In addition, Saskatchewan loses one-third of our nurses to other provinces, the worst retention in Canada.

SUN believes our experience in Saskatchewan supports our recommendation that the next federal budget must bolster the federal-provincial ten-year plan to strengthen health care. The federal government can play a strong role in readying the nursing workforce for the future through a comprehensive pan-Canadian health human resource strategy that is adequately funded. Canada must ensure that funding rewards and supports commitment, specific targets, and increased numbers of nursing education seats, as well as innovation and research on health human resource retention and recruitment strategies.

Thank you.

**The Chair:** Thank you very much.

We'll continue with a representative from Genome Prairie, Lisa Jategaonkar.

● (0920)

**Mrs. Lisa Jategaonkar (Director of Communications, Genome Prairie):** Mr. Chairman and distinguished members of the finance committee, thank you for travelling to Saskatoon and allowing us to highlight our viewpoint on today's topic, Canada's place in a competitive world. In this context, we would specifically like to address the significance of genomics to this region.

Genomics research is large-scale research. It involves looking at the DNA, finding all the genes, and deciphering what they do. Because all living things have a genome or set of genes, genomics is fundamental to all areas of life sciences and their associated business sectors. These can include vaccines, nutrition, crops, environment, forestry, and disease.

Genome Canada, along with the regional centres, wants to make Canada a leader in genomics. A few years ago, Canada was behind in its understanding of the genome. As a result, it was limited in its capacity for medical and agricultural research. Genome Canada has brought this nation from a position where we were behind our competitors, to one where we're world leaders in certain areas of medicine and agriculture.

To this region, Genome Canada has also been critical to the competitive success of our life sciences sector. Genome Prairie has led research activity valued at about \$75 million, with approximately half this amount contributed by Genome Canada and the rest contributed by other partners in the academic, private, and regional sectors. It has led to several hundred highly skilled jobs; trained a hundred students in leading-edge science; resulted in about 15 inventions or patents; and published more than 175 scientific papers.

Currently, Genome Prairie is involved in research that looks at hereditary and infectious diseases, canola diversification, and crop adaptation to environmental stress. These research programs will offer significant benefits to this region. They will do this by reducing farm gate losses and costs, reducing health care costs, and providing new market opportunities. I'd like to provide a few examples of each of these three.

Firstly, at the farm gate, genomics creates cost savings with crops that are better protected against the elements of nature. For example, we're working on frost-tolerant wheat, which has the potential to protect farmers against multi-million-dollar losses. I believe Mr. Marit has already elaborated on the importance of the problems with flooding that occurred here in Saskatchewan, as well as in Manitoba. We're looking at ways by which crops can actually protect themselves against waterlogging that occurs during flooding. And Genome Prairie is also researching higher-yielding varieties. Hardier crops such as these protect Canada against farm gate losses.

Second of all, in health care, Manitoba researchers have initiated a worldwide project to determine the function of every gene in the human body. This has been dubbed one of the most significant steps in medical research, and it will lead to numerous treatments for genetic diseases such as cancer. We're also looking at infectious diseases and developing new diagnostics and therapeutics, which will ultimately lead to a reduction in health care costs.

The third area I wanted to address was the idea that Canada's future competitiveness relies on our ability to seize new market opportunities. Two emerging areas that are of importance to this region are nutrigenomics and bio-oils. Nutrigenomics, which is a combination of nutrition and genomics, provides an understanding of how our food interacts with our genes. It can lead to preventative strategies to improve the health of Canadians and reduce associated health care costs. Even more so, the development of these novel value-added foods can also increase the international competitiveness of Canada's agri-food industry.

Mr. Marit has also mentioned biofuels or bio-oils. These can be used to reduce the reliance on fossil fuels and can provide a renewable source of industrial feedstocks and energy. Diversification of plant crops to provide these bio-oils will also provide new value-added opportunities for our farmers.

In conclusion, Mr. Chairman, genomics examines the molecular world of genes, DNA, and protein. By the examples illustrated today, though, you can see that an examination of the molecular world can be used to address some very big challenges, such as health care and agriculture, and to approach new market opportunities to remain competitive. By investing in genomics research, we are investing in agriculture, in health care, and in our country.

Thank you very much for your time. I would be pleased to answer any questions from the members of the committee.

**The Chair:** Thank you very much for your presentation.

We'll continue with the representative from the Saskatchewan Chamber of Commerce, Colin Taylor. Welcome, sir. Proceed.

**Mr. Colin Taylor (Co-Chair, Investment and Growth Committee, Saskatchewan Chamber of Commerce):** Good morning. Thank you for the opportunity to address your panel.

I am a volunteer member with the Saskatchewan Chamber of Commerce, and my role is co-chair of the investment and growth committee. In my day job, I'm a certified general accountant in public practice, so I live and breathe the things you guys and ladies talk about on a day-to-day basis.

I know you have already heard from the Canadian Chamber of Commerce. What we want to do today is focus on some of the issues that are most important to the members of the Saskatchewan Chamber of Commerce.

First and foremost, the small business corporate tax threshold was originally set at \$200,000 years and years ago. The increases to \$300,000 and now \$400,000 are welcome, but we believe the federal level needs to at least match the \$500,000 recently announced by Saskatchewan—and if you can go higher than that, that's good.

The reason is that harmonization between personal, corporate, and dividend tax rates means that companies try to bonus down to the

small business limit. Any time that happens, it leaves the door open for those funds to leave the business forever. Small and medium-size enterprises are the drivers for new employment, and profits left in the company translate into new property, plants and equipment, and investment in working capital to fund continued, stable growth.

However, overall we need to recognize the globalization of business and the investment climate. Corporations that pay the top corporate tax rates tend to have the most options as to where to locate their operations, and we have to pay attention to their decisions.

Corporate tax cuts are a proven method of economic growth. The Republic of Ireland is a prime example of a nation that used corporate tax cuts to bolster and diversify its economy. A reduction in corporate tax will translate into increased investment by companies currently in operation in Canada, as well as attracting new business from other parts of the world.

Personal income tax cuts previously announced have been suspended in favour of reducing the GST. While tax cuts are always welcome, reductions in personal income tax would be a preferable focus, more so than a reduction in the GST.

More needs to be done to make sure the income tax system is competitive on the continental and global level, and now is not the time to stop the reductions. Global decisions on where to locate head offices, for example, are frequently based on personal tax rates. In Saskatchewan, we have seen many senior executives or larger organizations relocated to lower tax regimes in the United States. This also means a loss of support staff jobs.

Now is the best time to resume personal tax rate decreases, as we continue to see substantial surpluses in the federal budget. Currently the highest tax bracket starts at \$113,000 in Canada. In the United States, the same bracket doesn't start until \$159,000 U.S. An increase to \$150,000 for the top bracket in Canada, we believe, would help to retain or even bring high-income earners to Canada. And we also need to look at the other tax brackets to ensure we're being competitive. We don't want to just focus on the over-\$100,000.

Federal program spending rose at annual average rates far in excess of the inflation rates for the fiscal periods between 2000 and 2004. When there are surpluses, it's very easy to let spending get out of control, but taxpayers expect a better performance from their government. A long-term program spending plan needs to be developed in order to ensure that maximum potential for economic growth is reached. This means investing in areas where productivity and economic growth will result, such as research and development.

And finally, debt reduction must be a priority in the budget process for Canada. The debt-to-GDP ratio has fallen, but Canada needs to continue with the reductions.

As a very final point, we urge the federal government to ensure that the surplus in the employment insurance program is used for the reduction of premiums, not for expanding benefits beyond the original intent. This intent was, of course, to provide insurance against unintended periods of unemployment.

Mr. Chairman, thank you.

• (0925)

**The Chair:** Thank you very much, sir.

Thank you, all. Those were excellent presentations.

We'll now move to questions, and we'll start with Mr. Savage, for seven minutes.

**Mr. Michael Savage (Dartmouth—Cole Harbour, Lib.):** Thank you, Chair.

Welcome to the panel.

It's nice to be back in Saskatoon. It's one of my favourite communities in Canada.

I would just comment on the fact that the Rolling Stones are appearing in Regina. We had them in Halifax a couple of weeks ago. It was a great show, but I hope your weather is better. Is it this weekend that they're appearing? Good luck with that.

Ms. Brown, you mentioned the fact that Saskatchewan is one of only two provinces with a declining RN workforce, my own province of Nova Scotia being the other. You're graduating 220 annually, you now have a vacancy of 270, and the gap is a further 350. Am I getting that right?

**Mrs. Marlene Brown:** Sorry, but I missed the last figure.

**Mr. Michael Savage:** In your brief, you indicate that there's a vacancy of 270 nurses right now, but you also indicate that you would need an additional 350 nurses to meet professional standards of staffing. So the gap is somewhere in the range of 600 persons.

We're the House of Commons standing committee. Is there something specific you think the federal government should do over and above the framework of the ten-year plan to strengthen health care, which seems to be increasing nurses in other parts of the country but not in Saskatchewan? Is there something specific that you think the federal government should do to help address that shortfall here in Saskatchewan?

• (0930)

**Mrs. Marlene Brown:** The very point that some provinces are increasing leads us to know there are strategies that could be used. Given that the federal government's goals are to reduce waiting lists and to provide quality care, I would think they could implement pan-Canadian strategies. That would mean there would be good strategies across the country for education, recruitment, and retention of the nursing workforce. That would alleviate some of the issues of trying to compete from province to province for that very small and shrinking nursing workforce.

**Mr. Michael Savage:** From what you're saying, it seems Saskatchewan has focused more on the doctor shortage than it has on the nurse shortage.

**Mrs. Marlene Brown:** I wouldn't comment on the doctor shortage, although I think that's an important issue as well. I just think the nursing workforce should have some similar priorities set for it.

**Mr. Michael Savage:** All right.

Mr. Nylander, I notice that you do have your colleague Mark Frison, a good Nova Scotian, living in Swift Current now. Last year, when we had our national Liberal caucus meeting in Regina, we had a panel on post-secondary education. It was a very good panel, and Mr. Frison was a strong contributor to that, as one would expect from any Nova Scotian.

I want to ask you a couple of questions. I really liked your presentation. We don't have it; I guess it may be in translation. I want to talk specifically about the issue of access, first of all, because you've addressed access.

As we've heard from witnesses in Ottawa and as we've travelled western Canada, we've heard a lot of people from colleges and universities, students' groups, and faculty associations talk about the need for a dedicated transfer. In principle, a lot of people support that, including me, but that gets into the issue of how much money there actually is for post-secondary education.

I thought you specifically zoned in on access, which I agree with. I think it's a big, big issue. You mentioned the aboriginal community, which is large, and you talked about low-income families. I would also add persons with disabilities as people who tend to be shut out of post-secondary education.

You made the statement that "full participation in post-secondary education [should be] a national pre-occupation." I agree with that. My question to you is, would you be supportive of more direct support from the federal government to help students get into universities and colleges to upgrade their skills, or would you prefer to see the money go to the provinces and let them handle it?

**Mr. Bryan Nylander:** I don't think the importance is to identify where the money goes. The reality is that we need more money in the system. We need to see the support of the students. We do feel the potential student population is not entering into post-secondary education because of the high costs. We think there need to be changes to the student support mechanisms. The institutions across the country also need to have the appropriate resources to respond to the very significant needs of a population—and I'll speak of the aboriginal community and those who may be under-employed or underprivileged. We need vehicles to bring those into the workforce.

I don't think there are sufficient resources to support that level of activity. It is much more than.... Take my daughter, who went to university very quickly. She was supported by me, but her needs were significantly less than those of somebody who may not even have English as their primary language.

**Mr. Michael Savage:** We were in Fort McMurray yesterday—a pretty impressive sight, quite awesome—to talk about the need for skills there. Does that have an impact on your community colleges here as well?



**Mr. Bryan Nylander:** Absolutely. I think it has an impact in two regards. One is that, especially among young males, we're seeing a gravitation to the employment opportunities in Alberta, so in many regards it has reduced the population that we have available to train. Secondly, it's giving us training opportunities, but it's also increasing the number of training needs that we have in the province, especially in the skilled trades area. That's a very significant dilemma, but we're trying to address it. Resourcing is short, but so are the numbers of people.

**Mr. Michael Savage:** I suspect I'm running out of time, but I want to get into a topic that you could probably spend a couple of hours discussing, and that's the juxtaposition of universities and colleges in Canada in terms of funding, research, and attention from government. Do you work closely with any of the universities in Saskatchewan, and/or what is your view in terms of the attention colleges get, versus universities?

● (0935)

**Mr. Bryan Nylander:** We do work closely with the universities. As regional colleges, we actually deliver university programming through a positive brokerage arrangement with our university partners. We find it interesting, though, that often we've promoted the skills training agenda at various provincial and national levels, and we say we have to put it as our priority, but when the funding comes about, it is directed at the universities. I question how much funding the universities need to satisfy the skill training issue in Canada.

**The Chair:** Thank you very much, Mr. Savage.

[Translation]

Mr. St-Cyr, you have five minutes.

**Mr. Thierry St-Cyr (Jeanne-Le Ber, BQ):** Thank you, Mr. Chairman. Thank you to all our witnesses who took the time to come and meet with us this morning. I will put my question to Mr. Taylor, from the Saskatchewan Chamber of Commerce.

Representatives for chambers of commerce who meet with us in Ottawa and other people that we will meet in various regions of the country are all calling for tax cuts, more specifically corporate tax cuts. They do this very well, in great detail providing good explanations and quite interesting details. However, we are never told how these cuts could be financed. Where should we make cutbacks to allow for these tax cuts?

I will give you a short list of suggestions. I would like you to set out priority areas where we could make cutbacks in order to finance tax cuts. Of the top of my head this morning I think of: increasing airport taxes, reducing college funding, cutting health care, funds for Genome Canada or the Canadian Agricultural Income Stabilization Program.

Where should we start?

[English]

**Mr. Colin Taylor:** I think you've hit everybody at the end of the table. Thank you.

Quite frankly, we have not done a very detailed outline as to what the impact of any of the tax cuts would be on the Canadian federal

budget. We did that work in some significant detail with the recent corporate tax review by the Province of Saskatchewan.

What we did see and have seen over the last number of years is that where corporate taxes were cut, it increased investment. In Saskatchewan, at least, we went through a period of time when personal income taxes were cut dramatically, and the take by the government from personal income taxes was increased substantially because of that, because of growth and growth opportunities.

Quite frankly, our point is that there are opportunities for businesses and individuals to locate elsewhere. Our tax system has to be competitive. We are in a surplus position right now, both federally and provincially in many of the jurisdictions, and this is the time when we build for our future, so that my son, grandson, and granddaughter have some place to work, live, and be as happy as we have been growing up in Canada.

[Translation]

**The Chair:** I see that Mr. Slinger has something to add.

**Mr. Thierry St-Cyr:** Yes indeed, Mr. Slinger had a comment to make on this.

**Mr. Rob Slinger:** Your question is an interesting one.

I have a different perspective on things. Ten years ago, Canadian airports came under Transport Canada's jurisdiction. Since then, some airports have been removed from the department's jurisdiction, but the department has more responsibilities. I can't understand this because safety regulations are very important to Transport Canada. With respect to airports administration and operation, why build an empire in Ottawa and not in other Canadian cities? I don't understand.

**Mr. Thierry St-Cyr:** You are saying that we could cut the bureaucracy to focus on priorities.

● (0940)

**Mr. Rob Slinger:** Yes, there are priorities, but the system itself has expanded. I just don't understand.

**Mr. Thierry St-Cyr:** All right.

Mr. Taylor, you put forward a number of measures which in your opinion could practically self-financed. Based on the doctrine adopted by Mr. Reagan in the United States for several years, tax cuts would lead to such economic growth that they would be self-financing. It did not work too well for the US because their debt mushroomed over that period.

I would like to get back to various corporate incentive measures. If we had to make a choice, should we take measures to directly support investment, like accelerated depreciation, or rather should we start with general corporate tax cuts, for instance?

[English]

**Mr. Colin Taylor:** Any tax cuts that you're considering as a committee would have to be very focused. The problems that you mentioned in the United States with Reaganomics were a clear case of somebody following a doctrine and not checking that the results they expected were being obtained.

I again give the example of Saskatchewan and the personal income taxes. I reiterate that the critical point is that we live in a competitive environment. If there are opportunities for corporations and individuals to locate in other parts of the world where the taxation regime means there is a better ROI or a better net after-tax income position for them, those are decisions that people are going to make, and they'll vote with their feet. And Marlene mentioned that there are a number of people in Saskatchewan who are voting with their feet.

So, yes, it would be nice, in a perfect world, to have all the money to spend, to reduce debt, to do all the other things, but you have to remember that the investment climate and the personal tax environment have to be such that people want to be here. And yes, they do have choices in today's world.

**The Chair:** Merci, Monsieur St-Cyr.

We continue now with you, Madame Ablonczy. Seven minutes to you.

**Ms. Diane Ablonczy (Calgary—Nose Hill, CPC):** Thank you, Mr. Chair.

I just want to pick up on that line of discussion.

We have seen other jurisdictions that have made themselves investment-friendly and have actually seen their money for social programs, social spending, social support systems, increase significantly. Have you made any studies of this? Can you comment on such jurisdictions and how the right balance, in your view, needs to be struck on those issues?

**Mr. Colin Taylor:** Again, our most recent research on taxation, and particularly corporate taxation, was relative to Saskatchewan. A lot of the recommendations that we made to the Vicq commission here in Saskatchewan were acted upon by the Minister of Finance of Saskatchewan.

One of the comparatives that we use, of course, is the comparison to the province to our immediate west, but we also compared our corporate tax regime and personal tax regime to those of the five provinces west of Quebec. We did see that a number of corporations did not locate here, moved from here, or did not continue to invest here because of the taxation climate. One tax in particular was the corporate capital tax, and that's one that is being eliminated or has been eliminated here.

So in terms of a general review, I don't have any specific and detailed data at my fingertips, but we did see a very significant outflow of capital when we did the research here in Saskatchewan.

**Ms. Diane Ablonczy:** It's a balancing act for sure, and there are certainly a lot of opinions about where the balance should be struck.

I wanted to speak with Ms. Brown about the nursing shortage. I was particularly struck by your comments about the need for better recruitment. Are there enough nursing training spaces in our universities? Do we need to expand those? Or is it just a matter of keeping the nurses that we train in Canada to fill the need for medical personnel?

● (0945)

**Mrs. Marlene Brown:** Thank you.

No, there is no simple answer to the nursing crisis right now. The shortage is in a crisis state. It will require an increase in the education seats. It requires recruitment of nurses, perhaps of the ones who have left to come home, or perhaps of those who have retired because of the workload and the practice environment. Perhaps they could be enticed to come back if those things could be improved. Perhaps retention of those who are considering retiring in the near future is possible.

We have a higher-than-average average age in our workforce, and we need to look at the impact of those retirements on the system. I think our brief would have alluded to it, but I believe one-third of our workforce could be retiring by 2010. Those retirements are going to have a big impact, and we need to work right now at addressing that impact.

We need to look at what we can do to retain the senior, experienced nurses. Those are valuable nurses. When you think about a fast changeover, the experience that those nurses have needs to be transferred to a newer, younger workforce as well. A multifaceted approach needs to be taken, because there are a lot of issues to consider.

**Ms. Diane Ablonczy:** It's a serious issue for sure, particularly as the population ages.

**Mr. Slinger,** we have met with different airport authorities—our own airport authority in Calgary, for example—and one of the things they've suggested is that the government simply transfer the airport land to the airport authority. That scares some people, because then government has no control and you have this rogue group running our airports. Can you speak to that concern?

**Mr. Rob Slinger:** Yes. Indeed, I would like to be the number-two airport after Calgary to own the dirt.

Government has tremendous influence over airports through the inspection system and through the setting of the regulations that control the operations of the airport. The Government of Canada doesn't own your car, but you license your car, you have a licence, and you follow regulations. The Government of Canada does not own the airlines, but the airlines follow regulations. Why does the Government of Canada have to own the dirt and therefore tie my hands economically? I have tremendous difficulty running a business when I have to spend eighteen months getting paperwork approvals to have a new client come and rent land at the airport. If I owned that land, I could rent it and turn it around in single-digit business days.

So the Government of Canada has tremendous responsibility in safety, security, and regulating, through inspections, those systems. But they don't need to own the dirt to exercise those authorities.

**Ms. Diane Ablonczy:** That's very helpful.

I want to talk about genome research. There have been some hot debates in Parliament about GMOs—genetically modified organisms—and how they might be a health problem. You talked about new strains of wheat and other research that would help Saskatchewan and other areas. Can you speak to these concerns about GMOs and their effects on humans?

**Mrs. Lisa Jategaonkar:** Sure.

First of all, genomics is the study of genes, so it can be applied both to genetically modified crops, to GMOs, like you mentioned, as well as to other traditional breeding methods and quite a wide range of different breeding methods. For example, I talked about frost-tolerant wheat. That has actually been developed through a non-GMO method. I also talked about higher-yielding crops, and we are looking at GMO approaches to those.

There have been lots of questions about genetically modified foods. It's important to note that certain genetically modified foods are offering very good advantages to this region. For example, about 75% to 80% of canola growers in this region are using genetically modified canola because of the advantages it confers on the farm. Having said that, it's very important that we be aware of consumer acceptability, while also being aware of what our export markets are concerned with in terms of genetically modified crops.

● (0950)

**The Chair:** I'll cut you off there, because Ms. Ablonczy's time has elapsed.

We'll move over to Judy Wasylycia-Leis. Continue please.

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

Thanks to all of you.

I'd like to start with education, and colleges in particular, because I think you've identified a clear problem in terms of this whole competitive agenda.

We've heard from a number of college representatives. We know there are waiting lists all over the country. If you had one recommendation to deal with this, what would it be? And not to put words in your mouth, but one of the suggestions was that we need to actually not only have a direct transfer for post-secondary education, but within that, a direct transfer for colleges so that you get your fair share.

**Mr. Bryan Nylander:** That's a loaded question.

The one thing that I think would most benefit the country would be a national agenda. I do think there is a reluctance when I hear of waiting lists in other jurisdictions, and I wonder if places like Saskatchewan have the capacity to offset some of the waiting lists that may exist in other provinces. I would suggest that, yes, there may be capacity in other provincial institutions. With the lack of a national agenda on this question, though, will it ever be addressed?

On the transfer directly to the college system, again, there are people who make decisions about the proportion of post-secondary resources that get transferred to universities or to colleges. I assume they are very wise folks who make those decisions. Again, though, if I look at the needs in the skills training sector, we're falling further and further behind in satisfying the needs of Canada, so I do think there needs to be an improvement in the level of resourcing to the system.

**Ms. Judy Wasylycia-Leis:** Thank you.

I'm going to go on to Mr. David Marit, and I want Mr. Taylor to have a chance to respond to this as well.

Many of the chambers across this country have suggested that we actually deal first with eliminating our debt and that we deal first with tax cuts. If we did all that, there might not be anything left over for investment, so I'm just wondering what the right balance would be. What would the crisis be in rural Saskatchewan, in rural Canada, if we didn't invest now in some of the areas you identified and if we waited the time that's suggested?

**Mr. David Marit:** As I said in my presentation, on the biodiesel file—I'll use that file for an example—if we wait, we are going to lose it. I wouldn't give it until the end of 2007. The U.S. industry is ready to go on the biodiesel file. They're moving on it. I'm a farmer who is close to the U.S. border, and my canola can be hauled down to that plant rather than being hauled here. This is a file that has to move very quickly.

We have numbers that show that if you invest in communities and in producer-ownership, the revenue that is made from those plants stays in those communities and they invest back into those communities. The number we're using is similar to the number used in the United States by community-owned and producer-owned facilities: 48% of the net profit stays in those communities, versus going to shareholders or going outside. In return, you hire your local banker, you use your local bank, you use your local lawyers and accountants. So it's huge.

I don't think you can wait on this file, on the ag file, to move in the biofuel industry. I would hope this government will move very quickly on this file.

**Ms. Judy Wasylycia-Leis:** Thank you.

Mr. Taylor, I'd like you to respond to that and also to Marlene Brown's presentation. I think what she's saying is that if we don't invest now in dealing with the nursing shortage, by the time you need a nurse, there might not be one for you. If we put all our eggs in one basket, we have a serious problem in terms of a very important part of our life support, so I'm just wondering what you think the appropriate balance is.

● (0955)

**Mr. Colin Taylor:** Our general position is that if you don't have a tax base, if you don't have a population base, you're not going to be able to afford to hire people to look after the population. Our population in Saskatchewan is aging fairly quickly and there are going to be a lot of calls upon the health care system. If the resources are not available to pay for those, I don't know what's going to happen.

In our view, you get those resources by having companies and individuals who are working and paying taxes, so our key concern in the province of Saskatchewan is the tax base, and not just a resource base. The resource base is very fleeting. Once it's gone, it's gone. What we have to do is build secondary industry that can build a tax base so that we can afford to reverse the nursing shortage and we can afford to fund the social programs that are required.

**Ms. Judy Wasylycia-Leis:** Marlene, can we wait that long?

**Mrs. Marlene Brown:** Not with the nursing shortage. We need some strategies right now to deal with it.

**Ms. Judy Wasylycia-Leis:** I think we're all still amazed that the money that was set aside in 2004 to deal with the nursing shortage didn't actually get spent and that there wasn't a plan. Did that money just get frittered away? Where did it go, and can we get it back in any way?

**Mrs. Marlene Brown:** I can't tell you exactly where it went, but I think you're right. We need targeted funding and the strategies that such funding is going to support, because we need to deal with the issues of the nursing shortage right now.

**The Chair:** Your time has elapsed.

Just before we go to the second round, Bryan, I'd like to ask you a couple of questions.

For some of my colleagues who are not familiar with Manitoba and Saskatchewan to the degree that residents are, obviously, I think it's difficult for them to understand the challenges that those two provinces in particular face with regard to their aboriginal population. The percentage of the population in Saskatchewan that is composed of aboriginal people is about 12% or 13%.

**Mr. Bryan Nylander:** Yes, it's 13% in the province.

**The Chair:** The problems endemic to on-reserve aboriginal people in particular are well understood by all of us, but what is the trend in Saskatchewan in terms of the out-migration from your reserves to urban centres? Is there a shifting population in Saskatchewan in that respect?

**Mr. Bryan Nylander:** Yes, that would be a fair thing to say. The last statistic I heard said that about 54% of the first nations in Saskatchewan live off-reserve, and there is a migration to the larger centres of Saskatoon and Regina. There's a draw to those communities, but I think there is also a draw from the reserves and into the smaller communities all across Saskatchewan.

**The Chair:** Of course, we're aware that creates transitional challenges, to put it mildly, but certainly opportunities as well.

**Mr. Bryan Nylander:** Yes.

**The Chair:** The Manitoba chiefs commissioned a report about two or three years ago that called welfare a "right of passage" for aboriginal young people. They marked it as the key problem, the key obstacle, to encouraging aboriginal young people to pursue education and training. In this country, we are among the last in the western world to look at major reforms of our welfare delivery systems, particularly on reserves. Have you any views, has your organization any views—or any of the panellists—in respect of what possible reforms could be undertaken to remove this right-of-passage mentality and encourage further education and training to be pursued by aboriginal young people in this country?

**Mr. Bryan Nylander:** I don't think we would have an opinion on reform within the welfare system, but I do think that, from a community perspective, we need to promote the value of education. We need to ensure that the aboriginal community is very much welcomed into the industries and businesses that we have in our provinces, whatever they may be. We need to ensure that we promote and assist aboriginal peoples in accessing those training opportunities in order to satisfy the needs of the provinces.

It's a tremendous challenge. We are talking about a community that may not have many role models in certain trades and industries. There may be a reluctance to take advantage of the employment opportunities that are outside of their locale. It's a very complex issue.

The one encouragement that I have is that the first nations organizations are part of the solution. That includes the Saskatchewan Indian Institute of Technologies, but also local organizations. In my home community, we have a high school right within North Battleford that has been created by the separate and the public school systems, in partnership with local tribal councils. It's governed by tribal councils.

• (1000)

**The Chair:** A true partnership, I think you'd agree, would involve discussing how approximately \$2 billion in perverse disincentives to pursue education and training could be used more effectively.

**Mr. Bryan Nylander:** Yes.

**The Chair:** Mr. Marit, there are pockets of success in terms of urban reserves, but I'm interested in knowing your perspective or your organization's perspective, because Saskatchewan is serving essentially as the guinea pig in this respect. How are the urban reserve models that your province is seeing put into place working?

**Mr. David Marit:** I don't think I'm the right person to comment, but on the rural reserves working with the municipalities, I would say it has come a long way. But there's still a lot of work that has to be done. It's a concern that we have, because to get everybody at the table to negotiate and to work on things.... In many rural municipalities, when it come to infrastructure, it's an issue. When it comes to bylaws, it becomes an issue.

I can see that there has been tremendous movement by first nations just over the last five years, in terms of working with municipalities to try to work out agreements. I would have to say that work has definitely increased tremendously. But for me to comment on urban reserves, I'm sorry, it would be....

**The Chair:** Thank you, Mr. Marit.

We'll move to Mr. McCallum now, for five minutes.

**Hon. John McCallum (Markham—Unionville, Lib.):** Thank you, Mr. Chair.

In my life before politics, I used to come to Saskatoon often. I always had a great reception here, so the first thing I'd like to do is thank the witnesses for giving me this opportunity to come back again. It's great to be here.

I think the central task of this committee is to recommend to the government what should be in the next budget. This week, there were press reports that we might have a second GST reduction at a cost of some \$5 billion to \$6 billion a year. And while the GST cut is nice, it does crowd out virtually everything else in the form of income tax cuts or expenditures.

I'd just like to do what I did in Vancouver, which is to have a very quick little poll and ask all of you a question. Do you think the government is on the right track vis-à-vis the GST? I'd just ask you to say yes or no or abstain—no comment—which of course is your right. I'd then like to get on to more specific questions.

Maybe we could begin with Mr. Taylor.

**Mr. Colin Taylor:** I already mentioned in our proposal that we think cutting the GST further, in lieu of cutting personal taxes, is probably not the right way to go.

**Hon. John McCallum:** Thank you.

**Mrs. Lisa Jategaonkar:** I would just say that it is important that we continue to fund research and development to take advantage of future areas. I don't have a specific comment on the GST.

**Hon. John McCallum:** Thank you.

**Mrs. Marlene Brown:** I have no specific comment on the GST. What we're asking for is an investment in health human resources across the country, and I can't see how that can be funded without....

**Mr. Bryan Nylander:** I have no comment.

**Mr. David Marit:** From the municipal side, I would just say that we receive 100% of our GST back anyway, so a further cut wouldn't really save us any more money.

**Hon. John McCallum:** So it might as well be high.

**Mr. David Marit:** We get it back anyway.

**Mr. Rob Slinger:** Any and all tax cuts are welcome, because they make us more competitive, provided the government also cuts its operations and payrolls accordingly.

**Hon. John McCallum:** Thank you all very much.

They were slightly more adventuresome in Vancouver, I might say.

I have a question for you, Mr. Marit. It has to do with western economic diversification, and I'd like you to do two things. Perhaps you could say in what way it is important to you. Also, last week or this week, substantial cuts were announced to regional development, including, I assume, western economic diversification. Do you have any information as to whether funding is less available than it might otherwise have been under western economic diversification?

•(1005)

**Mr. David Marit:** I don't at this time, but the reason we did comment on it in our brief is that the western diversification fund has been very instrumental in helping to pilot some projects in Saskatchewan. That's why we feel it is important for that program to remain. It has been fundamental for rural development, for many communities that have been trying to build ethanol plants, in going into value-added processing on the agriculture side, and in helping communities to actually grow themselves and to do something. The western diversification fund has been very important to Saskatch-

ewan, and we would definitely like to see it retained or even enhanced.

**Hon. John McCallum:** Thank you.

Mr. Nylander, as one involved in education longer than politics, I subscribe to virtually everything you have said in terms of the importance of ideas. One of the important things is literacy. Recently there have been some cuts in government support for literacy. Does that have a bearing on your colleges or on your view of the future of this country and the importance of learning?

**The Chair:** You have about thirty seconds, Mr. Nylander.

**Mr. Bryan Nylander:** Yes, the cuts do have an effect, both in the context of what comes to the college system and also to our community partners. Given the context of the issues around the aboriginal community, literacy is a critical matter that faces this province. We have to prepare people to participate. A federal agenda needs to be adopted.

**Hon. John McCallum:** Thank you very much.

**The Chair:** Thank you, sir.

[*Translation*]

Mr. St-Cyr. you have five minutes.

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

Mr. Slinger, how much rent do you currently pay to the federal government?

**Mr. Rob Slinger:** In Regina, it is \$115,000. Four weeks rent is \$250,000.

**Mr. Thierry St-Cyr:** This amount of \$250,000, is for what exactly?

**Mr. Rob Slinger:** Rent I cannot bill for because it is prohibited.

**Mr. Thierry St-Cyr:** Rent you cannot bill for. Okay.

It is \$115,000 in Regina. What percentage of your budget does that amount to?

**Mr. Rob Slinger:** We have a \$10 billion budget.

**Mr. Thierry St-Cyr:** So it is...

**Mr. Rob Slinger:** It is not much. It represents three people's jobs.

**Mr. Thierry St-Cyr:** The \$115,000 of rent represents how much of your expenditures?

**Mr. Rob Slinger:** The amount is calculated out of \$10 billion.

**Mr. Thierry St-Cyr:** Ten billion dollars. Rent is still a very small expense in comparison with...

**Mr. Rob Slinger:** But it increases, because the formula changes from year to year. The amount will be much higher in the future.

**Mr. Thierry St-Cyr:** Fine. You mentioned the return on investment, a 35 to 1 ratio. Do you get that number by dividing the generated economic activity by the rent that you pay?

**Mr. Rob Slinger:** It includes jobs, direct and indirect budgets, and also the money in the economy.

**Mr. Thierry St-Cyr:** Fine. You take that amount and you divide it by the rent or by the operating costs.

Let us suppose that the federal government decreases or completely eliminates rent; there is no guarantee that that ratio will remain the same nor that it will generate any additional economic activity. In other words, reducing rent by \$1 does not necessarily generate economic benefits worth \$35. Have you undertaken any studies or analyses on the economic impact of such a reduction?

**Mr. Rob Slinger:** A new 47-page study was done. The government also undertook a study six months ago providing the same measurement.

**Mr. Thierry St-Cyr:** Ms. Jategaonkar, you mentioned investments in Genome Canada. I might have missed this, but do you have a number or a specific request to put to the Finance Committee?

• (1010)

[English]

**Mrs. Lisa Jategaonkar:** We don't have a specific request at this time. Rather, we would ask this committee to recognize the importance of genomics to the agricultural and health sectors, as well as to new emerging economies here in this province and in Manitoba.

[Translation]

**Mr. Thierry St-Cyr:** Fine. In the research sector, have you encountered any problems in terms of labour, researchers, available skills or human resources? Are there any needs or is everything fine and there is no lack of funding?

[English]

**Mrs. Lisa Jategaonkar:** I think we have developed quite a bit of momentum in research. As I mentioned during my presentation, we were in a position where we were quite behind in genomics research, but we have moved to an area of leadership in certain areas of medical and agricultural applications.

Genomics is a very rapidly evolving field. It requires being able to keep up to date with new technologies and expertise. It's very important that we maintain the momentum that we have already gained, so that we can take advantage of the benefits in health, agriculture, and emerging economies.

[Translation]

**Mr. Thierry St-Cyr:** Mr. Nylander, in your brief, you talked about incentives for students to undertake a first-year post-secondary studies. Do you have any concrete ideas with respect to the kind of measures that should be used?

[English]

**Mr. Bryan Nylander:** I would give an example. Early childhood education is a very lowly paid employment opportunity. Does it make sense to get a \$15,000 student loan to go into a \$20,000 career? Can we not have certain agendas whereby we're actually helping people gain the employment, like incentives such as full

bursary programs for low-paying positions? Why can we not consider opportunities like that?

[Translation]

**The Chair:** Thank you very much, sir.

Mr. Dykstra, you have the floor.

[English]

You have five minutes, sir.

**Mr. Rick Dykstra (St. Catharines, CPC):** Thank you, Mr. Chair. I want to continue with a couple of questions for Mr. Nylander.

I also wanted to highlight that for some reason my good friend Mr. McCallum did not ask the GST question when we were in Alberta yesterday, but he did ask it in Vancouver. I'm not sure why, but I thought you needed to know that.

There's one thing I'm trying to come to grips with. We've heard a lot about post-secondary education and commitments by the federal and provincial governments. Statistics Canada recently showed a phenomenal increase over the last ten years in young people attending post-secondary educational institutions despite the issues you've pointed out this morning, which aren't necessarily all positive, but which we face. I wouldn't mind having you comment on that. Obviously costs have increased, the ability to afford to do so may not be as easy, but at the same time there has been a tremendous increase in those going to school.

**Mr. Bryan Nylander:** I would agree. There has been an increase in people participating in post-secondary education. The question is whether that is satisfying what the economy really requires from an output perspective. It would be our opinion that we are not achieving, especially in the skills training agenda. We're not satisfying the number of folks we need to satisfy from an employment opportunity perspective. Yes, we're increasing volume, but is it a satisfactory increase? We would suggest that it's not at this point in time.

**Mr. Rick Dykstra:** That's interesting. I wish we had more time to talk about that, because it's obviously a dichotomy when you have a massive increase in attendance, yet at the same time it doesn't seem to satisfy anyone at least on the receiving end of those students coming in.

I'd also like to ask Ms. Brown a couple of questions, but one of the other questions I had for you specifically deals with the aboriginal issue and attendance at post-secondary educational institutions. One of the things we did in this year's budget was commit an additional \$450 million to ensure that aboriginal youths do have the opportunity for education. I wondered what you thought of that and the comments with respect to adult literacy, taking into account the \$450 million and becoming more focused on what that money is going to be for, rather than just having an open-ended fund with which we don't necessarily know what the outcomes are going to be.

**Mr. Bryan Nylander:** We obviously support any resources that are being provided to improve participation rates of the aboriginal community in post-secondary education. There is a significant opportunity. If we look at the demographics of the aboriginal population, there is a baby boom that will be entering into the post-secondary world. I don't have a comment as to whether or not those are sufficient resources, but I would encourage the government to consider that there is going to be an ever-increasing population that is coming into the age group for post-secondary education, and I would hope you would redouble and triple your efforts.

• (1015)

**Mr. Rick Dykstra:** Good. Thanks. I just wanted to get the comment that we are on that road, and we'll certainly try.

Ms. Brown you talked about five things: retention, recruitment, innovation, research, and genuine commitment. Based on the fact that Saskatchewan has a New Democratic Party leading it here in the province, I would have thought there would be a much stronger commitment to the organization of nurses and doctors than what you've told us is the case this morning. I wonder if you could comment on that and why your government in the province has not responded in kind to the concerns you've put forward.

**Mrs. Marlene Brown:** I would have to say we are very disappointed in the government's response to our call for attention to the nursing shortage. We're very disappointed because this is not a new issue, it has been highlighted on the horizon for a number of years. Of course, now we're into it and feeling the effects. So yes, we're disappointed.

**Mr. Rick Dykstra:** I will continue, but I'm sure my colleague will have some comments later.

Very quickly, one of the questions that we've asked of a number of folks when we talk about health care and education is on the federal transfer of funds to each of the provinces. Obviously, right now we just transfer funds and trust that the provinces are going to do a good job with the funds that we give them from a federal perspective. What do you think about the opportunity to make sure those transfers are directed where they should be so that we actually have a federal tie to where those funds go?

**Mrs. Marlene Brown:** Yes, we would like to see that, which is why we're asking for the pan-Canadian strategy. If you're going to put the funds in, we need to measure what they're doing. They may have used those for programs, but obviously were not successful. There needs to be an evaluation of what's happening, certainly setting targets and measuring to see if you've met them.

**The Chair:** Thank you, Ms. Brown.

Thank you, Mr. Dykstra.

Mr. McKay, five minutes to you.

**Hon. John McKay (Scarborough—Guildwood, Lib.):** Thank you, Chair. My first question is to Mr. Marit.

There seems to be an enthusiasm on the part of this government to eliminate the Wheat Board. I was wondering whether you or your organization had a view on that matter.

**Mr. David Marit:** We don't have all day.

**Voices:** Oh, oh!

**Mr. David Marit:** Our organization does have a position on the Wheat Board, as a resolution had passed at our convention. The resolution states that we do support the Canadian Wheat Board and the single desk. That resolution passed at our March 2006 convention.

I was invited to Mr. Anderson's round table here in Saskatoon in July. I was an observer at that. He knows our position. I guess that's the comment I will make to you at this time.

**Hon. John McKay:** When the vote took place, was it an overwhelming vote or was it a narrow vote? What was it?

**Mr. David Marit:** It was an overwhelming vote.

**Hon. John McKay:** Thank you.

Mr. Slinger, I come from Toronto, and the airport issue has been vexatious for us, to say the least. When it was transferred to a not-for-profit entity in the GTAA, essentially the transfer that took place said the federal government wouldn't charge any kind of significant rent for the first few years, and that once the expenditures were made and the facility was built, the rent would ramp up. You know, you didn't hear too many complaints from the airport authority when the rents were very low. Now the rents are in effect backfilling for a public facility that was used by the authority for virtually little or nothing. I don't know, but is that the pattern here in Regina, that you had a sweet deal for a while and now the rents are going up?

**Mr. Rob Slinger:** That's an interesting choice of terms, "sweet deal". It was rammed down our throats, very bluntly. There was no choice, no discussion, no negotiation, and I don't know of an airport that thinks it was a negotiated deal.

The next step is, yes, the rents are going up, but it's not rent, it's simply a tax. In fact, they use tax methodology and they use tax definitions.

**Hon. John McKay:** I haven't heard that it was rammed down the throats of the GTAA. What I have heard is that not all the parties were at the table when the negotiating took place, particularly the airlines, which are in fact paying the freight. Is that the case here? Are the airlines driving the issue? In some respects, all you're doing is turning around and passing on your increased costs to the users.

• (1020)

**Mr. Rob Slinger:** When you split with the airlines, that is different at the big eight airports compared to the small airports. For the small airports, 46% of a landing fee is subsidized by the other financial activities at my airport. I need the freedom to generate more commercial revenues to continue that subsidy, otherwise the big airlines will overfly small airports. So it's inappropriate for small airports to pay this rent tax and take away money from the airline business.

**Hon. John McKay:** Thank you.

**The Chair:** Thank you, Mr. McKay.

Mr. Del Mastro.

**Mr. Dean Del Mastro (Peterborough, CPC):** Wonderful, thank you.

Mr. Marit, I'm going to come back to you.

How much time do I have, Mr. Chairman?

**The Chair:** About three and a half minutes.

**Mr. Dean Del Mastro:** Three and a half minutes. So I don't have very much time, and I have a lot of questions.

First of all, are you aware that you're in one of the provinces that is currently fighting the federal government to replace the CAIS program?

**Mr. David Marit:** Yes, I am.

**Mr. Dean Del Mastro:** Great.

I have argued, particularly for my producers in Ontario who produce grains and oilseeds, that the CAIS program is a race toward the bottom. In fact, it's going to lead them to complete financial devastation. Would you like to make a comment on that?

**Mr. David Marit:** I can only speak for the CAIS program in this province, and we've asked the federal government to make changes to it. It hasn't been working for the producers in this province. They've made some changes to it, so I guess my comment would be that I'd like to see how these changes are going to work. They've changed the reference margins, which is good, and they've changed the inventory evaluations. I really would like to see how those changes play out before I make any further comment.

The problem we have with it is that it's a timing thing. It's just way too long.

**Mr. Dean Del Mastro:** I've made the point that we unfortunately abandoned the NISA program about two years before it would have really worked for farmers, and it's unfortunate that those decisions were made.

Mr. Taylor, very quickly, does a lower tax rate mean lower tax revenues?

**Mr. Colin Taylor:** No.

**Mr. Dean Del Mastro:** Thank you. That's interesting, because some of the people at the other parts of the table would indicate that if you lower taxes, you are necessarily going to lower government revenues. In fact, it has the opposite opportunity, which is to grow the investment portfolio, which grows economies, which generates more revenues so that we can give more money to Ms. Brown, Ms. Jategaonkar, and the other people who are in the room, doesn't it? It makes more sense to give from a position of economic strength than to try to weaken the economy with higher taxes, doesn't it?

**Mr. Colin Taylor:** That's right.

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

And just quickly, is there anybody at the table who would prefer a higher GST? No? Okay.

Thank you, Mr. Chair.

**The Chair:** Thank you, Mr. Del Mastro.

Mr. Pacetti, to conclude.

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

Just quickly, Mr. Marit, last year you were here and I think we talked a little bit more about the prairie grain road program and

infrastructure, but this year you just skimmed those things. Is the program still an important part? Was it renewed? I didn't catch that part.

**Mr. David Marit:** No, it's still very important to us. We knew our timeframe, though, so we wanted to hit on a few topics.

This is the last year of the program. It was a great program for rural Saskatchewan to build an infrastructure in our road network. We would like to see some changes to it, because we went through the process. We would like to see agribusiness added to that criterion. We think it's a great program. It triggered and leveraged a lot of money in this province, both from the provincial government and from the municipalities.

As I say, it was a good federal program. We would sure like to see it renewed and enhanced.

**Mr. Massimo Pacetti:** How much did you get for it from the federal government?

**Mr. David Marit:** The municipal portion that we received was \$125 million. It was in that neighbourhood from the federal government, and then it leveraged provincial and municipal dollars over and above that amount.

**Mr. Massimo Pacetti:** Will that be replaced because of the gas tax transfer?

**Mr. David Marit:** No, the program has just come to its fruition. This year, 2006, is the last year, and now we're just trying to get—

**Mr. Massimo Pacetti:** And you've had no indication as to whether or not it will be renewed.

• (1025)

**Mr. David Marit:** We haven't had an indication. That's why it's in the submission today.

**Mr. Massimo Pacetti:** Thank you.

Ms. Brown, just quickly, in your brief you discuss how effective the 2004 federal-provincial health care agreement was. You then state in your brief that it "does not provide for renewed investments needed in infrastructure, infostructure, post-secondary education" and so on. That troubles me a little bit, because there's a lot of money in there, but it's still not enough money. I don't think the money has even started to flow yet, but already there seems to be a problem. Am I misinterpreting it? Can you expand on that a little bit?

**Mrs. Marlene Brown:** I would have to reiterate what I've said already. What is it being used for? Where is it going? For sure, some education seats have been increased in the nursing programs in Saskatchewan, but I can tell you right now that they're not going to meet the needs for the future. But part of the problem is that it's the whole system.

**Mr. Massimo Pacetti:** But how about in terms of infrastructure?

**Mrs. Marlene Brown:** Infrastructure?

**Mr. Massimo Pacetti:** Yes. It says here "for renewed investments needed in infrastructure". I would assume that means hard items, like machinery, buildings, hospitals.

**Mrs. Marlene Brown:** And information technology and those kinds of things.



We need the continuous education to be occurring within the health care industry as well as in the education seats for nursing.

**Mr. Massimo Pacetti:** Thank you.

Thank you, Mr. Chairman.

**The Chair:** Thank you.

Just before we conclude, I have a couple of quick questions for Mr. Marit.

I'm just curious. Some of our colleagues live in jurisdictions where farmers may sell their commodities to whomever they choose. You spoke about value-added and its importance in Saskatchewan. How many pasta plants are there in Saskatchewan?

**Mr. David Marit:** None.

**The Chair:** Flour mills?

**Mr. David Marit:** None.

**The Chair:** And these commodities that have to be sold currently through the Canadian Wheat Board don't add any value to rural Saskatchewan in terms of job creation or economic investment?

**Mr. David Marit:** No.

**The Chair:** Thank you very much.

On the issues that you've presented today, you've all done a tremendous job. We sincerely thank you for your time today, for your presentations, and for your responses, forthright as they were, to our questions. All the best. Thank you.

We invite the panel members for the subsequent panel to assume these places.

We'll suspend for five minutes.

- \_\_\_\_\_ (Pause) \_\_\_\_\_
- 
- (1030)

**The Chair:** Order, please. I will now introduce to our witnesses the concept of why we are here.

We are the House of Commons Standing Committee on Finance. We're mandated by the House of Commons on an annual basis to consider and make reports upon proposals regarding the budgetary policies of the government. This year the theme of our consultations is Canada's place in a competitive world, and we have asked you to prepare presentations of five minutes in duration.

Thank you for being here and thank you for the work you've put into your briefs, which we will have distributed. I understand that some may be waiting for translation, but I assure you that committee members will be reviewing those.

I will give you an indication when you have a minute remaining, just so I don't have to cut you off in mid-sentence. I'd encourage you to wind up your presentations at that point so that we can allow time for an exchange, questions, and comments afterward by committee members.

To begin, we'll go to a representative from the Canadian Nurses Association, Marlene Smadu.

**Dr. Marlene Smadu (President, Canadian Nurses Association):** Thank you very much for the opportunity to outline the Canadian Nurses Association vision for a stronger, healthier, and wealthier Canada.

My name is Marlene Smadu, and I'm the president of the Canadian Nurses Association, representing registered nurses from across the country. I live and work in Regina, Saskatchewan.

Let me begin by saying that the Conference Board of Canada noted in 2006 that our country's ability to introduce and sustain public programs depends on having the resources that result from growing national wealth. However, a year earlier the Conference Board asserted that productivity is Canada's most significant economic weakness.

As the president of the CNA, I'm here to outline how nurses from across the country can contribute to policy conversation about productivity in the economy. We see the health of the nation as its most fundamental resource. As such, it is a pillar of the Canadian economy, along with literacy, education, natural resources, the environment, and, of course, a robust technological and business infrastructure. It is our belief that with the best economic performance in the G-7 over several years, and with strong indications for continued top-five performance, Canada is well positioned to improve public programs like medicare and to support the health and, in turn, the productivity and prosperity of Canadians. A healthy nation is a wealthy nation.

To support the health and wealth of all Canadians, the federal government can boost productivity by investing its leadership and resources in three key areas: first of all, information management and communications technology; secondly, human capital in the health human resource sector; and thirdly, reductions in disparities and enhancement of the employability of Canadians. Taken together, all of these areas for action can improve timely access to quality care for all Canadians now and can redirect the Canadian health system toward a different, stronger future. Every national review of the Canadian health care system has supported the need for investment in all of these areas, but many gaps remain.

First of all, on investing in tools that boost productivity through technology, to improve access to the health system the federal government should focus its attention on information and communication technology in health care, which some say is as much as ten years behind industries such as banking. Our specific recommendations to the federal government are, first, to accelerate the implementation of information management and communication technology to support the coordinated and coherent delivery of health services; second, to ensure that every Canadian has access to the most suitable technology—for example, broadband—that will allow them to link to the Internet, from our largest urban centres to the most isolated northern communities; and third, to ensure that every Canadian has a personal electronic health record within the next five years.

In the second area, investing in health professionals to boost productivity through human capital, we propose that the looming shortages of health professionals in many disciplines are now global in nature. The United States alone projects a shortage of one million registered nurses in 2012, six years from now, posing a serious threat to the ability of the Canadian health care system by virtue of the U.S.'s economic clout and consequent ability to draw nurses south.

We are keenly aware of the jurisdictional authority in the delivery of health care services, but as many have noted, the federal government still has an important policy role to play to help direct workforces from low to high productivity. Consider the following three points: Saskatchewan, Prince Edward Island, and Newfoundland and Labrador regularly lose as much as 30% of their nursing graduates to other provinces. The federal government is the fifth-largest employer of registered nurses in the country, and federal power includes immigration.

Currently, employers all across Canada are competing for the same relatively small pool of nurses and doctors, so we recommend a federal government investment of \$5 million to help with a standard framework for HHR, and \$10 million in a mechanism to promote and facilitate pan-Canadian health human resource planning. We also urge the federal government to reinvest in the nursing research fund, a ten-year, \$25-million fund that expires in 2008.

Our third area is reducing disparities and boosting productivity. We encourage the federal government to continue to invest in adult literacy, learning, and essential skills programs; to accelerate the development and implementation of a national pharmaceutical strategy; and to invest an initial sum of \$10 million to establish an action-oriented, pan-Canadian program to eliminate ethnic, gender, and racial disparities in Canada by 2020.

• (1035)

We know this is long term, but we believe Canada can be a hallmark for the rest of the world in dealing with inequities in health outcomes, housing, safe water, employment, and equitable treatment in the criminal justice system. The strong leadership of the federal government in all of these areas is what assures the current and future health status of Canadians, and Canadian nurses are willing and able partners in policy development in these areas.

Thank you.

• (1040)

**The Chair:** Thank you very much, Marlene.

We'll continue with Clyde Graham, who is here from the Canadian Fertilizer Institute. Mr. Graham, you have five minutes.

**Mr. Clyde Graham (Vice-President, Strategy and Alliances, Canadian Fertilizer Institute):** Thank you very much.

The Canadian Fertilizer Institute is an industry association representing manufacturers and wholesale and retail distributors of nitrogen, phosphate, potash, and sulphur fertilizers. We note that for the last few years, we've made our presentation to this committee in Saskatchewan because of the importance of our industry to the provincial economy in terms that this is the centre of potash production, and there's significant nitrogen production as well in the province.

Also, I'd like to recognize Al Mulhall, from the Potash Corporation of Saskatchewan. He is here today to observe with us, and I just want to let you know he is here as well.

Our member companies currently employ 12,000 Canadians, mainly in rural communities. The total economic contribution to the Canadian economy is over \$6 billion. Canadian fertilizer manufacturers produce 25 million metric tonnes annually. Of this, we export 20 million tonnes to over 70 countries.

Canada's fertilizer industry competes successfully for markets around the world. Increasingly, our industry is facing new challenges from foreign competitors. Fertilizer production in Canada is highly productive. Our nitrogen plants and potash and phosphate mines are among the most modern and energy-efficient in the world, according to international benchmarking studies. But while the fertilizer industry in Canada is enjoying considerable success, federal and provincial governments must continue to make smart decisions to ensure this success is sustained in the long term.

In terms of our recommendations, we believe the government should reduce the tax burden on the fertilizer industry—particularly as it relates to investment decisions—which continues to face higher tax rates than competitors in other countries; develop a national energy strategy that will secure future supplies of natural gas that the nitrogen and potash producers depend upon; implement a Canadian air emissions strategy, with realistic targets and regulations to reduce greenhouse gases and other air emissions while ensuring the competitiveness of our industry; address a skills shortage that is affecting all resource industries—and I understand you've been to Fort McMurray and have heard a lot about that first-hand; and establish transportation policies that will encourage investment in Canada's rail and ocean freight capacity and provide service to shippers at the lowest total cost.

You have the brief, and I believe it has been translated. I'll just highlight a couple of points from the brief in order to give everyone else lots of time.

I'd like to mention in particular that CFI believes governments have a critical role to play in the development of a Canadian biofuels industry, to reduce our reliance on natural gas and other fossil fuels. Fertilizer, and particularly potash, will play a critical role in the production of crops needed for ethanol, biodiesel, and other biofuels. We support the federal government's plan to develop a national biofuel strategy. A number of provinces are already supporting biofuel development. We hope an effective national strategy will emerge, backed by all levels of government.

Again, in terms of taxation, taxation is a critical issue related to the capacity of industry to make the investments that will be required for new technology and capital stock turnover in order to deal with the clean air and greenhouse gas issues that I think are currently seizing the agenda of the federal government. We believe the government must work in partnership with industry in its approach to environmental sustainability. A key component of that cooperative approach is providing incentives for business to meet realistic environmental targets. Reduction targets for the industry must be reasonable, cost-effective, and achievable in practice.

Governments in Canada need to adopt policies that will enable our industry to make the investments necessary to continue reducing greenhouse gas emissions and to contribute to the objective of clean air. Governments should facilitate investment by eliminating barriers to trade; continuing to move to a more competitive corporate tax system; and providing new investment incentives to accelerate technological change, modernize facilities, and upgrade skills. In particular, we'd like to emphasize that an accelerated capital cost allowance should be an important part of the market-based incentives approach in this area.

●(1045)

A couple of weeks ago, the president of CFI made a presentation to this committee on behalf of the Business Tax Reform Coalition, and there was certainly an emphasis from that coalition of industry groups on capital cost allowance acceleration.

I think those are the major points, and I'm happy to answer questions.

**The Chair:** Very good. Thank you, sir.

From the Saskatchewan Council for International Cooperation, we have Hamid Javed. Welcome. Five minutes to you, sir.

**Mr. Hamid Javed (Chair, Board of Directors, Saskatchewan Council for International Cooperation):** Thank you very much, Mr. Chairperson.

Members of the committee, ladies and gentlemen, it's a pleasure to be here talking on behalf of the SCIC, the Saskatchewan Council for International Cooperation.

In your finance committee's recent document "Canada's Place in a Competitive World", you refer to the fact that Canada, as a small open economy, depends significantly on other countries for our economic health and prosperity. This recognition of the need for cooperation and working with other countries is commendable; however, we also understand that we depend on one another not only for economic prosperity, but also for global peace, global public health, and the protection of the global environment. Without these things, no country can prosper and no country is safe.

Because of our prosperity depending on others and also on the basis of cooperation within our own country, we need to invest in health, education, and infrastructure for Canadians, but not only for Canadians, but also the rest of the world if we want to live in peace. Right now, it is our belief that poverty now affects 3 billion people, half of the total human population. It's not only morally intolerable to Canadians, it's also a threat to the peace, health, and stability of the world in which Canadians must go about their business—in other words, our own self-interest.

During his election campaign, the Prime Minister promised that we will match the average OECD donor performance of 0.42%. We recommend that we should exceed the average of the OECD and should aim for 0.7%, which was a goal set by one of our own prime ministers a few decades back and was taken up by the world as a goal to reach. In order to do that by 2015, we recommend that Canadian aid be increased by 18% annually and that the government commit to a plan to meet the target of 0.7% of our gross national income. It's very important that we take the rest of the world along with us.

More aid by itself is not enough. We also need better aid, that is why we support Bill C-293, the Development Assistance Accountability Act. We urge the government and members of Parliament from all parties to support speedy passage of this bill.

Of course, we recognize that the Government of Canada is also directly concerned with the well-being of Canadians, their health, education, and standard of living, as your brief discusses. On this topic, we would like to point out that far from being able to adopt new technologies and seize market opportunities, many Canadians currently live in poverty, affected by poor nutrition, illiteracy, and institutional racism. Statistics tells us that one in six Canadian children are poor. Every month, 700,000 people in Canada use food banks. In Saskatchewan, the unemployment rate for aboriginal people is more than double the rate of non-aboriginals, and working aboriginal people have an average income almost 50% lower than the average income of non-aboriginal people.

In order to ensure that our citizens are healthy and have the right skills for their own benefit and for the benefit of their employers, the government must take action against poverty in Canada. A big step toward this goal would be increasing the national child tax benefit. The government also needs to get serious about developing a poverty reduction strategy for Canada that includes positive initiatives in housing, population health, and labour force development. Investment in poverty reduction will yield many economic and social benefits for us and everybody else.

I would like to draw your attention to the pitfalls of recent failed government cutbacks to the programs of literacy, court challenges, the Law Commission, Status of Women, reducing smoking among the aboriginal communities, and other programs. The negative impact on skills development, health, and protection of rights is fairly obvious.

•(1050)

Mr. Chairman, the document "Canada's Place in a Competitive World" recognizes that we face an uncertain, rapidly changing future, for which we must be prepared and proactive. SCIC would go one step further and say that in many ways the world is poised at the edge of environmental, social, and political disaster. Focusing solely on improving the competitiveness of Canadian business will not avert this disaster. In fact, shifting social and environmental costs away from business might make them more competitive today—

**The Chair:** Thank you, sir, but your time has been exceeded. We'll have time for questions. I'm sure you'll get some.

It's always nice to see a fellow Manitoban. Gord Steeves, welcome here.

**Mr. Gord Steeves (Councillor, City of Winnipeg; First Vice-President, Federation of Canadian Municipalities):** Thank you very much, Mr. Chairman.

**The Chair:** Proceed on behalf of the Federation of Canadian Municipalities.

**Mr. Gord Steeves:** Thank you very much.

I'm joined by our chief executive officer, Jim Knight.

As you are aware, FCM, through its members, represents about 90% of the Canadian population. I know I don't need to remind the members of this committee that cities and communities are central to Canada's prosperity and quality of life, and in these places that are so important to Canadians, municipal governments are on the front lines.

While municipal governments are committed to maintaining the well-being of their communities, they are caught in a fiscal squeeze that hampers their ability to deliver on this commitment. The root of the squeeze lies in the imbalance between the responsibilities and resources of municipal governments and the other orders of government.

One symptom that is visible in our communities is the \$60-billion national municipal infrastructure deficit. The FCM's municipal members have called on the federal government to help fix this deficit and the fiscal imbalance, and we have been heard.

For more than a decade, the Government of Canada has treated the well-being of Canada's cities and communities as a national priority. The 2005 federal budget broke new ground, with the introduction of a plan to share a portion of the federal gas tax with municipal governments. The 2006 budget renewed existing infrastructure programs that have helped municipal governments deal with some of their most pressing needs. But infrastructure renewal requires a long-term investment. Ad hoc federal contributions have helped, but they have not provided the long-term solution.

In Budget 2006, the Government of Canada outlined a two-pronged consultative approach to restore the fiscal balance and deal with the infrastructure deficit. Minister Cannon is developing a plan to place federal infrastructure investments on a predictable long-term track, and Minister Flaherty will ensure that the perspectives and priorities of cities and communities are considered in discussions on the fiscal balance. We appreciate these steps and look forward to working with those ministers.

Our submission today contains five recommendations for this year's budget. They are to develop a long-term plan to eliminate the municipal infrastructure deficit; to transition to a long-term approach; to clarify roles and responsibilities; to commit to developing a national transit plan; and to create a global program for local governance. I'll highlight these briefly.

On developing a long-term plan to eliminate the municipal infrastructure deficit, we are calling on the government federally to commit, in Budget 2007, to a long-term extension of federal investments in municipal infrastructure. This national plan must take into account the effects of climate change on critical infrastructure and must make the necessary resources available to ensure that municipalities can protect the health and safety of their residents.

On transitioning to a long-term approach to help municipalities through the transition period between current arrangements and a long-term plan, we need a continuation of the current gas tax transfer, with expanded project eligibility criteria. These expanded criteria would include municipal initiatives for sport and recreational facilities, including parks and other social infrastructure. We also need to restructure the existing suite of municipally targeted application-based infrastructure programs. They should be adapted to consider the unique needs and limited capacities of extremely small rural and remote communities.

On clarifying roles and responsibilities, all governments need to work together to realign roles and responsibilities with the appropriate financial resources and begin coordinating their efforts. It is crucial that municipal governments be consulted in all areas of program and policy development that affect them, and our submission illustrates this point by looking at three crucial policy areas: security, housing, and immigration.

We are asking that Public Safety and Emergency Preparedness Canada commit to a consultation process that includes municipal governments in national emergency preparedness planning. We are calling for a continuation of the affordable housing initiative and the residential rehabilitation assistance program. The national homelessness initiative should also be continued, and we urge the continuation of the supporting communities partnership initiative, which has been effective as well.

Immigration has brought enormous benefits to our cities and communities. The government should ensure that municipal interests and views are represented when immigration policies and programs are discussed.

Public transit plays a central role in the quality of life, environment, and economic competitiveness of our urban regions, yet Canada is the only G-8 country currently without a national transportation program. The government should commit, in Budget 2007, to the development of a permanent national transit plan by 2008-09, when the existing funding for public transit expires.

Municipalities can play an important role in advancing the Government of Canada's international policies and programs. We're asking the government to create a ten-year global program for local governance to coordinate Canada's international assistance work. The program would strengthen democracy in local governance, improve policies, and expand knowledge-sharing to help achieve the millennium development goals.

We stand before you, Mr. Chairman, as a group of assembled politicians who represent the same interests that you do. The people we represent are the same people you represent. We feel our tasks should be the same tasks as yours.

We thank you for your time.

• (1055)

**The Chair:** Thank you. Well done.

We'll continue with John Schmeiser, who is here from the Canada West Equipment Dealers Association. Welcome, and proceed.

**Mr. John Schmeiser (Executive Vice-President, Canada West Equipment Dealers Association):** Good morning, Mr. Chairman and committee members. Thank you for the opportunity to make a presentation on behalf of the Canada West Equipment Dealers Association.

Our trade association represents 400 equipment dealers in western Canada. We're primarily rural-based, and in a lot of situations our dealer members are the largest employers in the community. We are one of 18 organizations that comprise the North American Equipment Dealers Association. On behalf of our dealer members, I am pleased to make this submission to the Standing Committee on Finance as it considers Canada's place in a competitive world.

Our dealer members retail equipment that is primarily used in agricultural and farming practices. Our members are sensitive to the changing needs and demographics of farmers. We have seen many technological advances in the equipment that is offered for sale. As members of the committee know, farming today is vastly different from thirty, twenty, and even ten years ago. However, government policy affecting our industry has not moved as fast. Therefore, we recommend that consideration be given to the following measures aimed at helping Canadian businesses grow and flourish.

We request that the capital cost allowance schedule be increased to 40% in the first year, from the current 30%, for investments in new agricultural equipment. The current marketplace sees quicker turnover of equipment, and the current rate of 30% is not reflective of today's environment. Currently, the 40% CCA is provided to heavy trucks, and the same ratio should be put in place for agricultural equipment.

Furthermore, there have been recent initiatives in the United States that have seen rapid acceleration of the depreciation schedule. There is a new initiative, led by the North American Equipment Dealers Association, to have agricultural equipment fully depreciated after a five-year period, as opposed to the current seven years, and there has been a receptive ear to this message in Washington. Such a change in Canada would see all sectors in the agricultural equipment market benefit—the manufacturer, dealer, and customer. The major benefactors of this change would be our farmer-customers. Today's farmer and the innovative farmer of the future are trading in their

equipment at a faster rate than in the past, and an increase in the depreciation rate is warranted to reflect the current purchasing pattern.

Earlier I stated that our government taxation policy has not moved as fast as the changes in our industry. Current CCA rates provide us with a great example that this statement is true. According to CCA guidelines, harnesses and sleighs have the same depreciation rate as a \$300,000 combine—and in your packages, I have given you a little visual to prove the point. We encourage the committee to bring the CCA rates for our industry out of the stone age and make them as up to date as their state-of-the-art tractors and combines.

We believe an increase in the CCA rate to 40% will result in farmers reinvesting in their equipment quicker and faster. This benefits the manufacturer, the dealer and the customer, but also the environment, as more and more of the efficient and sophisticated equipment enters the market and replaces older and inefficient technology.

We also support an increase to the small business deduction, as we feel it is not current with today's needs and demands of business. Not only benefiting our industry, it affects all small business, and a significant increase in the SBD is overdue to ensure that taxation levels keep current with the growth in the economy.

Our industry is facing severe employment challenges. We encourage the facilitation of an investment tax credit to assist with the burden of training employees. This would assist our members in upgrading the skills and capabilities of our workers who are counted upon to service the new and innovative equipment that is offered for sale.

Enacting a provision of tax credits to journeymen technicians for the purchase of the tools that are essential for their employment is our final recommendation. Currently in place only for apprentice technicians, the same benefit should be extended to all technicians who require constant upgrading of their tools to perform repairs on new and innovative equipment. Although there was merit at the time in providing tax credits for tools for apprentices, we feel the time is now to extend this benefit to all technicians.

In closing, I would like to add that we have discussed these provisions with the Association of Equipment Manufacturers in Canada, as well as the Canada East Equipment Dealers Association, and they support our proposals in this submission. Each of these issues has been addressed through resolutions that passed unanimously at our annual general meeting.

I would like to thank the committee for the opportunity to make this presentation on behalf of our equipment dealer members. Thank you.

• (1100)

**The Chair:** Thank you very much, Mr. Schmeiser.

I thank all of you for excellent presentations.

We'll move to questions now, and Mr. McCallum will begin. You have seven minutes, Mr. McCallum.

**Hon. John McCallum:** Thank you, Mr. Chair.

As I said to the first group, in my pre-politics life, I used to visit Saskatoon often and had a great time, so I thank you all for the opportunity to come back.

I'd like to begin with Marlene Smadu.

I guess there is a bit of a philosophical difference in Ottawa between those who see health and education as watertight provincial jurisdictions and those who see more of a pan-Canadian role for the federal government. I take it you're in the latter group, but I'd like to just ask you if you could briefly confirm if that's true, and tell me why.

**Dr. Marlene Smadu:** The Canadian Nurses Association fully respects the jurisdictional authority over health and education, but in particular in the area of health, we do have the Canada Health Act, which is federal legislation that requires a federal role in terms of ensuring that the Canadian health system is in fact that: a Canadian health system. People may question whether or not we have a system, but I think we have to work toward that, so that the principles of the Canada Health Act—universality, portability, and all the other principles—are actually held up and so that we as provinces and as providers are accountable to them.

I think the other important issue is that at least in the case of nurses, the Government of Canada is the fifth-largest employer, so it needs to be in the discussions if for no other reason than that it also is very concerned about the number of health providers that it has. I think that's sometimes lost in terms of the government's role.

**Hon. John McCallum:** Thank you.

You've painted quite a drastic picture. I've heard it before, but you presented it very clearly about huge nursing shortages in the U.S. as well. I didn't hear you say this, but are you suggesting that Canada or the Government of Canada should have a large program of trying to bring in many foreign nurses from overseas? Is that a part of your proposal?

**Dr. Marlene Smadu:** No. We belong to the International Council of Nurses, which has a position statement against unethical recruitment of nurses from developing countries, so I would defer to my fellow witness. We're not there to go and poach nurses or rob nurses from other places. But we clearly do have immigration into Canada, and we've actually worked with federal government funding in the past to look at how to facilitate internationally educated graduates coming into work in the Canadian health care system.

We've often been accused, as professionals, of having blocks where there is not an ability for the physician who is trained in Russia or the nurse from Bosnia to be able to practise here. The federal government, then, does have a role, in its responsibility for immigration, to facilitate that easy transition of people into the Canadian health care system as workers.

**Hon. John McCallum:** But not a big push. Okay.

Mr. Steeves, I certainly agree with you that the long-term infrastructure needs of municipalities are critical and have to be addressed. I'd raise two issues.

First of all, if the government continues with having only a two-year time horizon in its budgets, how can you address long-term

needs and do your planning when the maximum time horizon in the budget is two years?

**Mr. Gord Steeves:** Exactly. Part of what we're asking today and what we're suggesting should be in the budget is that the federal government commit to a longer-term window for probably exactly the reasons you're insinuating. Municipalities need bankable sources to commit to long-term plans, right?

**Hon. John McCallum:** I guess I'm insinuating very subtly, yes.

The second point is that there are always choices to be made and we can't have everything—

**Mr. Gord Steeves:** We're hoping we can.

**Hon. John McCallum:** —so if you had a choice between public transit in the form of federal government investments and actually helping to construct public transit on the one hand, versus tax breaks to give people transit passes on the other hand, do you have a preference between those two instruments?

**Mr. Gord Steeves:** From the perspective of municipalities, I would have to say that our preference would be to build the actual infrastructure that we require, the funding. We take no issue with the idea that a federal government might want to introduce initiatives for people to buy transit passes, but that certainly wouldn't alleviate the necessity for the infrastructure funding required.

• (1105)

**Hon. John McCallum:** Thank you.

Mr. Graham, I was interested in your comments on greenhouse gas emissions, but I wasn't quite clear on your position. One of our colleagues has said that if you don't have compulsory rules or a price, the atmosphere becomes a garbage can. Would what you're proposing in that area have teeth, or would it be purely voluntary?

**Mr. Clyde Graham:** It's for the government to propose a regime, but what we're saying is that we have to make that regime work in practice. We certainly have been working very closely with the government—the previous government and the current government—to discuss how to—

**Hon. John McCallum:** The government has the responsibility. My question is, what is your view? Do you want the government to bring in something with teeth or something that is purely voluntary?

**Mr. Clyde Graham:** Teeth versus voluntary? I think that if the government sat down with industry and talked about voluntary targets, industry would be very willing to move forward on that basis.

**Hon. John McCallum:** Voluntary targets, like the auto sector.

**Mr. Clyde Graham:** I can't speak for the auto sector.

**Hon. John McCallum:** What if there were a parallelism, in the sense that the emission targets were compulsory for both auto and energy—would that be acceptable?

**Mr. Clyde Graham:** I don't represent either the energy industry or the auto industry, so I'm at a loss. We have proposed an environmental performance agreement with targets for greenhouse gas emissions. We've submitted that to the government. We've worked with your administration and with the current administration on what we could do realistically to meet those targets.

I think that—

**Hon. John McCallum:** Okay, sorry. He's telling me my time is up.

I apologize, but I just want to end by pointing out to Mr. Javed that this Development Assistance Accountability Act was in fact produced by my colleague, Mr. McKay, and I do think it will improve the accountability of foreign aid.

Thank you, Mr. Chair.

**The Chair:** Thank you for that promotional advertisement. We'll resume regular programming.

[Translation]

Mr. St-Cyr, you have seven minutes.

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

Thank you to our witnesses for having taken the time to meet with us this morning. My first question is for Mr. Javed and it is on international cooperation.

When he was leader of the opposition, Stephen Harper signed, along with the leader of the Bloc québécois and the leader of the NDP, a letter calling on Paul Martin to focus Canada's international assistance on the goal of fighting poverty.

A bill was recently passed in the House that will focus international assistance on reducing poverty. The terms are exactly the same. However, Mr. Harper and his party voted against it.

When do you think Stephen Harper was right? Was it when he signed the letter supporting this or was it when he voted against it?

[English]

**Mr. Hamid Javed:** My answer for that would be that he was right the first time, and I hope the majority of you people in the Parliament, while the Conservative Party has a minority, are able to push him back to his promise that Canada, as a very rich country, should be able to do more than what it has done so far.

[Translation]

**Mr. Thierry St-Cyr:** For your information, the bill was adopted by a majority and it is our hope that the government will comply with the will of the House, just as it demanded when it was in the opposition.

You talked about literacy in your presentation. In terms of development assistance priorities, would you say that literacy is a fundamental factor in the fight against poverty or would it be a secondary factor and one that we should consider only after having dealt with other priorities?

●(1110)

[English]

**Mr. Hamid Javed:** I think literacy is important, both for the international level and for the Canadian level. In our brief, we also mentioned the cutbacks to the literacy programs in Canada. We don't like those cutbacks.

What happens with literacy is that the perspective of individuals changes and the communities change. The simple recognition of certain symbols on a piece of paper can help individuals and human beings all over the world. I think that has been the basis of our development in civilization: that people could convey ideas through symbols on a piece of paper. I may not be able to read Hindi, for example, but if I can read Urdu and if I can read English and French, then that helps me acquire the idea that somebody created in those languages. So I think it's very important for us.

[Translation]

**Mr. Thierry St-Cyr:** Thank you very much. My question is now for Mr. Steeves, from the Federation of Canadian Municipalities.

In your brief, there was an inset on climate change. I liked that because when we told the government in the House that Canada's inability to meet the Kyoto targets would lead to environmental disaster, their response was: "Yes, but going ahead would lead to an economic disaster for all intents and purposes". Finally, several Quebeckers and more and more Canadians believe the opposite, that not taking serious responsibility for the issue of climate change will lead to economic disaster.

Do you have any numbers reflecting the costs you spoke about? Can you give us an idea? What would Canada's and the international community's lack of action on climate change represent?

[English]

**Mr. Gord Steeves:** I don't know that I have a specific dollar value, if that's what you're looking for today. I would defer to my CEO if we have any....

**Mr. James Knight (Chief Executive Officer, Federation of Canadian Municipalities):** It's very big money. Some of the disasters that we've already experienced and that you're aware of, such as the ice storm, may or may not relate to global warming, but it's apparent that we're going to have more of them. We are experiencing more of them, and the costs are simply incalculable. They're absolutely enormous. An ice storm of the sort we had a few years ago, were it to recur, would cost multiple billions of dollars.

**Mr. Gord Steeves:** With respect to the sustainability file, I might just add that we are obviously pushing five specific areas: public transit, which I spoke about already; suggestions of a municipal adaptation fund to help cities and communities that are already experiencing the effects of climate change; energy efficiency and improving building energy efficiency, corporate- and community-wide; the renewable energy things that have been done; and, of course, some of the biofuel initiatives as well.

[Translation]

**Mr. Thierry St-Cyr:** With respect to the tax credit for public transit users, the conservative government has focussed a great deal on spending effectiveness. What has been the return on that? In concrete terms, how many people are going to be using public transit because they receive a tax credit? Has there been a rise in the number of public transit users? Could you link this increase to such a measure? If there is an increase, what part of that is due to the new tax credit?

[English]

**Mr. Gord Steeves:** We have seen some increases in ridership, but it's hard to say exactly why. In the context of fuel prices going up, that might have a lot to do with it. It's a strict measurement.

Our anecdotal sense is probably that the tax credit would pull up some marginal increase in ridership. And I want to be clear that we take no issue—in fact, we're very supportive—with any tax credit or anything that comes from the federal government that will encourage transit use. But as I had alluded to Mr. McCallum, we want to be crystal clear that in our estimation, those shouldn't be replacements for the hard infrastructure dollars we'd be asking for to establish that infrastructure. They're two different things, in our estimation.

[Translation]

**The Chair:** You have 20 seconds left.

**Mr. Thierry St-Cyr:** What will most encourage people to take public transit? Better service or lower prices?

[English]

**Mr. Gord Steeves:** They would both have positive effects. In our estimation, more infrastructure for things like rapid transit in the big centres would make the biggest difference for ridership.

**The Chair:** Thank you, sir.

[Translation]

Mr. St-Cyr, thank you very much.

[English]

We continue with Mr. Wallace, for seven minutes.

**Mr. Mike Wallace (Burlington, CPC):** Thank you, Mr. Chairman. I'll be a lot less political. I seem to be the least political guy on this committee.

It's Dr. Smadu, is that correct? Is that a PhD or is that an MD?

•(1115)

**Dr. Marlene Smadu:** No, it's a PhD.

**Mr. Mike Wallace:** It's a PhD in nursing.

I noticed one thing about your presentation today that was interesting to me, and it was that you led with investing in information systems, over the human capital aspects. Is that your organization's priority?

**Dr. Marlene Smadu:** Health human resources is a key priority for nursing, but we really believe information technology is an infrastructure issue on which we are probably ten years behind. We have some evidence already that when you have appropriate technology in place, your actual utilization of health human resources will be different.

We're not planning for a system where we're all going to be doing the same things that I started doing 33 years ago as a nurse, we're planning for different kinds of models of care. That includes things like telehealth, where you can have nurses available 24 hours a day, providing both information and advice and counselling for people who otherwise might have to travel long distances.

**Mr. Mike Wallace:** So if we invest in information technology, it may make the nurses we have more efficient than they are at this present time, is that basically it?

**Dr. Marlene Smadu:** It could make the nurses more efficient or make better use of them as nurses. I think it will definitely add to the quality of care for citizens, because it creates a different level of safety and quality in the system. I think it becomes an attractive feature.

I'm in education in nursing, and I'll tell you that our young people are very used to using technology for everything. They're surprised when they get into our institutions and find that we're so behind.

**Mr. Mike Wallace:** My next question is for Mr. Steeves or Mr. Knight, whoever wishes to answer.

I come from the municipal level. I was elected in January, so I'm relatively new to the partisan aspects of these committees. I have not yet heard a definition of “long-term”. Does your organization have a definition of “long-term”?

**Mr. Gord Steeves:** Yes, we do. Twenty years would be the.... We have a specific policy, and I'll ask Jim to make it crystal clear.

**Mr. James Knight:** We have a study that looks at different levels of investment and picks the optimal time period to get the job done. It's about a twenty-year timeframe. If we leave it longer, the costs will—

**Mr. Mike Wallace:** So you would like a federal government today to commit to a twenty-year program, is that correct?

**Mr. James Knight:** That's correct.

**Mr. Mike Wallace:** I spent thirteen years at the municipal level, and the subject of my next question has always been surprising to me.

You may know some of my colleagues from the City of Burlington. You actually have one of them on your board, or at least she was.

**A voice:** Joan Loughheed.

**Mr. Mike Wallace:** On the issue of moving from hard services like roads to adding the ability to put in recreation facilities and so on, it does surprise me somewhat. It's easy to cut a ribbon at a recreation facility, but it's not so easy to cut a ribbon on a road. The infrastructure deficit is large on the roads and the hard services, so why is the Canadian group on the cities agenda adding that additional level? That's my question.

**Mr. Gord Steeves:** That's a good question, and it's a very fair question.



In the context of representing 1,400 municipalities across Canada, what has happened is that there are varying degrees of need for infrastructure in different spots, and some places have greater needs than others. What was shining through over the course of discussion was that virtually everybody was focusing on, as you said, the hardcore traditional infrastructure components. I would argue that it was a to a lesser extent than the places that were more focused on the roads and bridges and those types of things, but there were some places coming forward and saying that they have an increasing need in that area. As such, it has crept into the discussion of infrastructure and funding and those types of things.

Still, I think it would be fair to say that the Federation of Canadian Municipalities focuses primarily on the traditional idea of roads and bridges and hard infrastructure as the idea for gas tax funding or other programs.

**Mr. James Knight:** I just might add a word, and it is that there is strong focus on the health of youth. The increasing obesity and long-term medical analyses suggest the next generation will be the first to actually have a shorter lifespan than the present one. Hence, there's a pretty sharp focus on enhancing recreation opportunities.

**Mr. Mike Wallace:** Mr. Javed, I just have one little, quick question for you. You mentioned 18%, and I'm just having a mental block here. Over how many years is that? Is it an annual increase of 18%?

**Mr. Hamid Javed:** That's right. Don't forget that we are talking about 0.7% of our gross national income, and with this increase of 18% or whatever the level is now, it will take us to 0.7% by 2015.

• (1120)

**Mr. Mike Wallace:** I thank you for that.

Do I have time for one further question?

**The Chair:** You have two minutes.

**Mr. Mike Wallace:** Oh, I have lots of time.

Mr. Graham, just for my information, I'm not familiar with your organization, as I come from an urban area. Do you also represent not just fertilizer manufacturers, but pesticide manufacturers too?

**Mr. Clyde Graham:** No.

**Mr. Mike Wallace:** No, that's a separate organization.

Going back to my friends from the cities agenda, you mentioned the fiscal imbalance. We call it the fiscal balance. The previous government didn't mention it at all because they didn't believe in it. Are you satisfied that we are working toward trying to find a solution to the fiscal balance with the provinces? Would you have any suggestions that we could bring to our side of the table in terms of making it happen any quicker?

**Mr. Gord Steeves:** Your question was telling and a bit concerning, although I like the area that we're talking about.

We are always concerned about the relationship between the federal government and the provinces—not that we have an issue with that, but we want to ensure that our relationship with the federal government directly is maintained. As you can probably appreciate, with ten provinces and three territories, there are all sorts of problems that can arise if what the federal government is looking to

do in terms of helping municipalities has to be ferreted or vetted through provincial or territorial governments.

What we've tried to do is create that direct link so that the needs of municipalities—which, with all due respect to provincial governments and territorial governments, are best represented by municipal governments—can be directly heard by the federal government from municipal governments. So we are very pleased with the attention we've been getting from the federal government. Minister Cannon and Minister Flaherty have been open to receiving us. We've prepared innumerable suggestion papers and policy platforms, so we just want to ensure that this relationship remains strong and clear.

**The Chair:** Thank you, Mr. Wallace.

We'll now move on to Madam Wasylycia-Leis, for seven minutes.

**Ms. Judy Wasylycia-Leis:** Thank you, Mr. Chairperson.

Let me just follow up on this, because as you indicated in your brief, there was in fact a commitment in the last federal budget for a fairly in-depth relationship between...I won't say FCM and the federal government, but at least between those interested in dealing with infrastructure and transit, to be included in the whole budget process, as well as in involvement in the fiscal imbalance issue. How has the FCM been included to date?

**Mr. Gord Steeves:** We've been invited to numerous meetings with the relevant ministers at this stage, and we've had a chance to sit down on numerous occasions with different ministers, so that has happened. We feel our concerns are on the table and that they've been heard. We've had requests from the federal government for our input on issues that are important to us.

We recognize that in the context of a relatively new federal government, it has to be difficult to balance all of those requests. However, we're optimistic that we're going in the right direction, and we're hoping that all members of Parliament, from all parties, recognize that need and will continue to help us move forward on that file.

So to try to answer your question as directly as possible, I'm optimistic that we're in a decent place with our federal government, but I'm hoping it will continue to improve.

**Ms. Judy Wasylycia-Leis:** So you think you're at the right place in a discussion for a budget that will maybe come down in four months or so.

**Mr. Gord Steeves:** As I said, we're in the process of working with a variety of ministries on their positions for the budget. At this stage, they seem to be, in an integral type of way, asking for our input. We're hoping our concerns and our needs are recognized at the end of the day. We're in the process. That would be as fair as we can put it.

**Ms. Judy Wasylycia-Leis:** That's encouraging in light of so much reference from Conservatives to pay down the fiscal debt before we do anything and in light of Jim Flaherty's talk about more tax cuts. We need to hear from you what happens at the municipal level if we don't start addressing, in real ways, the infrastructure debt until we've paid off the whole federal debt. What advice would you have to the government on that?

**Mr. Gord Steeves:** I'll ask Jim to comment after I make a few comments.

Our position at the Federation of Canadian Municipalities is that our needs should be able to be met without any net tax increase across the board. We've never advocated a tax increase at any level of government to address our needs.

With the specific reference to a tax cut, it is a bit concerning, to be frank, when we start talking about tax cuts. But if the federal government feels those tax cuts can be made while still addressing our needs, then we take no moment with that. If it were a question of having to choose between tax cuts and our needs not being met, we'd probably ask for the status quo tax-wise and ask for our needs to be met. We just have no indication at this stage that any proposed tax cut will result in us not getting to where we want to go.

• (1125)

**Mr. James Knight:** And just as a very brief comment, Minister Flaherty has said clearly that part of addressing the fiscal imbalance is investment in infrastructure. That's one of the techniques that will be used. For us, that was a very positive comment.

**Ms. Judy Wasylcia-Leis:** Thank you.

Let me ask a question of Marlene, from the Canadian Nurses Association.

First of all, thank you for your brief. I was very impressed with your holistic approach to health and well-being. I'm going to ask a question on something we've heard a lot about on this finance committee tour, and that is your reference to the importance of literacy to health and well-being in the context of the cuts announced by the government of \$17.7 million to literacy programs. Could you comment on what that does in terms of our need to move forward on a health and well-being agenda?

**Dr. Marlene Smadu:** The Canadian Nurses Association is very clear about the importance of investing upstream in terms of the health of Canadians, so we pay a lot of attention to the social determinants of health. Those include education, employability, housing, water, and all of those basic infrastructure supports, and literacy is a key one.

Probably eight years ago, the World Health Organization released research that showed that for every additional year of education that girl children had around the world, the teen pregnancy rate dropped by 10%. That's far more effective than any other tool that we use within the health care system. We have evidence, then, that demonstrates that we need to invest in education, and literacy is a key part of that.

So we absolutely support that. We know that's such an important determinant of health. It does relate to income, but there's a definite translation into the health status of citizens right around the world.

**Ms. Judy Wasylcia-Leis:** Thank you.

Let me ask both you, the FCM representatives, and anyone else about the cut also to the whole volunteer initiative, because that also has an impact on health and well-being and life at the municipal level. The Muttart Foundation, which is a well known private charity in Alberta and also reaches into Saskatchewan, has written a scathing letter to the Prime Minister about taking away the very piece one needs to help ensure that we have a volunteer capacity. Are there any comments from FCM or Marlene or anyone else on that one?

**Dr. Marlene Smadu:** The staff at the CNA is certainly studying the cuts in terms of what the impacts are. We recognize that there are sometimes programs that are not effective, and we're very open to the issue of ensuring that everything we do is evidence-based. But clearly, on the issue of literacy, there is much evidence to demonstrate the importance of investing in it for all citizens of Canada.

**Ms. Judy Wasylcia-Leis:** Do you have any thoughts? Please go ahead.

**Mr. Hamid Javed:** I think any cuts to the voluntary sector are... Of course, tax money doesn't pay for the volunteers, but it basically enables the voluntary sector to be successful and to be able to provide the services they do.

In my culture, what they call "the salt in the dough" is very important. A very minimal amount of salt is put in the dough to make the bread. The base money is very important so that the large amount of services and whatever is provided to the society as a whole, in terms of what is needed—

**The Chair:** Mr. Javed, I must cut you off at this point, because Madam Wasylcia-Leis's time has passed...or at least her time for questions has passed.

**Voices:** Oh, oh!

**The Chair:** We continue now with five minutes to Mr. Savage.

**Mr. Michael Savage:** Thank you. I'll resist a comment on that.

First of all, just very quickly, I want a clarification from the FCM. It's not in the brief, but did you indicate support for the millennium goals in international development? Is that a position of the FCM?

• (1130)

**Mr. Gord Steeves:** I believe it was, yes.

**Mr. James Knight:** We have been involved in sharing our urban development skills and municipal skills with the developing world for quite a long time, twenty years. We believe practical service delivery occurs at the municipal level. That's where your millennium development goals are going to be achieved, and we think we can make a contribution.

**Mr. Michael Savage:** Do you support the 0.7% of GNI?

**Mr. James Knight:** Of course, yes.

**Mr. Michael Savage:** That's interesting. My father was on the FCM some twenty years ago, as the mayor of Dartmouth, and he'd be delighted to hear that.

I want to talk to Dr. Smadu, if I could.

We've had a lot of briefs in our travels, but the one you submitted is, in my view, brilliant, in part because it's well written and hits important topics, but also because it gets to something that's very important to me.

When I got elected, I joined the health committee to try to talk about the social determinants of health, the risk factors, chronic disease, populations at risk through literacy, education, housing, and all these sorts of things. You've done a very good job on putting those in play. When we talk about health, so often we're really talking about illness and intervention as opposed to talking about health, and I think you've talked about health.

You mentioned that the Public Health Agency of Canada groups disparities into four main areas: income, aboriginal status, geographic location, and gender. In my view, persons with disabilities would be a fifth group. I know they're all interlinked by income, but I would suggest that persons with disabilities would be in there as well.

How do we focus the discussion in the country on health? I think more and more people are talking about how we keep Canada healthy. You've put forward a specific notion of \$10 million to establish an action-oriented, pan-Canadian program. There is a population health institute as part of the Public Health Agency of Canada that's being set up, and it would seem to me that it might be a place to do some of that work.

We've had people come before our committee recently talking about the tax credit on physical fitness, which I think is a good thing, but it's a small piece. In fact, we heard Mr. Knight talk about recreation facilities and keeping our children active and strong. In my community, we have some very good health clubs, but the best investment the government has made was to build a good walking trail around the lakes, for example. That actually gets people out and walking, and it doesn't require a membership card or doesn't cost \$39, \$49, or \$69 a month.

Overall, though, I don't think we've done a good job of putting money and resources into the health of Canadians. We're still very much focused on interventions, hospitals, and those sorts of things.

So my question after that lengthy preamble is how we do that. Are we going to get there as a nation? Some other countries are doing it much better than we are. We do know the social determinants of health cause the risk factors, cause chronic disease, cost us lots and lots of money, and cost us interventions. Where are we in actually getting Canada as a nation to accept that reality?

**The Chair:** You have about thirty seconds to respond.

**Dr. Marlene Smadu:** I'm an optimist, and we're going to get there. I think it takes the tremendous will of all politicians, because it's very easy to respond to what hits the front page of the media, which tends to be acute care and institutional-based issues. We need to have a concerted effort.

Early in my career I worked in Papua, New Guinea, when the Alma-Ata Declaration was declared in 1978, and they are doing it, they are focusing on social determinants of health. Maybe our richness has put blinders on us in terms of being able to invest in the high-end technology in acute-care settings, but we will. All of these people have talked about it in some fashion. We have committed Canadians. We will do it.

**The Chair:** Merci.

I will encourage all members to preamble less and allow witnesses to respond more. As we move now to a rapid round of questions of

four minutes each, I want to accommodate all committee members who have expressed a desire to ask questions.

[*Translation*]

The next questioner will be Mr. St-Cyr. You have four minutes.

**Mr. Thierry St-Cyr:** Thank you, Mr. Chairman. I would like to put questions to the representative from Canada West Equipment Dealers Association, Mr. Schmeiser.

I like your brief. It is short, well done and well summarized. I also appreciated the comparison, at the end of your brief between 1906 rules for harnesses and sleds and 2006 rules for high tech tractors. Don't worry, you are not the only ones getting the impression that the government still thinks we are in 1906.

I also liked the fact that your measures were quite specific and well targeted. The Bloc québécois supports decreasing the tax burden, especially when we know it can be effective and encourage investments in equipment, for instance.

The only problem for government is that these measures are not very popular. The government often favours scattered measures to please as many people as possible, although, in our opinion, that is less effective.

What do you think should be our role as elected representatives? Should we make popular cuts or effective tax cuts which meet our goals?

• (1135)

[*English*]

**Mr. John Schmeiser:** The reality of our industry is that we're in a global marketplace. There are five manufacturers of farm equipment right now. Two are headquartered in Italy, the other three are in the United States. We are very encouraged by the government's theme of Canada's place in a competitive world.

Through our association with the North American Equipment Dealers Association, we can see some changes that the U.S. government is making. Really, the focus of our request to the committee is our first recommendation—increasing the CCA—because what we're fearing is that our members may face equipment shortages solely because the United States has been very aggressive in the depreciation rates in the last five years. Currently agricultural equipment is at seven years and construction equipment is at five in the United States, and my colleagues in the United States are fairly confident the agricultural equipment is going to be moved to five—and that's fully depreciated.

So we see ourselves as caught in a situation in which we might not be able to service our customers with the equipment they need unless changes are made in that specific area.

[*Translation*]

**Mr. Thierry St-Cyr:** I am going to interrupt you because I have other matters I wanted to discuss with the representatives from the Canadian Fertilizer Institute.

Mr. Graham, in your five main recommendations I noticed that there was one regarding reducing the tax burden and two others which would involve expenditures. You also mentioned a national energy strategy and labour shortfall.

If you had to chose between these investments and decreasing the tax burden, what would you chose?

[English]

**The Chair:** There are thirty seconds to respond, Mr. Graham.

**Mr. Clyde Graham:** I think the government could do many things at the same time.

**Mr. Thierry St-Cyr:** But if it couldn't...?

[Translation]

If it cannot. If we had to make a choice.

[English]

**Mr. Clyde Graham:** If I looked at the priorities of the public and the government in terms of the importance of the environment right now, measures that encourage business to make investments that will improve environmental outcomes have to be a very high priority for this government, and for business as well.

No one should assume that business—our business or other businesses—does not want to improve environmental performance. But there are limitations on what people can do, based on the capital they have, the chemistry they're dealing with, and in terms of production and things like that, and providing a positive investment climate for that is very important.

[Translation]

**The Chair:** Thank you very much, sir.

[English]

We continue now with Mr. Del Mastro.

**Mr. Dean Del Mastro:** Thank you, Mr. Chair.

Ms. Smadu, I enjoyed your presentation as well. One recommendation that you made was the establishment of personal electronic health records for all Canadians. Could you expand on that a little bit, and on what type of benefit that would be to health care in Canada?

**Dr. Marlene Smadu:** I think citizens in Canada feel their care is often disjointed right now, because the information about them is not where it needs to be when it's needed. They need to repeat. They have their history taken ten times, every time they go through the health system. The electronic health record serves that purpose: all the information is in one place and it's owned by the citizen, which is important.

It also has tremendous benefits for safety and quality in the health care system. We already have demonstrated proof that by having all of the providers using electronic health records based on that person's information, you decrease medication errors. The systems that support electronic health records don't let physicians prescribe drugs that are contraindicated. So I think there are huge safety and quality issues as well.

● (1140)

**Mr. Dean Del Mastro:** I couldn't agree with you more. Both my in-laws are nurses, and they talk about that as being a very positive step that they'd like to see.

Mr. Steeves, you mentioned a couple of things. I get very concerned when we talk about a direct federal government relationship with municipalities. It's not that we shouldn't be prepared to help, but I'm concerned about the jurisdictional problems that we might create. At one point there was a very well-understood flow of funding from governments to governments, but I think that's less understood now. In fact, I think what we've done is respond to a problem that emanated from the mid-nineties that led to the buck being passed down the line, with the municipalities suffering the most.

When we're looking at things like the fiscal imbalance and so forth, and moving toward a fiscal balance, as we intend to do, personally I would like to see that done in the form of dedicated transfers, but not directly to municipalities. And I don't oppose the gas tax deal, by the way.

Maybe you'd like to comment on that a little bit. I'm just concerned about your jurisdictional problems.

**Mr. Gord Steeves:** Those have been concerns for a long time, and obviously they are a huge issue.

Part of the problem, from our perspective in municipalities, is that when the money flows from the federal government to provinces, there can be all sorts of problems in terms of provincial offsets of revenues that are received. If the proper agreements don't exist in certain provinces, it becomes hugely controversial. For example, we had years of virtually no funding to Quebec municipalities by virtue of that simple provincial agreement, and it was a real disadvantage to Quebec cities, communities, and municipalities. We have had examples of provincial governments that have directly offset municipal funding by clawing back on revenues at the exact rate at which municipalities were receiving the money.

**Mr. Dean Del Mastro:** So your concern is that giving it to the provinces does not necessarily mean it will come to the municipalities at all.

**Mr. Gord Steeves:** That's exactly the concern.

**Mr. Dean Del Mastro:** I appreciate that.

Mr. Javed, you raised a number of concerns.

Obviously, being in government is a difficult thing. You have difficult choices. We did increase spending by 5% this year. We have refocused priorities, which I think is very important.

You've proposed a number of things that would be very costly for the government. What I would like to ask you is how you would propose that the government finance them. Where could we cut from?

**The Chair:** Thank you very much, Mr. Del Mastro.

We'll move to Mr. McKay now.

**Hon. John McKay:** You're going to have to hold that answer, Mr. Javed.

Mr. Graham, when my colleague Mr. McCallum asked you whether you thought emissions should be voluntary or mandatory, you danced around for a while, but I take it you came down on the voluntary side. Is that correct?

**Mr. Clyde Graham:** The critical thing is to have an understanding between government and the people in the industries as to what is feasible, what could be done—

**Hon. John McKay:** I don't disagree with you.

**Mr. Clyde Graham:** —and I would say that once that agreement is reached, if we come up with a plan whereby industry and government agree on levels of reductions that are feasible, doable, protect the competitiveness of industry, and would have real results for the environment, then I think industry and government are going to move forward. It doesn't really matter too much to industry whether or not you put a regulatory backstop on that, as long as it's doable. So I think the first thing is to see what we can do.

To us, on the targets or the guidelines or the performance, it's the details that are more important than the regulatory aspects. And I would also mention that your government did put greenhouse gas into CEPA, and the government does have regulatory authority to move forward in that.

**Hon. John McKay:** But industry to industry, presumably the government has been negotiating in good faith, and presumably all of the industries have been negotiating in good faith. Yet for some bizarre reason, this particular government wishes to single out the auto industry and mandate their legislation.

**A voice:** [*Inaudible—Editor*].

**The Chair:** Order, please.

**Hon. John McKay:** Well, it's simply true.

I don't understand your position. You either have to be one way or the other. You have to either agree that all emissions reductions in all industry sectors are voluntary, or you have to take the position that all emissions should be mandated in legislation and regulation.

Where's the point? Is the point now that your industry should be mandated? Or do you think all industries should still be under voluntary compliance?

• (1145)

**Mr. Clyde Graham:** I can't speak for how the government wants to achieve its aims. All I can say is that if the government comes to us and says there is a public priority and that priority is to reduce greenhouse gas emissions, we can look at our plants and our mines and we can say “These are the constraints we're operating under right now. This is what we could do in terms of the capital stock turnover that we have, in terms of revamping that, and in terms of what technological change may be available. We don't have a lot.”

We also have to look at what we can do in terms of remaining competitive. Right now we face tremendously high natural gas costs, for example, which are critical to our industry. And then we can say this is what we can do.

**Hon. John McKay:** Let me finish you there, because I have very little time, as you know. I apologize.

Mr. Steeves, I'm rather surprised the FCM has wanted to extend—I actually agree with Mr. Wallace on this point—the infrastructure money and the gas tax money to parks and hockey rinks, etc. That seems to be far away from what the intention was, which was roads, sewers, and basic infrastructure. I'd be interested in your comments on this, because to me it seems that would be totally offside.

**The Chair:** You have a very brief time for a response.

**Mr. Gord Steeves:** That's a fair comment, and as I said before, it remains as an emerging issue in terms of infrastructure funding. The primary request, sir, would still be the traditional hard infrastructure that we've requested all along. I certainly don't want the fact that we've included it as a potential to in any way offset our emphasis on traditional hard infrastructure in our cities and communities.

**The Chair:** Thank you, Mr. McKay.

I recall a rather stress-filled discussion around the allocation of certain infrastructure money in the city of Winnipeg prior to the last election as well, which we could reference in some detail at a later point.

In any case, we'll move now to Mr. Dykstra.

**Mr. Rick Dykstra:** Thanks.

I'm going to focus a little bit on the infrastructure issue and where things currently sit. One of the things that is in this budget is a five-year outlook on \$16.5 billion in infrastructure funding. I hear your need and your request and the will to want to obviously do more, but the fact is, the budget sets out \$1.3 billion in support of public transit initiatives; \$400 million transferred to provinces for investment in additional public transit infrastructure; \$900 million to provinces for a public transit capital trust; and \$2.4 billion for highways and infrastructure.

I don't want to go through the whole list, because I think you know it. But to me there is a sense—and I wanted to get your reaction on this—to building a bridge, that there is a relationship there and it continues to be developed. The fact is that there were significant investments made in this budget.

**Mr. Gord Steeves:** I hope I was clear in my comments. If I wasn't, I apologize. We certainly didn't mean to allude that we have been ignored by the federal government. That was not my intent. We do feel bridges have been built—no pun intended—and we feel we've come a long way. Within the context of some of the agreements you mentioned, there certainly is some room for some adjustment of the agreements to make the ease of transfer a bit better. And obviously we feel the infrastructure deficit has some way to go to be addressed. But certainly we would like to acknowledge the efforts of the federal government on our behalf, absolutely.

**Mr. Rick Dykstra:** Likewise, I did want to get your thoughts on the whole issue of affordable housing. You noted it in the brief and also spoke to it quickly.

I look at Saskatchewan, for example. Of the new \$800 million committed in this budget, about \$108 million or so is coming here specifically for off-reserve aboriginal housing, \$26.4 million and \$24.2 million direct to Saskatchewan. There's obviously a need for discussions with the province in terms of where those funds are going to go, but I'd just like to get your thoughts on that type of commitment as well. Also, are the municipalities in Saskatchewan, for example, prepared to commit the same types of dollar amounts to help build on the number that's already there?

• (1150)

**Mr. Gord Steeves:** I'm from Winnipeg, not Saskatchewan, so I can't comment in much detail on the Saskatchewan programs.

Candidly, in terms of our file at FCM, housing is one of the most difficult because provincial and territorial legislation is different right across the provinces. There are differing needs for differing municipalities.

If I could crystallize it, the message to convey today is that there are existing programs. The sense is that there might be some evolution, and perhaps some of those existing programs may or may not be under threat. We want to emphasize that they have worked and have been good for municipalities. Our members have expressed that, and the hope that they continue would be the overlying message I'd like to leave today.

I don't know if you want to comment on that further, Jim.

**The Chair:** No, we'll continue with Mr. Pacetti now.

**Mr. Massimo Pacetti:** Thank you, Mr. Chairman. I just have one quick question of Ms. Smadu.

I didn't know the federal government had any hospitals and that we had to employ nurses. What's our being the fifth-largest employer of nurses in this country all about?

**Dr. Marlene Smadu:** You employ nurses through First Nations and Inuit Health Branch right across the country, the Department of National Defence, and the Royal Canadian Mounted Police. I think those are main areas, but First Nations and Inuit Health Branch is where you have most of your nurses employed.

**Mr. Massimo Pacetti:** That's interesting. What standards are they under? Are they under the other provincial wings? Do they fall under the same criteria in terms of work requirements and work restrictions as the other nurses in the provinces?

**Dr. Marlene Smadu:** Currently they're required to be licensed in whatever jurisdiction they're practising, so even though they're employed by the federal government, those who work in Saskatchewan are licensed with the Saskatchewan Registered Nurses' Association.

**Mr. Massimo Pacetti:** And are these nurses actually working in the field?

**Dr. Marlene Smadu:** Yes, absolutely. They're running remote and rural stations, they're clinical nurse specialists. Yes, they're practising, often from those vulnerable circumstances.

**Mr. Massimo Pacetti:** That's interesting. Thank you.

Thank you, Mr. Chair.

**The Chair:** Do you have any idea how many nurses would be in Afghanistan right now?

**Dr. Marlene Smadu:** I don't, but I had a very interesting conversation with a nurse who has been in Afghanistan. She practises in Calgary and will be going back to Afghanistan in May. She's in the reserves. Her comment was that they're badly in need of nurses to work in Afghanistan, so we've arranged some speaking engagements for her.

**The Chair:** Thank you.

We'll conclude with Madame Ablonczy.

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

I thank all of you. It's always good to be in our neighbouring province of Saskatchewan. I'm from Alberta. Of course, you know the joke. Half the people in Calgary are from Saskatchewan, and now we know Saskatchewan's coming to Alberta for workers. So there's a lot of back and forth, and we appreciate that.

I want to ask a question of you, Mr. Schmeiser, because my husband sells farm machinery and he would never forgive me if I didn't ask you a question.

We know there are machine manufacturing companies, like Flexi-Coil and others, here in Saskatchewan. You've asked for some tax relief measures and those sorts of things. Could you give us some idea of how the Canadian industry of farm machine manufacturing is faring compared to your competition across the border?

**Mr. John Schmeiser:** Thank you for the question.

Based on 2005 sales that are provided by the Manufacturers' Association, \$2 billion worth of new farm equipment was sold by those five companies that I alluded to a little bit earlier—three headquartered in the United States and two headquartered in Italy.

In Canada, a short-line manufacturer, Flexi-Coil, is now owned by an Italian company, but there are significant manufacturers like Bourgault Industries, Morris Industries, and MacDon Industries that make farm equipment designed for western Canadian farming conditions. Their numbers equal the \$2 billion that was sold by what we call the "majors", or the foreign-based manufacturers. So \$4 billion in new farm equipment was sold in 2005, split equally between foreign manufacturers and Canadian manufacturers.

**Ms. Diane Ablonczy:** Is equipment manufactured here in Canada more cost-effective for Canadian producers?

**Mr. John Schmeiser:** At one time it was. In the case of the examples of the manufacturers that I gave you, it was designed more for western Canadian farming conditions.

Just as a quick example, an air seeder designed by John Deere is probably more likely to be designed for soil conditions in Iowa and Nebraska, whereas an air seeder designed by Bourgault Industries originally was designed for farming conditions here in Saskatchewan. But to credit those manufacturers, they've taken that technology and exported it to other places in the world that have similar types of soil conditions and farming conditions.

Also, the other thing that really comes into play is the currency exchange. Our short-line manufacturers based here in western Canada were doing very well when the Canadian dollar was around 65¢ or 66¢ U.S. The U.S. market has slowed a bit for them, but other markets, like eastern Europe, western Europe, and Australia, are still pretty strong for those manufacturers.

• (1155)

**Ms. Diane Ablonczy:** You mentioned needing tax breaks for training and for journeymen's tools. Do you have difficulty in keeping people in the industry? Where would they be going otherwise?

**Mr. John Schmeiser:** The answer is yes, we do. And they're not only going to the oil industry, which is the big assumption, they're going to the trucking industry and they're going to the automotive industry. In the last two years, our organization has gone over to Germany to recruit mechanics to bring them over to fill the void. The bottom line is that we're not getting enough people into the industry. We've seen colleges like Olds College and SIAST in Saskatoon cut back the number of spaces for mechanics, which is our biggest need. They're cutting back the spaces because the demand just isn't there.

We're trying our best, through our charitable foundation, to get scholarships to get people into the industry. We're going overseas. Our salaries have come up. But at the end of the day, it's the farmer and customer who pay, through the labour rate that we charge.

Everything we're doing is like a shotgun approach, so we're looking for the one magic bullet that's going to solve our technician shortage. We can't find it. We looked inward and decided that if we pay our people more, our chances of keeping them are going to be better. We've seen salaries increase as high as 30% to 40% in the last two years.

**The Chair:** Thank you very much.

Panel, if you'll indulge me for a moment before I dismiss you, I would like to conclude with a couple of brief remarks.

Our committee is engaging in a rather intensive process, as you may understand, over a period of a number of weeks. We are going to lose four of our committee members, so I'm going to use this occasion prior to their departure just to say thanks to them.

I know you appreciate the importance of what we're doing better now perhaps than you did at the start of this process. It's an intense process of listening, gathering incredibly important information, weighing the pros and cons of every argument, and trying to come together with a clear direction as to how we should proceed as a country.

It's a very important process. It could not happen without the support and participation of hundreds of people who represent thousands and in fact millions of Canadians, so your participation, panel, is important.

I should note that we are over halfway in our process now. Congratulations. We have heard over 250 presentations. The participation of this particular committee's members in the discussions and in virtually all of the meetings of our committee is commendable, to say the least.

We couldn't function as a committee without the support and dedication of our staff. Our logistical people, researchers, translators, and our clerks deserve a tremendous thanks.

**Voices:** Hear, hear!

**The Chair:** I am truly disappointed that four of our members cannot accompany us to my home town of Portage la Prairie for our next meeting, but I do encourage all the other members of the committee to look forward to that. I hope you'll find the prairie hospitality to be to your liking, as we have here in Saskatoon.

So thank you again, particularly to all committee members for their professionalism and their independent contributions. We have kept to a bare minimum the excessive partisanship that all too often characterizes televised parliamentary work, and that has increased the effectiveness of our work. I also think it has probably contributed, to some degree, to an increased level of esteem among those who have participated in the process and who have communicated to all of us that they appreciate that. So I thank you all.

We are adjourned.







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