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—
Chair

Mr. Brian Pallister

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• (1300)

[Translation]

The Chair (Mr. Brian Pallister (Portage—Lisgar, CPC)): I would like to welcome the witnesses and committee members.

First, I must apologize for my French. I'm making an effort, but it's very hard for an old man like me. In fact, I started learning French three years ago.

The mandate of the House of Commons Standing Committee on Finance is to study the budget policy proposals presented to the federal government and to report on them. This year's theme is Canada's place in a competitive world.

We've asked you to limit your presentations to five minutes, knowing that that's not easy, but we're nevertheless going to stick to that limit. If you want to take a look over to me, I will give you a signal when you have one minute or less left. At the end of the five minutes, I'll ask you to conclude so that you can talk with the members and answer their questions.

The first member will be Mr. François Saillant, Coordinator of the Front d'action populaire en réaménagement urbain. Mr. Saillant, you have five minutes.

Mr. François Saillant (Coordinator, Front d'action populaire en réaménagement urbain): Good afternoon. I would like to introduce Nicolas Lefebvre Legault, Chairman of FRAPRU's board of directors, who works in Quebec City.

The name "Front d'action populaire en réaménagement urbain" probably doesn't mean much to people from outside Quebec. It's essentially a cross-Quebec association of groups that advocate housing rights. Approximately 120 organizations are members of FRAPRU across Quebec.

When we read the press release describing the theme that you've adopted as a committee, we were struck to see that it referred almost exclusively to economic competitiveness.

We want to add another dimension to the debate, one we think is no less important. And that is the question of compliance with the international commitments that Canada has made with regard to socio-economic rights. Unfortunately, a report published last May by the UN Committee on Economic, Social and Cultural Rights was highly critical of respect for rights in Canada, a country that, as the committee said, has the means to respect all rights. This committee made a series of recommendations, and we're still awaiting the Canadian government's comments on how it intends to comply with those recommendations.

I have submitted a copy of the report to you, which perhaps you've already seen. In it a series of recommendations is made on subjects such as transfers to the provinces respecting income security. These transfers have not increased since 1995, which has had an impact on the level of benefits across Canada. Recommendations were made on employment insurance and the problem of hunger and food insecurity, but also the subject of housing and homelessness, a question we will focus on more.

This past May, the UN committee repeated a recommendation it made in 1998 to all levels of government, that they consider housing and homelessness as a national emergency. In our view, the report that you prepare as a committee must be consistent with those UN recommendations, particularly those concerning housing. We think that should be done through concrete action. First, bigger investments must be made in social housing. The last budget confirmed investments of \$800 million across Canada in what was called affordable housing. We heard the same figure of \$800 million in the budget agreement between the Liberal Party and the New Democratic Party, and that was confirmed in the last budget. We are anxious to see the colour of that money. We've been hearing about it for a year and a half, and we haven't yet seen its colour. It was confirmed that the money would be paid on September 25, but we haven't yet seen it, at least in Quebec. However, we clearly can't be content with \$800 million over a three-year period across Canada. In our view, the problems of housing and homelessness are important enough to warrant much larger investments. FRAPRU and other groups elsewhere in Canada believe that the federal government should increase its direct investment in social housing by \$2 billion a year.

In our opinion, a portion of those amounts should come from the implementation of a bill introduced by the Bloc québécois, Bill C-285, if my memory serves me, which concerns the budget surpluses of the Canada Mortgage and Housing Corporation. We feel a portion of that surplus, which currently stands at \$4.4 billion, should be used to assist a larger number of people who are homeless or living in substandard housing.

We're also making other demands, including one I won't dwell on because we support it, the Supporting Communities Partnership Initiative, the SCPI, that it be improved and that it continue so that groups that work with the homeless are not required to chase after these grants from year to year. Lastly, we want to draw your attention to the budget cuts that were recently announced and that, among other things, have an impact of \$45 million on the Canada Mortgage and Housing Corporation.

• (1305)

In our view, if money is to be saved at CMHC, those savings must remain in the housing and be reinvested so that, among other things, the housing stock we have established is...

The Chair: We'll now hear from Mr. Michel Pigeon, President of Laval University. Mr. Pigeon, you have five minutes.

Mr. Michel Pigeon (President, Laval University): Mr. Chair, Laval University has submitted a brief and recommendations. The text explains various matters. So I'm going to do a brief review. The first recommendation, you won't be surprised to hear, concerns transfers for postsecondary education. I believe the federal government contribution to postsecondary education should be restored to 1994 levels, as has been requested. That is fundamentally important for the future of Canada and the province of Quebec.

Furthermore, we have emphasized various points concerning research, in particular the reimbursement of indirect research costs. The fact that the federal government currently grants only 20% is an additional charge for the universities, which are already short of money.

In addition, as regards the granting agencies, I would say that, for the Canadian Federation for Innovation in particular, which has really helped put Canada on the map, some changes should be made, and I'll say more about that, if you wish. Currently we're seeking counterpart funds from the private sector, but that's not always possible, in certain areas of the humanities, for example.

You won't be surprised to learn that we are also concerned about the core budgets of the federal councils. The federal councils are extremely important to research in Canada. We must continue to increase the amounts that are allocated to them if we want research to continue developing in Canada.

But this research must also be useful, and that's why we also recommend that the federal government immediately re-establish, enhance and develop its programs to promote discoveries. If we want the work done at universities to be as useful as possible, we must support the promotion of research. For promising laboratory work to result in a wealth-creating business, there must obviously be a transfer. There is work for governments to do here. I believe it is the role of governments to support this transition.

The sixth point that I would like to raise concerns sports infrastructures. As you know, Laval University has a plan to expand its physical education and sports pavilion. This project has been submitted to the provincial government and to the City of Quebec, and it is well supported. Our suggestion is that there be a dedicated envelope for sports infrastructure projects in the 2007 budget.

There are a lot of sports infrastructure projects in Canada. There's a lot of talk about obesity and health problems these days. Sport is

important, and, in my opinion, if the federal government allocated funding to sports infrastructures, that would facilitate work that may well be done in any case, but might take more time.

I would point out that Laval University's PEPS is the most used sports centre in all of Canada east of Montreal. It's a major centre where national competitions are held. This is a very good project that I could describe further, if you wish.

As regards students, we must increasingly help our students go international, open up to other cultures and travel abroad. Laval University is one of the first universities in Canada to establish a student mobility program. The federal government should support this initiative. Not enough students in Canada go away during their education and see what is being done elsewhere. Only one or two percent do so. I think this student mobility program is fundamentally important. Similarly, we must also be able to attract foreign students here. Thinking must be done on this, as Australia and England, in particular, have done.

I'll close by suggesting some reading to you. In *The Chronicle of Higher Education*, someone in the United States with whom you're no doubt familiar, Richard Florida, has written about the impact of universities on their environment. This is an extremely interesting article which shows how great an impact universities have on all of society. He boils all this down to what he calls the three Ts: technology, talent and tolerance. So the emphasis is placed on the more human and social part.

Thank you.

• (1310)

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

We'll now hear from Ms. Manon Th  berge, Director General of the Bo  te    science. Welcome.

Ms. Manon Th  berge (Director General, Bo  te    science): Thank you, Mr. Pallister.

The mission of the Bo  te    science is to stimulate young people's interest in science and technology, and it has been doing that for 25 years. Since 2005, we've been developing the idea of creating a science centre in Quebec City. For people from outside Quebec, these are obvious things because they have one in their city. Quebec City is the only one of the top 20 cities in Canada that doesn't have a science centre.

In anticipation of the project's implementation, we did our homework. We met with 300 persons. We visited some 30 science centres, took part in discussion groups, conducted surveys and studies and prepared briefs. We have a business plan, which will be distributed to you shortly.

Our organization became a member of the Canadian Association of Science Centres, and it was then that we learned there was no Canadian strategy in the area. We are the last city to establish a science centre, and we see that everyone has done it in a piecemeal way, each in his own area. There was no strategy.

And yet science centres are the most useful tools for stimulating young people's interest in science and technology. There are 1,500 of them in the world, including 640 in Asia, where they are experiencing phenomenal growth, because political authorities have understood that grey matter is the raw material of potential prosperity in a community. If young people are interested in it, then they're able to have careers in the field. The centres are the roots of those careers. UNESCO even states that countries that do not make an effort to interest young people in science and technology become poorer. It doesn't say they could become poorer, but that they become poorer. That's a statement.

In our discussion groups here in Quebec City, we asked people to name us five science and technology businesses, five scientists and five patents, and the response rate was 0%. No one was able to name five, whereas we have 800 businesses that conduct research and development. That's not right. People must adopt this in order to dream it, so that children are inspired by it, so that they in turn can contribute to prosperity or even take a position on complex issues such as OGMs or various health problems such as SARS. We'd like people to be able to have an opinion.

The project we're proposing for Quebec would initially cost \$30 million. In the world of science centres, this is not a very ambitious project, but it would make it possible to meet the need and to make a difference in the city. The operating budget would be \$7 million a year. We ask the federal government to provide 50% of the public contribution to this project. The economic impact would be \$43 million initially and \$11 million a year thereafter.

We've done our homework. We have 23 prominent ambassadors who believe in the project, and we have the necessary expertise. This is an Economic Forum for the region. Three weeks ago, 160 leaders met at the Château Frontenac and said they believed in it and that they wanted one. So the private sector is mobilizing. We have a government that believes that prosperity depends on the ability of people and families. Lastly, we have an issue that is not a provincial jurisdiction, but that should be part of the Canadian strategy.

We are therefore relying on the federal government to enable the City of Quebec to have a science centre. Canada's other cities have one. The federal government's contribution will be 50% of the initial outlay, which would amount to approximately \$18 million, and 50% of the public share over 10 years, which would be \$20 million, for a total of \$38 million over 10 years.

Thank you. I am available to answer your questions.

• (1315)

The Chair: Thank you very much.

The next witness will be Anne-Marie Jean, Executive Director of the Canadian Arts Coalition. Welcome. You have five minutes.

Ms. Anne-Marie Jean (Executive Director, Canadian Arts Coalition): Thank you. Good afternoon, everyone. I'm accompanied today by my coalition co-chair Micheline McKay, who I hope will be able to join me for the question period.

The Canadian Arts Coalition is the largest group of arts supporters, artists, arts executives and business leaders ever assembled from across the country. Arts and cultural organizations

include opera, orchestras, visual arts, theatre, magazines, museums, writers and dance, among others.

I'd like to begin by recognizing the federal government's decision in the last budget to address the urgent need for arts investment by providing the Canada Council for the Arts with \$50 million in new funding over the next two years. Provisions in the budget also exempt donations of publicly listed securities to public charities from capital gains tax. Both these measures are excellent first steps and are welcomed by the arts community. We'd like to thank the government and all parties for this clear demonstration of support.

What is so critically important for the arts community is the need for stable, predictable long-term funding. The \$50 million is to be delivered through an increase of \$20 million in the first year and \$30 million in the second year. This \$30 million increase must now be entered in the Council's permanent budget.

The Canadian Arts Coalition has one clear and focused recommendation to make to the committee and that is that the federal government invest in stable, long-term funding that, over time, increases the Canada Council's annual budget by \$100 million.

There are two main reasons why stable public investment is so important. First, it allows arts organizations to formulate business plans. It provides the foundation and leadership to lever other funding from the private sector, municipalities, the provinces, patrons, foundations and others.

Second, it allows for the inherent risk of creating and showcasing new Canadian talent and enhancing established artists and organizations. The risk aspect is what leads to innovation, much the same way as it does in business or for researchers. We cannot overstate the importance of public investment which provides that first dollar through the door.

We understand that it can't be all about government support. Canada's business leaders are very supportive and invest in the arts, but they also recognize the importance of public investment. They also understand, along with many municipalities, that competitive cities include cultural and artistic opportunities as well as intellectual life.

The Canadian Council of Chief Executives says this:

Businesses increasingly recognize that the development of vibrant, creative communities has a direct impact on their competitiveness, in particular by helping them to attract, develop and motivate employees.

The Canadian Coalition for the Arts feels that the Canada Council for the Arts is the key public vehicle for supporting development and innovation in the arts. It is efficient, merit-driven and cost effective and ensures that public funds get to where they can do the most good for individual artists and arts organizations, in communities large and small, in rural and urban areas alike.

The Council's peer review process, which is defended by the Canada Council for the Arts, its eligibility criteria and the fact that it is independent of political influence make it best positioned to promote the rich and diverse talent base in Canada.

The Council is reviewed every year by the Auditor General and issues an annual report to Parliament. Its obligation to report and its transparency are therefore guaranteed. In addition, all grants are available on line for review.

● (1320)

[English]

When we consider the questions this committee has put before us, we believe that the arts and our creative economy have an important role to play in the economic health and prosperity of Canadian citizens and businesses. It is widely recognized that arts and culture play an important role in the quality of Canada's cultural and community life. Citizens and businesses will tell you that quality of life factors directly affect their decisions about where to live, where to work, and where to invest. When you have a vibrant community with a strong artistic footprint, it attracts talent, investment, business, and competition.

In terms of Canada's future prosperity, the education of our children and youth is a big consideration. With the decline of arts education in schools, there is already a greater demand for cultural activities in the community. Communities that can offer cultural, artistic, and recreational opportunities to kids and youth will enable them to learn discipline, good values, teamwork, and leadership. We know that youth involvement in arts programs is an important factor in producing healthy, well-rounded, and fully engaged citizens. This in turn creates safe and healthy communities.

Another of the committee's questions asked about securing Canada's competitive place in the world. Over the past fifty years, Canada has refashioned itself from the economy largely dependent on farming and the exploitation of natural resources to become a country that plays on the international stage with an economic record recognized among the world's leading G-7 economies.

[Translation]

The Chair: Our next witness is Mr. Marcel Tremblay. Welcome, sir. He represents the Association des propriétaires de Québec Inc. You have the floor for five minutes.

Dr. Marcel Tremblay (Association des propriétaires de Québec Inc.): I am President of the Association des propriétaires de Québec, which has been in existence since 1933. It was founded in 1933, during the great crisis from 1929 to 1939.

Small- and medium-size businesses could, without subsidies, be created or consolidated by citizen patrons or parents. These parents have property frozen because of capital taxes. Their children are virtually forced into homelessness. It is not normal for a self-respecting society that believes in family, that believes in small towns, villages and citizens not to respect that principle.

That's why I am here as president. These people could sell their property without paying capital gains tax, with a guideline, of course. Jean Chrétien realized the sum of \$100,000 in 1996. Stephen Harper and Paul Martin promised to do something about capital gains. It is time to look into this question.

I have here an article by Claude Castonguay, stating that the income taxes of the middle class and corporate income taxes, particularly the capital tax, should be reduced. My presence here is related to that. We have studied this question for a number of years, and a majority of ridings in eastern Quebec have proposed to take another look at capital gains. It is time that both those promises, that of Mr. Harper and that of Mr. Martin, were kept.

Mr. Chair, how much time do I have left?

● (1325)

The Chair: About three minutes.

Dr. Marcel Tremblay: I'm going to read you an excerpt from the article by Claude Castonguay:

Prime Minister Harper has declared that there will be no solution to the problem of fiscal imbalance until there is a consensus among the provinces. He might as well have said he was indefinitely postponing a solution to the question. The provinces have differing views depending whether they have more than the average national wealth, like Ontario and Alberta, or less, like Quebec. The richer provinces, whose per capita spending is less than that of Quebec, don't accept the fact that the government takes into account the more costly choices of Quebecers.

The need for a consensus among the provinces seems like a red herring because the issue, the importance and complexity of which is exaggerated, is far from insoluble. What is the exact nature of the problem? According to a recent study conducted jointly by the Mouvement Desjardins and Cirano, the fiscal imbalance is attributable to the federal government, whose tax revenues are too high relative to its responsibilities. Two options are available to the federal government to resolve the issue. It must either increase transfer payments to the provinces or cut direct and indirect taxes.

The transfer option means increasing federal spending in areas of provincial jurisdiction such as health, education and infrastructure. It requires that agreements be signed inevitably limiting the provinces' freedom of choice regarding their priorities. In addition, the negotiations that it inevitably requires, as is currently the case, cause needless tensions between the two orders of government.

Ottawa's second option, cutting direct and indirect taxes, does not require the provinces' consent or new agreements. It reduces the amount of begging by the provinces and dependence on the federal government. It leaves the provinces free to make choices based on their priorities. The provinces are entirely at liberty to occupy all or part of the tax room left by the federal government. Lastly, something very healthy, it makes the provinces accountable by requiring to set their tax levels based on spending levels.

In addition to its obvious advantages, the tax reduction option is much easier to implement. It avoids the lengthy negotiations and confrontation from which each party claims to emerge the winner. The Harper government went this route in cutting the GST by one percentage point, thus freeing up, according to 2005 data, tax room in the order of some \$1.3 billion a year. It also made a commitment to make another 1% cut, thus vacating total tax room in the order of \$2.6 billion a year for Quebec [...]

I knew Gilles Loiselle well at the time. He said that the GST was something that shouldn't be around for long.

The Chair: The last witness will be Nathalie Brisseau from the Réseau Solidarité Itinérance du Québec. Welcome, Nathalie.

Miss Nathalie Brisseau (Coordinator, Réseau Solidarité Itinérance du Québec): Good afternoon, ladies and gentlemen. The Réseau Solidarité Itinérance du Québec represents 11 Quebec regional consultation committees that work with homeless people and 200 Quebec organizations that work with individuals who are homeless or at risk of becoming homeless.

Like Mr. Saillant, I am here today to remind you of the urgent need to continue federal funding for homelessness initiatives through the SCPI program, the Supporting Communities Partner Initiative, which will end on March 31, 2007, in approximately 150 days. There is currently no certainty that this funding will continue beyond that date.

The Réseau Solidarité Itinérance du Québec asks that funding for this program be provided in the next budget, for the years to come, but also that an announcement be made and funding released before the next budget to avoid a major break in service to the homeless on March 31, 2007, and that \$50 million be granted a year to Quebec, which is three times as much as was granted in Phases I and II of the SCPI program.

According to various sources, there are between 150,000 and 200,000 homeless persons in Canada. According to the 1996 census, 10 years ago, there were 10,266 in Montreal who had not had a fixed address for one year, and 3,589 in Quebec City. Since then, the phenomenon has been constantly growing, resulting in an increase in the use of all resources working with homeless persons.

It is true that, for us, this is a national emergency and priority, and that was part of the May 2006 recommendations of the UN Committee on Economic, Social and Cultural Rights.

Allow me to talk about this program, which will be coming to an end. The general purpose of the program has proven itself since 1999, even though homelessness investments remain below needs expressed by the communities. To date, the SCPI has been a crucial program in preventing and relieving homelessness, permitting a diverse range of action designed to improve the living conditions of homeless persons. By increasing human resources, street work, community support and psychosocial intervention with the homeless, by improving facilities and equipment and permitting the construction of housing units and an increase in the number of shelter beds, the SCPI has enabled many people to get off the street and many others to avoid the slide into the street.

Without the SCPI, the groups would have been unable to deal with the increased numbers of homeless individuals or the worsening of their problems that has been observed in recent years. This program, I recall, is crucial and essential to preventing and relieving homelessness. We think it must be maintained in its generalist form and must be made permanent in order to guarantee continued intervention and long-term solutions for individuals.

In closing, we ask the members of the Finance Committee to take action for the government to announce, before the next election, that the SCPI will be extended and enhanced and to continue its funding. We would like to recall that only a massive investment in homelessness, together with a change in social and housing policies, can significantly reduce homelessness. Thank you.

•(1330)

The Chair: Thank you very much, madam.

Thanks to all the witnesses.

Mr. Pacetti, you have six minutes.

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

I want to thank all the organizations and witnesses. It's always interesting, but the members always have a problem because they only have a limited amount of time. We'll try to be brief.

I'd like to put a question to Ms. Jean from the Canadian Coalition for the Arts. You've requested \$100 million. The former Minister of Canadian Heritage, Lisa Frulla, made an announcement 12 months ago. She announced a \$100 million increase in the subsidy to the Canada Council, I believe, and another increase in a year or two. What happened to those amounts?

Ms. Anne-Marie Jean: That announcement was made before the election, and now there's a new government in place. We resumed our submissions after the election of this government. As I explained earlier, we obtained \$50 million over two years: \$20 million in the first year and \$30 million in the second. Now we're asking for \$100 million.

We think that other measures announced in the budget can contribute to funding of the arts in Canada and bring us roughly to the amount we got from the previous government.

Mr. Massimo Pacetti: Thank you.

Ms. Brisseau and Mr. Saillant, what is the difference between your two organizations?

•(1335)

Mr. François Saillant: In broad terms, the Réseau Solidarité Itinérance du Québec represents the homeless, whereas we work more with people who are poorly housed, people who have housing, who aren't completely homeless, but who have major housing problems. It's easy shift from one to the other.

Mr. Massimo Pacetti: My next question is for Ms. Brisseau.

We see here that Quebec works with municipal governments. I'm a member from Montreal. The statistics show that the number of homeless is declining. Is that correct?

Second, are any other cities in danger? Do the statistics show that there's an increase?

Miss Nathalie Brisseau: To my knowledge, there has been no census across Quebec on the situation of homeless persons. A homeless person is considered to be a person who won't have a fixed address in the future, but that person also has related problems such as mental health or substance abuse problems. So the problem of homelessness is not just a housing problem.

The rate of use of the various services that are offered to homeless persons, whether it be housing, soup kitchens, drop-in centres or integration centres, has increased in recent years. For example, in Quebec City, shelters are filled year-round. These are centres that offer very short-term stays and stays of up to a few months, which proves that there are major problems.

Mr. Massimo Pacetti: What about affordable housing?

Miss Nathalie Brisseau: In our view, an affordable dwelling isn't an average dwelling at \$500 or \$700 a month. The people we meet have incomes below those amounts and, if they're welfare or income security recipients, they have to...

Mr. Massimo Pacetti: Where are the greatest needs? In the major urban centres or in the regions?

Miss Nathalie Brisseau: The needs are highly diversified. They are a priority in the major urban centres, but we see that this is an emerging phenomenon in the regions. Municipalities like Sherbrooke and Saguenay support the SCPI program. This phenomenon is increasingly found in the regions. It's becoming more complex and diversified since we're seeing it in the regions.

Mr. Massimo Pacetti: So it's not something we're going to resolve today.

Mr. Pigeon, our time is limited, and I know my next question concerns a very complex issue.

Your first recommendation is to increase core funding for postsecondary education. Is that with or without conditions?

Mr. Michel Pigeon: I don't want to dictate to the government what it should do. I can only indicate the needs. In general, we see that, in overall terms, the universities are much less funded in Canada than in the United States. The Association of Universities and Colleges of Canada has documented this situation well. The public contribution to universities has increased by approximately 25% in the United States over the past 25 years, whereas, in Canada, that contribution has fallen by about 25%. So the gap between the United States and us is getting much bigger. The Quebec universities have supported the provincial government on this. One of the factors, and this has been since 1994, is that federal transfers have declined sharply. All kinds of figures are being circulated: \$2.2 billion—\$3.9 billion in current terms — and so on.

I'm simply saying that it is imperative that the universities be properly funded because the future of our country is at stake. The \$2.2 billion figure is the amount necessary to restore funding to its 1994 level. For the province of Quebec, that represents \$550 million.

The Chair: Thank you, sir.

Mr. Paquette, you have six minutes.

• (1340)

Mr. Pierre Paquette (Joliette, BQ): This is the first time I've heard that figure of \$550 million since we started the consultations.

Mr. Michel Pigeon: That's a quarter of \$2.2 billion.

Mr. Pierre Paquette: Yes, but the figure usually referred to is \$4.9 billion for the Canada Social Transfer, which includes postsecondary education, that is \$1.2 billion for Quebec. You're saying that \$550 million would go to Quebec. That's how I understand your figure.

Mr. Michel Pigeon: That's how it was explained to me, but I didn't go into the details.

Mr. Pierre Paquette: It wouldn't be bad if you sent us that portion through the clerk. As I told you, this is the first time I've seen this figure of \$550 million. I've always been told \$1.2 billion for Quebec, but that includes all social programs, not just postsecondary education.

This morning, a question was put to the FEUQ representative, and he was unable to tell us how that \$1.2 billion would be shared. So I conclude that the \$550 million represents the share of the transfer that goes to postsecondary education. In any case, it would be interesting to clarify that.

Mr. Michel Pigeon: I'll take note of your comment, and I'll send you the information. I'll study the question in greater detail.

Mr. Pierre Paquette: That said, we're in entire agreement on the principle, and I'm convinced that all my colleagues will support this request for which there is a consensus across Canada.

Mr. Saillant, again with respect to the figures, the \$2 billion also represents the request you've made in recent years. There have nevertheless been investments of \$800 million.

Having regard to the increase in needs and inflation, are we still at \$2 billion, or should we subtract roughly \$800 million from that over three years? I want to clarify the figures we're going to include in the report.

Mr. François Saillant: It's very clear that the \$2 billion includes the amounts... The \$800 million amount that was announced isn't a recurring amount. What we want is a recurring budget. Obviously, in the first years, we can include this \$800 million amount. That's not a problem for us.

Our main message is that Canada is currently paying about \$2 billion for housing, essentially to pay for housing built in the past. We're continuing to pay mortgage and operating expenses. We would like an equivalent amount to go directly to the construction of new social housing, for both the homeless and for people who are poorly housed.

The problem is that the \$800 million amount for affordable housing can be used to fund all kinds of possible and impossible initiatives. We're anxious to see how the \$800 million will be used, particularly in Quebec, where the current use of that amount is quite a concern for us.

Mr. Pierre Paquette: My next question is for Ms. Jean, because Thierry absolutely wants to ask Ms. Thériège a question.

This morning, we heard from the representative of Mouvement pour les arts et les lettres. I'm asking you a question I didn't have the time to ask him.

Are you concerned about the cuts announced two weeks ago concerning the \$1 billion amount, including the 50% cut for museums and the funding plan for the Department of Foreign Affairs? Do you think that's a bad sign for the Conservative government's future response to your request that the budget allocated to the Canada Council be doubled?

Ms. Anne-Marie Jean: That troubles us, of course, because the arts sector is an under-funded sector in Canada. When these kinds of cuts are made to departments other than those directly concerned with the arts, it concerns us. That's why we're here. We're starting a campaign across Canada to meet with the MPs of all parties in order to demonstrate the obvious need that cultural organizations in Canada have for stable and sustainable funding. That's what's lacking.

Cuts have been made to programs intended for businesses that have to tour, for dance companies, for example, that travel a lot outside Canada. Cuts are being made to assistance programs, whereas these companies have already made and signed commitments. They can't go back on them. As a result, there are gaps in their budgets, and this contributes to underfunding and to this chronic problem. We didn't think this was a good way to manage in any economic sector in Canada whatever, but you'd think these ways of doing things are becoming systematic for arts and culture.

Mr. Pierre Paquette: Thank you. Do I have a little time left?

The Chair: You have two minutes left.

Mr. Pierre Paquette: Mr. Pigeon, I want to go back to your request for funding for indirect research costs. It's said that these costs can represent as much as 40% of total costs. For Laval University, I'd like to have, not the exact figure, but an order of magnitude. We were told that it was currently 20 to 25% and that it could vary. I'd like to know this because sometimes we have trouble understanding this 40% figure.

• (1345)

Mr. Michel Pigeon: I'll give you that answer right away because I have the figure in mind.

For indirect costs, we're currently receiving \$10 million from the federal government. That represents a little more than 20%, but it varies because the government grants a fixed amount, which it adjusts based on all grants given. It's in the order of \$10 million for Laval University. In a budget of \$430 million, it's not a negligible value.

I'll take the liberty of saying that we get the impression it's a gift. It's not a gift at all. Research entails indirect costs. If we only pay them in part, someone else has to pay them. We inevitably have to pay them out of the teaching budget.

The Chair: Thank you very much.

I now turn the floor over to Mr. Blaney. You have six minutes.

Mr. Steven Blaney (Lévis—Bellechasse, CPC): Thanks to the stakeholders from the various sectors, university, social and scientific.

Funding requests come from all quarters, and this is a challenge. These shouldn't necessarily be seen as expenses, but rather as an investment. In the last budget, an \$800 million amount was allocated

to social housing, and SCPI program aid was increased by \$147 million. The program was extended until March 2007, that is until the next budget. I think the minister is aware of these needs and of others, particularly as regard the \$20 and \$30 million amounts.

My first question concerns a project dear to the Quebec City region and is for Ms. Th  berge. I've had the opportunity to meet Ms. Th  berge, and I've supported her in her efforts for the Bo  te    science project for a number of months now. I'm pleased to see that our colleagues opposite also support this structural project. This is an example of a situation in which the federal government must intervene; it hasn't done so in the past 13 years. How do you see the impact from this project for the Quebec City region, and how can the Bo  te    science project be presented as a budgetary investment for the Quebec City region?

Ms. Manon Th  berge: Science centres are, by definition, investments in youth, in the role youth will play later, in the family and the influence it has on the role that young people play later on in life. They're also an investment for teachers, so they feel comfortable doing science at the primary and secondary levels throughout their lives, because they have trouble doing it. They also make it possible to let young people know what our businesses are doing and to encourage them to be inspired by them so that they too can one day create businesses and wealth.

The approach to wealth isn't opposed to the approach to poverty. We need the former to address the latter, not to create poverty, but in order to establish social programs. I have to be careful of what I say, because I don't want to get into a dispute. I simply mean that it's like the left brain and the right brain. We need wealth creation so that our social programs are up to our values and needs. It's a response by one and the other. We have to address both.

A science centre is a place where you run, jump and play. You go there as a family, it's fun, you don't feel judged, you don't feel you're not good in science. You feel comfortable learning about everything that's being done and about opening up to wonderful things. It's a solution to problems we experience. For example, we know that one in two boys doesn't finish high school in five years and that one in five boys doesn't finish at all.

The demographic situation doesn't allow us to lose a single young person. And yet, we lose 20% of them. These young people who don't have high school diplomas won't be going to university. We can't afford that. We have to inspire young people and make an effort to prevent the social problem and needs from increasing. We have to be able to respond to those needs.

Mr. Steven Blaney: You mentioned a \$30 million project. What are the next stages in your project's implementation, according to your timetable?

Ms. Manon Th  berge: In the next few weeks, we'll have to make sure we have the project office, that is obtain the funding required for a dedicated project staff. We have a business plan and an interpretation plan, but, to go further, we need resources. For the moment, we can't go much further. We can talk about it, but we can't act.

Mr. Steven Blaney: What are your short-term financial needs?

Ms. Manon Th  berge: We need \$500,000 out of a \$1 million budget for the project office.

I would recall that the project itself is a \$30 million project, plus carrying costs. That amounts to \$18 million for the federal government, that's 50%, plus \$2 million a year over 10 years. So today we're making an overall request for \$38 million.

Mr. Steven Blaney: Thank you.

My second question is for the social stakeholders. It concerns the SCPI program. Governments are often prepared to fund infrastructure, but when it comes to bearing operating costs—perhaps it's the same thing in the university field—it's another story.

Is the SCPI program, in its current configuration, designed to fund infrastructure and ensure operation? Whether we like it or not, the stock is growing. I'd like to hear what you have to say on that subject.

• (1350)

Miss Nathalie Brisseau: If the SCPI program isn't seen and perceived as recurring, there will definitely be a lot of initiatives that will have created infrastructures, such as entry-level housing for young people or young mothers who have been homeless, and so on, but we won't be able to operate those infrastructures because staff is needed to work with these people and to help them integrate or reintegrate.

The purpose of the SCPI program isn't simply to give these people food and a place to sleep. It's to enable them to fully return to society and to have their place there. If we don't act now, social costs in our society will be high later on. Someone who is in the street may go back to crime in order to survive. That person will be sent to prison, and that's costly. When a woman winds up in the street, her children are placed in foster care. That's costly.

Not letting things go is an investment that will result in lower social costs.

Mr. Steven Blaney: Does the program's configuration reflect both capital costs and follow-up costs? Does the recurring aspect suit you?

Miss Nathalie Brisseau: The first two phases took into account both infrastructure and necessary staff. The recurring aspect is important.

The Chair: I must interrupt you, sir, because your time is up.

Ms. Wasylycia-Leis, you have six minutes.

Ms. Judy Wasylycia-Leis (Winnipeg North, NDP): Thank you, Mr. Chair. Thanks to all the witnesses for their briefs, which are very important.

I'd like to continue the discussion on Canadians' priorities and the federal government's budget choices. We have a lot of time to debate

the debt issue in committee. The Conservatives and a lot of businesses say we have to eliminate the debt before we can take action on matters pertaining to education, the lives of artists, housing and homelessness. I think we should discuss that ideology because these kinds of policies are very dangerous in the perspective of the next budget.

I'd like all the witnesses to answer this question about these choices. For example, Anne-Marie Jean could tell us what the economic return would be on a dollar that the government would invest in the arts and culture sector, in the education sector, in the housing sector and so on.

Ms. Anne-Marie Jean: You've no doubt seen, as I have, that a number of studies conducted by various groups refer, in some cases, to a fiscal return of 200% for every dollar invested by governments. In other cases, they say that every dollar invested, directly or indirectly, in a cultural business can generate \$3.20 worth of economic activity. In some cases, we have a multiplier effect of 8.5. Everything depends on the way the calculation is done.

There is definitely an undeniable economic impact. That's mainly because investment in the arts and culture contributes to making the lives of Canadians more complete. Cities are more vibrant, more interesting, more attractive, and we can attract more investment. Businesses choose to set up in a dynamic city where something is going on, where choices are available to us, where we have good schools, good universities and an active cultural life, where, every evening, we have the choice to read a book, to go see a movie or a play, or to go to a museum.

That's how investment in culture should be seen. When governments invest, the private sector invests. We have proof of that in Toronto. That city is dazzling proof of what governments and the private sector can do when they invest hand in hand in arts and culture.

• (1355)

Ms. Judy Wasylycia-Leis: Mr. Lefebvre Legault, do you have anything to add?

Mr. Nicolas Lefebvre Legault (President, Front d'action populaire en r  am  nement urbain): Social housing is a collective form of property ownership. Lower-income households spend astounding percentages of their income on housing. All the money released through access to social housing is directly reinvested in the local economy. A welfare recipient who spends 80% of his income on housing and who enters low-income housing spends only 25% of his income on housing. The money thus freed up for that person is spent directly on essential goods, access to culture and so on. That freed up money will be spent locally.

This helps people and gives them more income to live instead of simply surviving. On another level, we must build and maintain social housing. In the communities, that enables people to have decent housing. This releases energy for doing other things.

When you have a serious housing problem, whether it's because you're paying too much, or you're living in poor quality housing or because you don't have any housing, you have to spend energy going around to food banks, and so on. When people's housing problems are solved, that frees up energy that they can use to do other things. In this way, they're given a chance to break out of the survival dynamic, to experience something else and, eventually, to return to the labour market and contribute to society in other ways.

Ms. Judy Wasylcia-Leis: I'm going to ask Micheline or Nathalie a similar question in English.

[English]

If you have a leaky roof, do you fix the roof, or do you pay off the mortgage? I guess I'd like your comments on that in the context of this notion that we have to pay off the whole debt before we invest a penny in anything else.

[Translation]

Miss Nathalie Brisseau: It's not just a matter of a leaky roof; even the building's foundation may be collapsing. If we don't invest in aid for the homeless, there will be an even bigger gap between certain parts of society. There's a cost to that gap. I'm not an economist, and I couldn't tell you what the return on investment would be, but from the moment you help a person begin a process of achieving stable housing, regain power over his life, emerge from a survival situation, that person is going to integrate and reintegrate. No one is satisfied with welfare. There are way too many prejudices.

The Chair: I'm sorry, but I have to interrupt you.

Mr. McCallum, you have four minutes.

Hon. John McCallum (Markham—Unionville, Lib.): I want to ask you a question about housing. I entirely agree that the federal government should allocate more money to affordable housing and to the homeless.

If I were in your situation, I wouldn't be very optimistic because page 22 of the budget document talks about matters of provincial jurisdiction, including housing. That's not a good thing for the federal government. Your presentations suggest that you don't agree. You want the federal government to invest in this area. Is that correct?

Mr. François Sillant: Indeed, we want the federal government, which is the one that has the most resources in Canada, to continue contributing to social housing. That's something that's a provincial jurisdiction, in that the programs that make it possible for housing to be produced must be designed by the provinces and reflect their own situation. That said, funding must come from the federal government.

Yes, we're concerned about what the budget says. Despite the \$800 million investment, there was the remark you referred to. Yes, we're concerned when we see budget cuts of \$45 million made to the Canada Mortgage and Housing Corporation on September 25. Yes, we're concerned when we see the opposition, which unfortunately is coming from the Liberal Party as well, to the bill introduced by the Bloc québécois that would make it possible to use CMHC's surplus.

I think that, beyond all partisanship, CMHC's money would be more useful if it were spent on the needs of the poorly housed and homeless.

● (1400)

Hon. John McCallum: Yes, but that's also a question for the Bloc. In general, the Bloc wants the federal government to withdraw from areas of provincial jurisdiction. I'd like to know, and this isn't a question for you, whether the Bloc agrees on the matter of social housing and affordable housing.

I'd like to put a question to Mr. Pigeon. As a former academic, I entirely agree with everything you've said, but if there was only one option and you had to choose between direct federal investment in universities and research or an increase in the transfer to the provinces, what would you choose?

Mr. Michel Pigeon: To refer to the example that was given, I'd simply say that, before putting on the roof, we'd build the foundation. I think that universities must first have the ability to act. They must have the ability to attract good professors, to pay them properly, to have the necessary infrastructure and so on. Ultimately, we need properly subsidized universities so that we can then conduct research. So I'd say that the first priority is the one stated in the brief, the transfer for postsecondary education.

Hon. John McCallum: Thank you.

The Chair: Mr. St-Cyr, you have four minutes.

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

Thank you all for your presentations. I suppose you must have been very frustrated at having to present all your material in five minutes, but, to console you, consider the fact that it's also very frustrating for us to have only a few minutes to ask you questions. I know you've made efforts to get your messages across in five minutes. On the weekend, I read Ms. Thérierge's presentation to the Québec, carrefour international forum. It was exceptional and extremely interesting. One sees that you're very well structured, well prepared. I'm sure you could all have spoken at greater length, but we're pressed for time.

Ms. Thérierge, what support do you have in the community? Is it only the Boîte à science people who are in favour of this project, or is it a project that has broad support in the community?

Ms. Manon Thérierge: In 2001, we were the only ones who had this dream, and we shared it in order to build it. We wanted it to mirror the needs of the community. It's a community project that we're proposing, which brings change. At the moment, virtually all the school commissions, nine of them, support us, as well as four or five cegeps, universities, more than 60 private businesses and four chambers of commerce. I'm definitely forgetting some, but associations of all kinds related to our sector support us. We have written support, active support. The project is broadly shared, and that's because it was developed in cooperation with them. We didn't merely arrive and say this was a good idea and we were going to carry it out. We've really built it with the community.

Mr. Thierry St-Cyr: There's been a lot of talk in Quebec about standpattism, about how hard it is to move forward because of the fact that certain projects come up against opposition. Is there any opposition to your project? Are there a lot of people in the Quebec region who are opposed to the establishment of a science centre?

Ms. Manon Th  berge: We know of no one who is opposed to it. There are people who have different views on certain questions, on the location, for example. We can have discussions about things like that, but there is a very broad consensus on the nature of the project, on the need, on issues, on the way it should be done, on the things that should be talked about. We can't say that support is unanimous, because we haven't met everyone, but there is a very broad consensus.

Mr. Thierry St-Cyr: Okay. Do you have an idea of the impact that a science centre in Quebec City would have on the education and career choices that young people can make? When you're in high school, there are a lot of special programs in the arts and physical education. These are very much preferred things, but it's not so much the case in the sciences for young people to have the opportunity to take a look at science to see whether they like it or not; if they don't like it, they'll study something else. Do you think your centre would have an impact on that level?

• (1405)

Ms. Manon Th  berge: Science centres have an impact on interest. The present challenge is that seven out of 10 youths decide from the age of 14 not to take any more science in their lives. They close the doors by not choosing science courses in high school. That's a little young to make that decision, first of all. Second, there is a 12% decline in college science enrolment in the Quebec City area. That's that many fewer people who will subsequently be going to university, and that subsequently makes for weaker sectors. Businesses that do spinoffs, as they say, are less numerous as well. It's a downward spiral. We have to work on finding solutions. Complaining and naming the problems is one thing. Science centres are a winning solution. There are centres across Canada. So it's not a new idea whose effectiveness has to be proven. There's a lot of proof on that point. I don't remember the exact number, but the top 20 cities in Canada, except ours, have one, because this has highly structural effects in the community.

The Chair: I'm sorry, once again, sir.

We'll continue with Mr. Harvey. You have four minutes, sir.

Mr. Luc Harvey (Louis-H  bert, CPC): Yes, let's start right away.

Let's talk about the Supporting Communities Partnership Initiative, the SCPI program. Could you tell us about the profile of the usual clientele? Are these people who have mental problems? What is the clientele?

Miss Nathalie Brisseau: If I may, I don't like the word "clientele". This is a diversified population.

A few years ago, they were thought of as persons—mostly men—of a certain age who had alcohol problems. That's how they were viewed. Currently, this concerns increasing numbers of youths, minors, runaways, young adults and women.

Qualitative research is being done right now in Quebec City. What leads these women to exclusion and to life in the streets? This also affects certain families that experience impoverishment, a loss of housing, a loss of social network and so on. These people don't have housing or a social network and often have trouble getting access to public services. Their last safety net is often the community sector, which opens its doors more readily.

These are also people who have problems related to homelessness. This isn't just a problem of living on the street; it's quite complex. These people have physical and mental health problems that are in addition or are the origin of their homelessness problem. We see dependence problems that were there first or that appear, quite frequently among young people, when they smoke on the street. If they aren't drug addicts, they ultimately become drug addicts because they get noticed.

Mr. Luc Harvey: Let's talk about the FRAPRU program. We're talking about \$2 billion a year over 10 years. If I do the multiplication, that's \$20 billion in 10 years.

How much does a social housing unit cost for one person?

Mr. Nicolas Lefebvre Legault: Construction costs approximately \$100,000.

Mr. Luc Harvey: That means that it's \$200,000...

Mr. Nicolas Lefebvre Legault: It doesn't cost the Government of Canada \$100,000. That amount is generally allocated as follows: 40% to the Government of Canada, 30% to the Government of Quebec, 10% to the municipality and another \$100,000 for the mortgage, paid by the cooperative, the NPO or the low-cost housing organization.

Mr. Luc Harvey: That's good. How many social housing units are lacking here in Quebec City?

Mr. Nicolas Lefebvre Legault: How many are lacking in Quebec City itself? The waiting list for low-cost housing contains 3,000 names. I believe that 18,000 households, according to Government of Canada standards, could have access to social housing. We're not saying that 18,000 are needed, but...

Mr. Luc Harvey: You're just talking about Quebec City.

Mr. Nicolas Lefebvre Legault: Yes, I'm talking about Quebec City, the new Quebec City, the new municipality. If we look at the figures from the last census, nearly 40% of rental households spend more than 30% of their income on housing, and nearly 22% spend more than 50% of their income on housing-related expenses. That's a lot of people. There's currently one major problem. For a few years now, social housing has been developed in cooperatives, or NPOs, but no low-cost housing program. There are specific needs for low-cost housing. The \$2 billion from the federal government would make it possible to fund a low-cost housing program.

Mr. Luc Harvey: Would it be simpler to pay a bonus rather than build a new building? Allow me to explain. If we offered a housing bonus, that would make it possible to have 2,000 or 3,000 units quickly. Would that be feasible?

•(1410)

Mr. Nicolas Lefebvre Legault: No, because, on the one hand, it's more costly to pay a bonus. Curiously, if you think of a long period of time, it costs less to fund a low-cost housing program than to give a person a bonus, given the nature of the market.

On the other hand, if you assist a person directly, when that person improves his circumstances, nothing is left for the community. If we build a social housing unit, a unit remains that could help another person. The investment is more cost-efficient in that sense as well.

[English]

The Chair: Merci beaucoup, monsieur.

We'll continue on *avec monsieur Savage, quatre minutes*.

Mr. Michael Savage (Dartmouth—Cole Harbour, Lib.): Thank you, Chair. I'm going to ask my questions in English.

I ask for your understanding and use the translation if it's necessary.

Monsieur Pigeon, you say in your brief—and this is new to me—that the provincial government now guarantees the complete refund of fees, which are the indirect costs, for research grants and contracts provided by the departments and agencies that report to this order of government. Who are they?

Mr. Michel Pigeon: There was some noise, and you're going too quickly.

Mr. Michael Savage: Sorry, I said that the provincial government guarantees the complete refund of indirect costs.

Mr. Michel Pigeon: Yes, the guarantee is on the funding the government gives to universities for research. Before, the system was that only the provincial government paid indirect costs. It paid a certain amount on all grants, either federal or provincial. It eventually decided to fund only its own indirect costs—50% for social sciences and 65% for hard science. It withdrew from the federal government's indirect costs and decided to let the federal government fund its own costs.

Mr. Michael Savage: Okay, I understand that.

Last year, the Liberal government introduced indirect costs at 40% in the economic update, and it didn't pass the House of Commons. At that time we had a lot of direct investments for students. It didn't pass the House of Commons, but it was brought in. So we recognize the need for the 40%, and I think we need to get to it.

When we did this, a lot of people came to see me from the various foundations concerned with heart, stroke, and cancer. They said paying the indirect costs made it harder to attract good research. Do you have any thoughts on this? Should they be included as well?

Mr. Michel Pigeon: It's relatively simple: the indirect costs exist, and if nobody pays, then it comes out of the basic funding of universities. The Université Laval has a budget of \$430 million and funding of close to a quarter billion dollars for research. The indirect costs represent about \$60 million, but we only get \$30 million from all sources. So out of the \$430 million of our basic budget, \$30 million goes to the indirect costs of research. Somebody, somehow, has to pay it. Foundations could ask the provincial government to pay. The provincial government has established a list of various

institutions and foundations. For example, it pays for cancer research.

Mr. Michael Savage: It doesn't pay for the research that's not done in universities, though, and that's where the non-profit organizations are caught.

We've heard a few submissions from people about the Millennium Scholarship Foundation. Tuitions in Quebec are a lot lower than they are, for example, in Nova Scotia, where I come from, where the average tuition is about \$6,000 to \$6,500. Do you have a view on how the Millennium Scholarship Foundation is working?

Mr. Michel Pigeon: What I know is that the money goes to the provincial government, which recycles part of it to the universities and part to the students through grants. That's how it's done in Quebec. The money is being used for education. But it's split: part goes to bursaries and loans from the provincial government and a part goes directly to the basic university budget.

[Translation]

The Chair: Ms. Ablonczy, the floor is yours.

[English]

Ms. Diane Ablonczy (Calgary—Nose Hill, CPC): Thank all of you for your good presentations. I always learn something.

Housing is a big issue in Canada. I notice we have a number of presentations on it. You talked about an increasing number of issues with the homeless—substance abuse, mental health problems. I know that housing alone is not the whole answer for these individuals. I wonder if you could tell us a little more about programs that might be of help to people with these difficulties.

•(1415)

[Translation]

Miss Nathalie Brisseau: Stable housing is the objective for assisting people who are homeless or in the processing of becoming homeless.

However, some people who are having major difficulties and are in considerable distress wouldn't be prepared to go into social housing, even if units were available or for resale. A connection has to be made with these people in the street. They have to be led to integration or reintegration centres and to work on developing life plans. These people have experienced a number of major break-ups in their lives and have dropped out as a result.

When you're in a survival situation, you give up. Aid services are necessary. Like the fight against poverty, the housing issue is a structural factor in solving the homelessness problem.

[English]

Ms. Diane Ablonczy: We appreciate that. You'll be happy to know that the minister keeps affirming that SCPI is not going to be cut. The funding will continue, and in fact, just yesterday, again, in the House, she affirmed this. So I'm not quite sure why everyone is so anxious about it. The minister herself keeps saying she doesn't know what this is all about, because the funding won't be cut. So I hope that reassures you somewhat.

Mr. Pigeon, we've had a number of groups, of course, asking for increases in post-secondary spending. What would you spend it on, if you did have more money? What's on the top of your wish list?

Mr. Michel Pigeon: At the top of my list is faculty. I've said it very clearly. The number of staff, the number of professors in our Canadian and Quebec universities, has dropped in recent years, and the number of students has increased. So if we want to have better education, better quality, and also more research, we need to have more professors. I would say that at least the first 50% of what I would get would go directly to that.

Now I could discuss all the rest, and you can't imagine the needs, but the first and most pressing need is to hire people.

Ms. Diane Ablonczy: Thank you.

[Translation]

The Chair: Mr. Pacetti, the floor is yours.

Mr. Massimo Pacetti: Thank you.

Ms. Th  berge, are you requesting money from the Canadian government? Two science centres, including one in Winnipeg, have requested money in their presentations. Are we talking about the same amount?

Ms. Manon Th  berge: Some science centres are currently going ahead with renovation work. They want to expand their facilities, like those in Calgary and Winnipeg. The Canadian Association of Science Centres is seeking a pan-Canadian program and a strategy to take advantage of everything there already is. The top 20 cities all have their own science centre, except one, Quebec City. So this isn't the same amount. Earlier I mentioned the amount we're requesting.

Mr. Massimo Pacetti: Your amount isn't included in the amounts they're requesting?

Ms. Manon Th  berge: No, that's for the pan-Canadian strategy being proposed.

Mr. Massimo Pacetti: So your request has two components: the centre's creation and necessary operating funding.

Ms. Manon Th  berge: The federal contribution is already included in our request, but the pan-Canadian strategy is a vision we're proposing.

Mr. Massimo Pacetti: In your project, are there already commitments from the provincial and municipal governments?

Ms. Manon Th  berge: The process has started for each of the commitments. Some are more advanced than others.

Mr. Massimo Pacetti: Are you dealing with a department at the federal level?

Ms. Manon Th  berge: For the moment, we're trying to secure \$500,000 from Economic Development Canada, which would be allocated to the staff of a project office.

Mr. Massimo Pacetti: That's what I was thinking. Thank you.

I'll be brief. My question is for Mr. Saillant and Ms. Brisseau.

Last year, the Liberal government, with the NDP's support, passed Bill C-48. Last month, the Conservatives said that they would transfer \$1.6 billion to affordable housing. The Bloc did not support that bill. I don't know why it's always said that the Bloc supports this issue. A large amount was transferred as a result of the agreement with the NDP. I don't know whether it's already been done, but last month it was announced that this amount would be transferred to a foundation.

This is for Mr. Pigeon. We talked about transfers for post-secondary education. When we were in Winnipeg, the principal of the school...

Lloyd Axworthy was minister when funding for postsecondary education was cut. The universities apparently requested that certain amounts be transferred to the research councils...

• (1420)

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

The last speaker is Mr. Del Mastro.

[English]

Mr. Dean Del Mastro (Peterborough, CPC): Thank you, Mr. Chair.

Mr. Tremblay, I actually was encouraged by some of your comments. I think you're on the right track. I think that we do need to provide more opportunity for families to build wealth. I know that in Quebec there was a furor created last week when Lucien Bouchard indicated that productivity isn't as high in Quebec as it is in some other areas.

Do you think high tax levels are serving as a disincentive to productivity and wealth?

[Translation]

Dr. Marcel Tremblay: Yes, most people who pay taxes are middle class, mainly in the cities. We really must support these cities where it's said that housing is unlivable. No one seems to stop at anything that's catastrophic here in Quebec City. Half the city should be rebuilt. In 1957, the Laplante Report stated that the "hovels should be regilded."

Millions of dollars were allocated to Old Quebec, but a lot of parishes now have uninhabitable housing. Are we going to destroy them or are we really going to help renovate these houses? That's the question we have to ask ourselves. Are we going to reduce the people of the middle class to a state of homelessness? That's the problem now.

Rather than start from the bottom with homeless people, we should start at the top and tell those people who are able to do something, who have initiative, who show dedication and who are cultivated, to do their duty. You elected members should pay attention to that.

Our cities have now gotten to such a point—especially Quebec City—that half of each of them should be demolished. Are you going to demolish half of Quebec City? In 1957, the Laplante Report stated that 14 areas of Quebec City were really dealing with hovels. No one is talking about renovations. No one is talking about giving people a chance to be free, or to be constantly supervised by intervening parties. It is really time to do something.

In 1974, together with the Liberal and a Conservative, I visited the University of Moscow and a large part of Russia during the Brezhnev era. It had already gotten to the point where the dwellings we visited were hovels. But socialism creates hovels and poverty.

Today, we must start at the top—not at the level of the homeless—to really create something.

An hon. member: These days the hovels downtown belong to private owners.

Dr. Marcel Tremblay: Affordable housing currently...

The Chair: Thanks to all of you for your presentations. On behalf of the committee, we are very grateful that you're here, for the time you have given us today and the work you have done in preparation for this meeting.

We'll now take a short break, no more than five minutes, so that the next witness can get settled.

• (1425) _____ (Pause) _____

• (1430)

The Chair: Welcome. Order. Pardon my French, but I'm just starting.

I would like to welcome the witnesses and members of the Standing Committee on Finance.

The mandate of the House of Commons Standing Committee on Finance is to study and report on the budgetary policy proposals presented to the federal government. This year, the theme is Canada's place in a competitive world. We've asked you in advance to limit your presentations to five minutes, please, even though we know it is not easy to do so. We will nevertheless respect that limit. If you want to glance over at me, I'll give you a signal when you have a minute or less left. At the end of five minutes, I will ask you to wrap up, all in order to promote discussion with the members and so that you can answer their questions.

We'll begin immediately by turning the floor over to a representative of the Mouvement des caisses Desjardins, Mr. Yves Morency, Vice-President.

Welcome, Mr. Morency. You have five minutes.

Mr. Yves Morency (Vice-President, Government Relations, Desjardins Group): Perfect. Good afternoon, everyone.

With some 5.5 million owner-members, consumers and businesses alike, the Mouvement des caisses Desjardins is the leading financial institution in Quebec as well as the largest cooperative financial group in Canada. Because of its commitment to combining assets and values, Desjardins is involved in the community to an extent unmatched by any other financial institution, thereby contributing to the economic and social well-being of people and communities.

As a member of the Canadian cooperative community, Desjardins supports the joint recommendations of the Canadian cooperative sector, which you had a chance to look at last week and which we've also appended to our brief.

Canada is one of the richest countries in the world. However, to maintain this enviable position in an increasingly competitive world, Canada will face over the next few years a number of challenges. In addition to productivity is the challenge of an aging labour force. The federal government must therefore review its priorities and bring in practical measures that will help Canada maintain its enviable position on the world stage. It is important that our businesses enhance their competitiveness, that our labour force improve its skills and that our infrastructure meet present and future needs.

We feel that any views on tax and budgetary measures that the federal government could eventually put forward should first be broadened by challenging the roles of the federal government in the Canadian economy, as well as with the goods and services it provides. Since the federal government's expenditures and revenues account for close to 15% of real Canadian GDP, its impact on the overall economy is obviously major. It is essential that the government prioritize the production of goods and services in a manner more closely related to its mission: one need only think of defence, international treaties, security, diplomatic services and the environment.

We also think it important to give greater focus to private business in the production of public services, particularly through public-private partnerships, PPPs. These partnerships should of course be monitored and governed by strict rules to ensure that the quality of service will respect the standards that are currently in effect in the government.

As regards infrastructures, the federal government should establish a sinking fund not only to help ensure the funding of infrastructure replacement, but also to minimize its financial impact when needs become pressing. It is also important to adopt measures to improve the competitive position of Canadian businesses. We have observed a deterioration in our competitive position, particularly relative to the United States. This can be explained mainly by relatively low growth in the information technology sector since the beginning of the new millennium, by slower development of investments in machinery and equipment and by relatively slow economic growth in some regions of the country.

The federal government must take adequate measures to reverse this trend and in so doing help Canada be more competitive. More specifically, the government should favour tax measures that will encourage business investment. The tax burden of businesses should also be reduced in order to make it more competitive and thus facilitate investment.

In addition, the federal government could put forth tax measures that encourage innovation, which is a vital factor in improving competitiveness. Education and the development of human capital are also sectors that should be promoted.

We believe that Canada's prosperity depends on a fiscal rebalancing between the Government of Canada and those of the provinces. To do that, we feel that it is essential that the federal government restrict its budget spending to its own fields of jurisdiction. It must avoid draining its budget surpluses by increasing spending in every which way and find ways to transfer a good part of its financial leeway to the provinces.

The priorities and objectives of the federal government should also take into account the specific needs of the regions and their SMEs. We also feel that Canada must take even more advantage of its proximity with the United States in many fields, including that of venture capital.

We also believe in the need to encourage partnerships between Canadian and American universities. It would also be desirable for our young businesses, particularly those in the technology sector, to develop their business plans taking into account not only the dynamic of the Canadian market, but also that of the U.S. market.

Ultimately, efforts need to be made for the Canadian economy to increase significantly its productivity and enhance the competitiveness of its businesses and the quality of life of all Canadians.

• (1435)

Thank you.

The Chair: Thank you.

We'll continue with Mr. Gaétan Boucher, Chief Executive Officer of the Fédération des cégeps.

Welcome, sir. You have five minutes.

Mr. Gaétan Boucher (Chief Executive Officer, Fédération des cégeps): Thank you, Mr. Chair.

Ladies and gentlemen, perhaps I could tell you at the outset that the Fédération des cégeps is a free and voluntary association of Quebec's 48 Cégeps. In fact, it is the Quebec counterpart of the community colleges in the rest of the country. Enrolment at our institutions totals 150,000 young men and women and approximately 50,000 adults.

It must be clearly understood that our concern is over the issue of transfer payments for postsecondary education. Committee members must know that, at this time, we estimate that the chronic underfunding of our colleges amounts to \$305 million.

Let me cite some examples. Today, in Quebec City and Montreal, year in and year out, 5,000 men and women are unable to attend our colleges to take retraining or development courses. We are waiting to implement new programs, such as the technical electrical engineering program, which has been revised and should be introduced in all our cégeps. That costs \$70 million.

So we feel that our financial difficulties are extremely significant at this time. Quebec's colleges are 86% funded by the Quebec government, compared to 53% for the universities. Unfortunately, we have virtually no federal funding at our disposal; funding for the universities is 13%. There are no tuition fees at Quebec's cégeps, whereas Quebec universities receive tuition fees.

Our message today is clear: in the next federal budget, we would like there to be a clear resolution of the fiscal imbalance and, consequently, transfers for postsecondary education.

I would like to remind committee members that it was in Quebec City, in December 2005, that Mr. Harper promised to correct the fiscal imbalance. On January 12 of this year, in a signed letter to the President of the Federation Council at the time, Mr. Klein, he made a commitment to create a Canada education and training transfer. In the federal Throne Speech, there was a formal commitment to solve the problem of fiscal imbalance. That commitment was also reiterated in Mr. Flaherty's first budget last April. And, lastly, Mr. Harper solemnly told Quebeckers, before the Board of Trade of Metropolitan Montreal, that his government would solve the fiscal imbalance problem. He also told the people of the colleges and universities that his government would solve the problem of transfers for postsecondary education.

As I said at the press conference this morning, it is clear in our minds that the time has come to deliver the goods. The government must genuinely shift from words into action and, in the next federal budget, restore the transfer to its 1994-1995 level, plus \$2.2 billion current, \$4.9 billion constant. We must correct, once and for all, for our colleges and universities, the problem of fiscal imbalance, the problem of transfers for postsecondary education. Let me repeat it before committee members: the goods must actually be delivered, and, in the coming days, weeks and months, we will be constantly watching the government so that the prime minister delivers the goods and meets the commitments he made in this city.

Thank you, Mr. Chair.

• (1440)

The Chair: Thank you very much, sir.

We'll continue with Mr. Serge Brasset.

Mr. Serge Brasset (Executive Director, Association of Canadian Community Colleges): Thank you.

I'm also the Director General of Collège Édouard-Montpetit, the largest Francophone cegep in Quebec. I'm here today with Ms. Nicole Rouillier, Director General of Cégep Marie-Victorin. Both of us are members of the board of the Association of Canadian Community Colleges. I am chairman of the board.

Last February, the council held the PanCanadian Summit on Postsecondary Education and Skills Training. At the summit, the provincial premiers, ministers of education, postsecondary education stakeholders and the universities and colleges unanimously reaffirmed that it was important that the colleges and universities have resources enabling them to meet the training needs of youths and adults.

To that end, five priorities were established: promote greater access to postsecondary education—and the country needs that kind of measure; improve and guarantee quality of training and succession; update infrastructures, particularly technological infrastructures; improve access to the labour market for groups such as immigrants, Aboriginal people and persons with disabilities; improve the skills of persons already in the labour market and develop the research and innovation sectors.

The drop-out rate is high among high school students in Quebec and Canada. Many young people are not receiving postsecondary education or occupational training. And yet our country is oriented toward the knowledge economy. It is therefore clear that, as citizens, we must ensure that the largest possible number of young people and adults receive training that qualifies them and opens the doors of the labour market for them.

That said, as you will no doubt guess, we strongly support the Association of Colleges. It has already appeared before the Finance Committee, as have the Fédération des cégeps and all the provincial associations, which are asking the federal government to reinvest in postsecondary education and to ensure that those amounts enable Canadian colleges to provide training that meets the needs of young people and adults.

It is important that we move into action. To that end, the Association is making six recommendations. First, naturally, we must be able to develop a comprehensive pan-Canadian Work Force Development Agenda. We lack skilled labour in businesses. However, many young people are not receiving technical and occupational instruction. In that sense, we have a gap to fill and we must ensure that funding is available to provide this training. Furthermore, we must immediately reinvest in Canadian prosperity, that is to say guarantee the quality of postsecondary instruction and broaden access to it.

We also recommend that the federal government create, in the context of what is called the Canada Social Transfer, a transfer for postsecondary education at the 1992-1993-1994 level. The purpose here is to ensure that these amounts go to postsecondary education. We all know that the most meaningful investment that a country, developed or otherwise, can make is in its education.

We also recommend that there be a new Canadian system of financial assistance that responds more to the problem of student indebtedness. The Association recommends that a fund be created to improve technological infrastructure so as to ensure that our students are well trained and that that training meets the needs of the businesses that employ them. We need national funding to update our infrastructures and buildings.

We also recommend the creation of a research development and commercialization support fund. Colleges are increasingly conducting research. So it is important that we be able to update that research, which is in fact applied research. It enables businesses, particularly small and medium-size businesses, to gain access to research activities which they otherwise could not access.

Lastly, I would remind you that the Association of Canadian Community Colleges represents 150 colleges. I am sure that each of you has one in your riding. We are in more than 1,000 communities

across the country. I am delivering this message on behalf of the 150 colleges that represent nearly one million students across the country so that, with the next budget, we can obtain funding reserved for college instruction. The objective is to better respond to the training needs of our youth and adults who need to retrain.

Thank you.

• (1445)

The Chair: Thank you very much.

Now we'll move on to Mr. Denis Bilodeau, Vice-President of the Union des producteurs agricoles du Québec.

Welcome, sir. You have five minutes.

Mr. Denis Bilodeau (Vice-President, Union des producteurs agricoles du Québec): Good afternoon. I want to thank the House of Commons Standing Committee on Finance for receiving us this afternoon.

The union is still very much concerned by the issue of government intervention in the agricultural sector. It is therefore with renewed pleasure that I am tabling this brief today. In our view, the UPA's requests presented in this document come under the responsibilities attributable to the federal government with regard to maintaining prosperity in the agricultural sector of Quebec and Canada. Some of these obligations moreover fall to the Department of Finance Canada.

We therefore seek its financial support, but also its direct intervention to solve, quickly and effectively, the major problems facing producers across the country. As will be discussed in this brief, we ask the Department of Finance Canada to intervene in the following matters: among other things, the net income crisis in agriculture—you have tables that show this—incomes particularly in the pork and grain sectors, international trade, and the entire issue of taxation of agriculture and forestry, where we would like to see improvements that would ensure that agricultural businesses are less penalized, to ensure that they are maintained with the prospects we currently have.

I know that some of you know of the UPA. However, I'd like to remind you that we represent the some 43,000 Quebec farmers who work on 31 farms. Need it be recalled that agriculture in Quebec is the biggest primary sector activity, from an economic and employment standpoint. It essentially contributes to support for economic activity in a number of regions—I wouldn't say they're remote regions, but regions that are farther away from the major centres—and agricultural activity there means that those regions can support themselves.

The Government of Canada should therefore provide significant regulatory and budgetary support in order to maintain this type of agriculture and forestry operation in the country. In Canada, we work in human scale agricultural production structures. We want them to remain competitive and to meet consumers' expectations.

I am here today with Mr. Serge Lebeau, Senior International Trade Manager. Mr. Lebeau will make the summary presentation—a brief summary—of the brief that has been submitted to you. I will be available to answer questions later.

Thank you.

• (1450)

The Chair: Thank you very much, sir.

Mr. Serge Lebeau (Senior International Trade Manager, Union des producteurs agricoles du Québec): Thank you, Mr. Chair.

Members of the committee, first I'm going to provide an overview of the situation. You have a summary, which we've sent to you in both languages. I'll mostly stick to that summary. I hope to stay within the five minutes that are allotted us.

First, I'm going to talk to you about the income crisis. The net income crisis that farmers are currently experiencing is undeniably much more structural than circumstantial. The opening of markets and increased consumer demands create an economic movement favouring the concentration of agri-food players upstream and downstream from the farm. All these phenomena exercise downward pressure on profit margins of farm businesses.

Declining incomes have led to growing indebtedness of farms in Canada, resulting in a deterioration of their financial structure. Furthermore, as shown by Tables 1 and 2, which are presented in the summary, Canada's situation is deteriorating relative to that of the United States.

If you look at Figure 1, you'll see that the trend curve of net income has completely changed since 1996, whereas the Americans had a curve that was slightly below ours. Their net income growth has continued, whereas ours has completely declined. That has obviously had an impact on net assets.

Chart 2 shows that net assets have deteriorated in Canada relative to the United States. Obviously, poor income results and higher indebtedness; that's the explanation.

It's clear that energy costs, BSE and the exchange rate have impacted negatively on most farm sectors, particularly grain and hog production. The grain sector, for example, has been unable to recover from the prolonged period of low prices, particularly due to the subsidies paid to American farmers under the Farm Bill. As a consequence, the monetary balance of Quebec grain farms has fallen from a \$20,000 surplus per farm in 1996 to a \$6,200 deficit in 2005. According to the Canada Border Services Agency, the Farm Bill has an impact of about...

Am I going too quickly?

The Chair: No, but the time allotted to you is up. We must now move on to another witness. However, time is reserved for questions later.

Mr. Serge Lebeau: We didn't travel here...

The Chair: Thank you very much. It's the same for everyone, sir.

The next witness will be Ms. Heather Munroe-Blum, Principal of McGill University.

Welcome, madam. You have five minutes.

Dr. Heather Munroe-Blum (Principal, McGill University): Thank you very much.

I'm very pleased to be here today, and I very much appreciate the opportunity to contribute to this discussion.

[English]

Let me say, having presented before the Standing Committee on Finance in two provinces regularly over the last decade, that each time I come I'm always encouraged by how passionate Canadians are about the quality of our society, and you hear it in the voices around the table here and in the prior panel. I want to thank the members of the standing committee for doing the work you do. I can imagine that it gets tough at times, but it's extremely important.

In my comments I will add to some of those you've heard already today and, as I understand, in some of the other presentations made to you as you've travelled across the country. Let me say that I speak as an individual citizen, as principal of McGill University, and also as chair of the Standing Advisory Committee on University Research for the Association of Universities and Colleges of Canada. In this regard we have a lot to be grateful for in Canada, having a deeply diversified and high-quality system of universities and colleges, notwithstanding the underfunding that you've no doubt heard plenty about.

Here in Quebec there have been, I think, very creative efforts over the last thirty years to build a very strong system of both education and post-secondary education. McGill is a university within the Quebec system that also ranks on the national and international stage. I believe profoundly as a Canadian that Canada needs and deserves to have at least a handful of universities that do spread the reputation of Canada worldwide, that attract students from around the world, and that have a strong and distinguished alumni group of networks around the world. McGill is also a national university: 57% of our students come from within Quebec and 25% from across Canada; the rest are international.

The federal government has a profound role to play in the research enterprise that is so strongly affiliated with universities in Canada. Canadian universities in the western world provide more R and D contribution to society than any other university sector. If we look south of the border, the differences are quite dramatic.

If you think about the various concerns you've no doubt heard about on this committee, from agriculture and farming, to health care, to nursing, to housing, to education, Canada must have systems that add value and are of high quality. If we don't have this level of quality and preparation of people who compete on the world stage, we won't have the investments, jobs, and activities at home on which we depend. The federal government has always had a role in university research, in graduate education, and in the preparation of highly qualified personnel, and I urge the government to stay the course in that regard.

Just ten years ago we were losing our very best talent. It wasn't a numbers game; it was literally that top talent, field by field, was being lost from Canada, because in the mid-1990s the federal government, along with provincial governments, took out their investments in post-secondary education, and at the federal level they dramatically cut the investment through the research granting councils.

It was only in the wake of understanding the dilemma that was being created—indeed, the crisis that was being created—in having the kind of talent on which we depend for success that reinvestments in the granting councils and new, innovative research programs were created. For the first time the federal level in Canada created the four pillars of investment upon which a great knowledge society depends; that is, research granting councils' support through the Canada research chairs program; graduate programs and the millennium scholarships for highly qualified personnel; and for the first time, indirect costs, meaning that the full costs of research funded by the federal government were beginning to be addressed—though we've not gone far enough in that—and major infrastructure support.

We've succeeded on the basis of that. We've recovered our lost ground. We've gained great advantage, but we now need to stay the course.

I'm happy to answer questions. Thank you.

• (1455)

[*Translation*]

The Chair: Thank you very much, madam.

We will now complete the presentations with that of the Executive Director of RIDEAU, Ms. Collette Brouillé.

Mrs. Colette Brouillé (Executive Director, RIDEAU): Good afternoon. Thank you for hearing us today.

When the Department of Canadian Heritage introduced the "Tomorrow Starts Today" program in 2001, the Arts Presentation Canada component embodied, for the first time among multi-disciplinary performing arts presenters, recognition of the importance of the presentation link in the creation-production-presentation chain that conveys the works to the public.

We are conveyers. At RIDEAU, we know that the health of presenters guarantees the health of creators and artists, and that this synergy requires a political vision and resulting support.

The Réseau indépendant des diffuseurs d'événements artistiques unis, RIDEAU, was founded in 1978 and today has 138 members.

Over the years, RIDEAU has built bridges to realities outside Quebec. ARDAS, the Alliance des réseaux de diffusion en arts de la scène, links us to French Canada, while AREA, the Association des réseaux d'événements artistiques, permits productive exchanges with French-speaking Europe.

While the RIDEAU network has expanded for nearly 30 years now, the introduction of a presentation policy in Quebec, of which 2006 marked the tenth anniversary, was undoubtedly a decisive factor.

The presentation of performances is a quantifiable activity. The figures of the survey on performance attendance conducted by the

Observatoire de la culture et des communications du Québec show that, in 2005, the 103 respondent organizations of the RIDEAU network presented 6,206 paying performances, attracting some 2,954,927 spectators and generating nearly \$80 million in ticket revenues, which of course also generates revenue for our governments.

The investments of the Department of Canadian Heritage in our network also correspond to approximately \$3 million, in 2005, out of \$7 million invested in Quebec. If we exclude the major festivals and member networks, the figure is approximately \$2 million. Since that amount has generated \$80 million in box office revenue, we can undoubtedly state that it's an investment that has a significant leverage effect on the economic activity it generates.

We believe that, since the presentation of the performing arts is such a vital activity, we can conclude that it responds to a need in our society. The organizations that engage in it are unfortunately poorly equipped to prove this. We are recommending that we be able to encourage organizations that produce statistics to develop statistics on arts and culture, more specifically performing arts presentation.

RIDEAU is also about networking, and that networking is particularly well embodied in an annual event called the Bourse RIDEAU, which will celebrate its twentieth anniversary in 2007. Over the years, it has become the largest market for the Francophone performing arts in America. In 2006, 73 artists and companies from Quebec, the rest of Canada and from Francophone Europe showed their creations to more than 300 mainly Canadian presenters, but also presenters from France, Belgium and Switzerland, and 176 artist representatives who set up their stalls on what's called the Place du marché, which promotes business transactions.

Since the vitality of creation depends on presentation capability, we also hope that programs will be maintained promoting performing arts presentation, which is often the poor cousin of the creation-production-presentation chain, but which gives Canadians access to diversified and high-quality programming. Like the colleges, you probably have an auditorium in each of your communities as well, and that's an invaluable asset.

I'd also like to talk briefly about organization management. It is a well-known fact that the community suffers from a lack of resources, more particularly human resources. In addition, a number of structures rely on volunteer workers, which does not facilitate management. We therefore hope to emulate the Canadian Conference of the Arts in requesting a softening of administrative requirements.

On another topic, since the program was introduced, performing arts presenters have always recommended that a multi-year funding structure be put in place. While the horizon of the first years did not permit it, the announcement that the program would be renewed over five years opened up other prospects. However, the decision to move to this type of funding has recently been suspended.

We therefore recommend that consideration again be given to multi-year funding, which promotes long-term management and which, in our community, is intrinsic to our way of working on a number of seasons in advance.

Having regard to the cycles that govern our actions and the complex operation of matching financial arrangements, we would like organizations that show they are soundly managed to be entitled to a form of multi-year funding.

Lastly, the purpose of this presentation has been to show that the performing arts presentation community is extremely dynamic. We especially hope that one point in particular has emerged.

• (1500)

While the vital nature of creation is expressed across this country, at the end of the chain, one link makes it possible to transmit it to the public. That link is the presentation of the performing arts. Just as a library provides access to reading, as a broadcaster gives you access to your favourite television series, the presentation of dance, music, song, theatre, the circus arts and, increasingly, the interdisciplinary arts depends, in many cases across the country, on performing arts presentation organizations.

The Chair: Thanks to all of you for your excellent presentations.
[English]

Before we continue, committee members, we will complete our task in this session by approximately five minutes to four, and we will then immediately move to the lobby. Our departure time is moved up, so we must be ready to go no more than ten minutes after we complete this session. Okay?

[Translation]

To continue, we will have seven minutes, twice, then five minutes.

Mr. McCallum, you have seven minutes.

Hon. John McCallum: Thank you.

Thanks to all the witnesses.

I'd like to begin with Mr. Morency. I admit, like you, that Canada's competitiveness is crucial. I'd like to ask you a question about taxes.

Having regard to three classes of taxes: corporate taxes, personal income taxes and consumption taxes, such as the GST, what would be your priorities for tax reduction as regards competitiveness?

• (1505)

Mr. Yves Morency: That's a difficult choice. However, in the current context, our businesses must become increasingly competitive. So the tax system should be revised a little to reduce the tax burden of businesses.

Recent studies by the C.D. Howe Institute show that the effective marginal capital tax rate is among the highest in the world. Consequently, our level of competitiveness can't bear that rate. In fact, it's the return on an investment necessary to pay both one's taxes and to earn a sufficient return on invested capital. There's food for thought there.

Hon. John McCallum: [Inaudible - Editor] ...the businesses, but what would you choose between income tax and the GST?

Mr. Yves Morency: The personal income tax is a measure that seems to me, perhaps in a selection, to be the one that should be examined, and the carrier effects on consumption, productivity and efficiency as a whole should be analyzed.

However, I would focus a great deal on business.

Hon. John McCallum: I believe that the studies by the OECD, the IMF and economists all acknowledge that, in terms of competitiveness, it is more important to reduce income taxes than consumption taxes.

Do you agree with that?

Mr. Yves Morency: You also have to look at the taxation context. In Europe, all countries tend to favour taxation by means of the value-added tax. Here in North America, our neighbours, our main competitors, aren't very much in favour of that kind of tax.

The answer to your question is yes. In the world as a whole, it may be preferable to cut income taxes, but you also have to consider the context in which you find yourself.

[English]

Hon. John McCallum: Okay. Merci beaucoup.

And now to Heather Munroe-Blum.... I said in the last session that I agreed with everything the Laval president said, as a former academic, but in the case of McGill, I'm not only a former academic but also a former student, the son of a student, the father of a student, and a former professor. So I might have a little bias in favour of McGill, which perhaps I should declare in advance.

My first question would be this. If one has the choice, better a greater emphasis—I don't think it's an all-or-nothing, zero or positive choice—between additional direct federal funding to universities for research and for research chairs and indirect costs, etc., on the one hand, versus a greater dedicated transfer from the federal government to the provinces, from McGill's point of view, which would you say would be the higher priority, even though I know you want both?

Dr. Heather Munroe-Blum: I appreciate you saying that I don't have to choose.

Hon. John McCallum: Well, I sort of said you did.

Dr. Heather Munroe-Blum: Yes.

Both are important, so it isn't all or nothing, one or the other.

Hon. John McCallum: Right.

Dr. Heather Munroe-Blum: I think it's very important that there be some redress on the federal transfer side, but without question, there is a powerful federal role. Canada's position in the world depends on a strong federal investment in the research, productivity, and innovation program.

Hon. John McCallum: Another point that interested me is on commercialization. I think you're saying more emphasis should be given to that, and I agree with that, in the sense that I'm very proud of what our governments did to support research. It seems to me the next step would be to give more emphasis to bringing those ideas to market, but I know that's anathema for academics because they're not very keen on the commercial side of things.

So how do you square up public need, I believe, for greater commercialization, with an academic mindset that isn't particularly keen on that?

•(1510)

[Translation]

The Chair: Thank you very much, madam.

Thank you, Mr. McCallum.

Mr. Wallace, you have seven minutes.

[English]

Mr. Mike Wallace (Burlington, CPC): Thank you, Mr. Chairman. I have to ask my questions in English, and I apologize for that.

I am going to begin with Mr. Morency. My questions are going to be fairly specific, if that's okay, because I only have seven minutes.

In your report, Mr. Morency, you indicated that we should have a different tax system or status for American investors. My concern has always been that we don't have enough Canadian people investing in Canadian companies. Could you comment on that, and what is the real advantage to us in making it easier for Americans to invest here?

[Translation]

Mr. Yves Morency: First, for this type of U.S. corporation that invests in venture capital, it's not the corporations but individuals who are taxed, investors, so that those investors are considered virtually as partnerships.

There are benefits, including better access to the U.S. market, from both capitalization and commercialization standpoints. There's also a transfer of expertise between U.S. and Canadian businesses, particularly with regard to venture capital.

Bear in mind that, in the U.S., they've reached the fourth and even fifth generation of venture capital investors, whereas, in Canada, although we do a lot of that—and we indeed do a lot—we're just starting out in venture capital. Businesses are quite recent.

All that promotes a better transfer between the two.

[English]

Mr. Mike Wallace: Thank you.

Now, to either my friend from CÉGEP or from the Canadian Colleges, I don't have a college in my town; I'm from Burlington, Ontario. We have Mohawk College on one side and we have Sheridan College on the other. They both like to claim Burlington as theirs. But I thought perhaps either one of you, or both, could answer this. In your presentation, I thought you said you wanted funding to go back to the 1994-95 level. I may have missed that through the translation. Is that accurate?

Mr. Serge Brasslet: Actually, there are two things. In our report, the report of the Association of Canadian Community Colleges, we talk about 1992-93, but the Fédération des cégeps talks about 1994-95. That's why I said 1992-93 and 1994-95.

Mr. Mike Wallace: On page *huit*, it has zero from the Government of Canada, so there is 0% for CÉGEPs. Do you want us to go back to continuing to give you zero? I don't understand.

Mr. Serge Brasslet: No. We're talking about the federal transfers to post-secondary education.

Mr. Mike Wallace: It went to post-secondary education, but it still was not floating down to colleges, by the looks of this chart.

Mr. Serge Brasslet: That means, I think, that we don't get direct money from the federal government. We don't have direct grants.

Mr. Mike Wallace: Okay. That's my question then. Do you want direct funding, or would you prefer that it still go to the provinces and that they redirect it?

Mr. Serge Brasslet: We want money whichever way it comes.

Voices: Oh, oh!

Mr. Mike Wallace: Are you confident that if we give it to the provinces it will end up in your coffers?

Mr. Serge Brasslet: If it goes to a post-secondary transfer, targeted to post-secondary education, then we're confident it will come to us.

[Translation]

Do you want to add to that?

Mr. Gaétan Boucher: Perhaps I can provide some additional information, Mr. Wallace.

In Quebec, there's an old tradition whereby money that is transferred for postsecondary education is not used to build roads or buildings; it's actually used for colleges and universities.

Our choice is that money be transferred to the Government of Quebec to be reallocated to our colleges.

•(1515)

[English]

Mr. Mike Wallace: Okay. Merci.

Do I still have some time? I hope so.

My next question is for the president of McGill. I didn't know that McGill is Canada's best-known university, but I'll take that, as written in this thing.

I had an opportunity recently to meet with some of your colleagues from York, McMaster, and Ryerson. They had a meeting with me for discussions. Their issue, at the end of the day, was obviously funding for research, but they had two other things that were of interest to me, and since you're here, I'm going to ask you. First, they were concerned about the quality of education based on overcrowded classrooms and those kinds of things. Quality was an issue. Could you comment on what McGill's feeling is on quality?

Second, they also had an issue with post-graduate work and their ability to attract, again, quality post-graduates internally, but specifically externally, such as international students who may not be able to get here because of some immigration issue, and why we care about whether they go back or not. If you could comment on that, I'd appreciate it.

Dr. Heather Munroe-Blum: Thank you.

First of all, let me say that the London *Times* supplement, which just came out, ranking universities around the world, has ranked McGill as the only Canadian university in the top 25 for many years consecutively, in fact since the ranking came out.

Second, on the quality of education, we suffer from underfunding, and I want to speak about the federal role in this regard.

One way of addressing the quality of education is through transfers. But I'd submit that the other is to pay the full cost of the research that's funded at the federal level, and that's what indirect costs are. It's a terrible name. It's opaque; it's hard to understand. What does it mean? It means that when the federal government gives a grant, they pay a full dollar for every dollar they spend. Right now, they're not doing that, and until we get to 40¢ on the dollar, we're undermining the quality of education, and we're undermining the provincial operating grant, because universities have to pay for that research somewhere, so they do it on the backs of students, whereas university research should enrich the education of students.

On post-grad and graduate students, there are discriminatory practices with respect to work permits for graduate students in the big cities in Canada. We're in a demographic deficit, not a surplus. We're trying to attract and retain people here. You could fix this and it wouldn't cost a penny, and it would mean that graduate students who come from other countries, where other countries have paid for their undergraduate education—they're not all in the developing world, far from it, and in fact the majority are not—would have a better incentive to stay here. So I think it would be a good thing to do.

We ought to also be more actively recruiting graduate students from around the world.

[*Translation*]

The Chair: Thank you very much.

Before continuing, I must ask three questions, including two in French, I hope.

[*English*]

I apologize in advance to the translators, but I will give this a try. Okay?

[*Translation*]

It's a well-known fact that the five big banks frequently use tax havens to increase their return on investment.

That's a problem, according to the Auditor General. It was also a problem for her predecessor, Denis Desautels.

Is the use of tax havens a technique adopted by the Mouvement des caisses Desjardins?

Mr. Yves Morency: We don't use that kind of tax haven. As for the banks, I can't tell you either whether they use them. Fundamentally, we must ask ourselves the question whether our tax system is competitive. If businesses, organizations—I can't name them and I can't think of any—use these dodges, perhaps we should consider the fundamental reasons why they do so.

In our case, I can guarantee you that we don't use this kind of tax haven.

[*English*]

The Chair: *Oui*. I can tell you why they resort to them; it's because the rate of tax is so low that it draws money offshore like a

magnet. That's an easy one. The question, of course, is whether we develop public policy that encourages or discourages such practices.

I continue then with

●(1520)

[*Translation*]

my second question, which concerns the Cegeps.

[*English*]

And I declare a bias as

[*Translation*]

I'm a Quebecer. My family lives north of Gatineau. I have two granddaughters at primary and secondary school. They both speak French

[*English*]

much better than their dad does.

No other province receives funding for grade 12. Am I correct in saying this, that no other province receives funding up to grade 12? Now that Ontario has eliminated grade 13, Quebec is the only province where we go to that middle level of CÉGEP. *Oui?*

[*Translation*]

Mr. Serge Brasslet: That depends on what you mean by “funding for grade 12”. The system in Quebec is different. We have six years of primary school.

The Chair: It's separate.

Mr. Serge Brasslet: Yes, it's separate. Everything's different.

We have five years of secondary school, two mandatory years of Cegep, then university. It's a completely different system, perhaps more similar to the European system, the LMD, the licence, master's and doctorate, which consists of three years of university.

The difference is that four years of university are subsidized in the rest of the country, whereas, in Quebec, we subsidize three, plus two years of Cegep, which cost roughly the equivalent of a year of university.

[*English*]

It ends up being the same amount.

[*Translation*]

The Chair: Okay.

[*English*]

So the rationale for the federal government increasing funding to CÉGEPs would be that they save on the other end, because the student has one year of additional education in advance of going to university; therefore—

Mr. Serge Brasslet: It ends up being sixteen years anyway; it's just a different system.

The Chair: Okay.

Mr. Serge Brasslet: It doesn't cost more money; it gives more accessibility.

The Chair: *A'accord.* I have to be able to defend this to my friends in Manitoba.

Mr. Serge Brasslet: Well, no problem. Call me. I'll go with you!

Voices: Oh, oh!

The Chair: I will save time and not try this in French.

I am the son of a farmer, the grandson, the great-grandson, the great-great-grandson of farmers, as are many of the members of your association. We've been in the family business a long time. It concerns me, the

[*Translation*]

intergenerational challenge in the context of the transfer of farm operation and management to the next generation. There are a lot of obstacles.

What measures do you recommend for addressing those obstacles? More specifically, you proposed in your report that the capital gains deduction be increased by \$500,000 to \$1 million. What role would the capital gains deduction play in that respect?

Mr. Denis Bilodeau: We proposed that measure in the perspective of promoting the intergenerational transfer of farm businesses. In agriculture, as a result of the money invested and income generated by that invested money, when the business has to be transferred from one generation to the next, the young farmers coming up are asked for too much money, because, in many cases, the person who is retiring has set aside little money. In other words, throughout his career, the farmer, or the producer, has saved little money. He has provided for a retirement pension, but it's often in his farm business.

What do you do when you transfer those businesses? What can the producer do when he transfers the business to his son, so that he can—and this is where the tax measure comes in—keep what retirement fund remains for him, without having to sell his farm business at a higher price to the next generation to enable him to have a good retirement?

That's where the taxation question comes into play, where the producer has to pay tax on the sale of his business, which in fact represents a slightly over-valued productive asset relative to the income it generates.

The Chair: The \$500,000 amount has been around for how long?

• (1525)

Mr. Denis Bilodeau: Since the measure was put in place, it hasn't been increased, and the value of farm businesses today is in the order of \$1 million.

The Chair: Nineteen hundred...

Mr. Denis Bilodeau: It's from \$900,000 to \$1 million.

The Chair: and seventy-nine...

Mr. Denis Bilodeau: ...in order to manage to have an income. There's no adjustment for the increase in property values.

The Chair: Okay.

[*English*]

I declared my bias, so I can tell you now I think that's a great idea.

We move on to Monsieur Pacetti.

[*Translation*]

You have five minutes, sir.

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

Thanks to all of you for coming. This is interesting. We've been hearing testimony for a number of days now. We've been travelling for three days. Two weeks ago, we were in Western Canada. So we've received a lot of briefs and heard a lot of presentations. It's always interesting to be in a different place.

Mr. Boucher, I believe the Chair has already asked you what the difference is between a Cegep and a college.

In the past—correct me if I'm wrong—the Canadian government has never allocated any funding to the Cegeps. It only grants financial assistance for postsecondary education, and the Cegeps have never been affected because of that. Am I mistaken?

Mr. Gaétan Boucher: In the document to which your colleague referred, it is stated that the Quebec colleges do not receive federal funding, unlike the universities, which receive funding through the funding research councils. That's what we meant, simply.

Of course, we receive money from the federal government through transfers, through the Consolidated Fund, but, in the table, we wanted to illustrate the fact that, unlike the universities, the colleges are barely starting to develop their research mission. So, ultimately, we do not receive any federal funding from the funding councils, whether it be the Natural Sciences and Engineering Research Council or the Humanities and Social Sciences Research Council or what have you, hence the zero shown in the table.

Mr. Massimo Pacetti: Even if we transfer more money to postsecondary education, the situation won't change. In the briefs that we've received, representatives of the colleges asked us to set aside a little money for research, innovation and training. I don't think that's going to help you.

If we increase the amount for postsecondary education—you've asked that that be unconditional—that won't guarantee that the Cegeps receive more money.

Mr. Gaétan Boucher: That's somewhat what I was saying earlier, that is to say that, unlike what's going on elsewhere in the country, the Government of Quebec, historically, has always allocated the federal transfers to funding for colleges and universities. That money has never been diverted to build roads or other things.

Mr. Massimo Pacetti: That's the problem. When we make transfers for social programs, we don't even know what amounts will be allocated to the social programs and to postsecondary education. So even if you ask for the amounts to be increased, we don't really know where the money goes.

First, the two amounts should be separated, and then you should request an increase. We're not saying that the provincial governments don't invest in postsecondary education. The problem is that we don't know whether the provinces are going to keep their commitments and contribute to them to the same degree.

Mr. Serge Brasslet: So we at the Association of Canadian Community Colleges are proposing that a postsecondary education transfer fund be established that is targeted for postsecondary education and handed over to the provinces.

Right now, we receive a portion of the money because, traditionally, the...

Mr. Massimo Pacetti: The recommendations should be clear. In some cases, if it's unconditional, it seems to protect or not to protect. I think that ultimately it's not clear, that it's not transparent. I think that we expect of a number of groups that it be transparent, that the amounts be targeted for...

Mr. Serge Brassat: The difficulties we encounter don't stem from the fact that we're not receiving our share of the money; they stem from the fact that there were cuts in 1992, 1993 and 1994. That's the difference.

Mr. Massimo Pacetti: Okay. I'm getting it. Perhaps I'll put my question to Ms. Munroe-Blum.

[English]

We were in Portage la Prairie, and it was the University of... I don't think he's the principal, Lloyd Axworthy, but he was the one who made the presentation.

• (1530)

Hon. John McCallum: He's the president of the University of Winnipeg.

Mr. Massimo Pacetti: He was there originally when the negotiations were going on. Apparently, from what he told us, when the amounts were reduced—if you want to call it that—for post-secondary, the federal government didn't really reduce the amounts; they put them into these research councils and the foundations, because the university requested direct money. If you put all the totals together, if you add all the amounts together in post-secondary, you'll see there hasn't been a decrease; there's actually been an increase. That's because the universities had requested money directly.

Are you aware of that?

[Translation]

The Chair: That was a good presentation, sir.

The next speaker will be Mr. Del Mastro. You have five minutes, sir.

[English]

Mr. Dean Del Mastro: Thank you.

I'm going to apologize up front, because five minutes isn't going to be enough time for me to get all my questions in, because I do have some for all of you.

I want to begin with Mr. Morency. The government, in Budget 2006, clearly outlined a timeframe for the reduction of corporate taxes and the elimination of corporate surtaxes. We've reduced personal income taxes for families, we've reduced the GST, and we've indicated that we are looking to further reduce taxes to create more incentive in the economy.

Are we moving in the right direction towards improving productivity in Canada?

[Translation]

Mr. Yves Morency: The message we want to send is that you should continue in this direction. That will improve productivity,

which will enhance the wealth of businesses, individuals and the government, because tax revenues will increase. So we encourage you to continue along this path. You mustn't stop; you must go even further in order to achieve the competitiveness levels of our main neighbours, with which a fairly large policy gap is developing.

[English]

Mr. Dean Del Mastro: Your submission speaks also of the fiscal imbalance. You say,

To resolve this imbalance, we feel that it is essential that the Federal Government restrict its budget spending to its own fields of jurisdiction. The Federal Government must absolutely avoid draining its budget surpluses by increasing spending in every which way.

I agree with you 100%.

The Government of Canada recently announced some spending restraints that we are putting in place, on top of a significant paydown on the debt, which will save \$660 million in interest payments per year.

What was Desjardins' position on the announcements for spending restraints that the government made—over \$1 billion in savings—a couple of weeks ago?

[Translation]

Mr. Yves Morency: We said in our brief that we should be taking a critical look at all expenditures and questioning whether they will really be allocated to public goods and services.

In past years, we have defended a concept of subsidiarity, that is to say that the government in the best position to provide a service should provide it.

From an historical point of view, in my opinion, the Fathers of Confederation were wise enough when they determined what should be federal jurisdictions and what should be provincial jurisdictions. I think it's important to consider the situation from that standpoint.

[English]

Mr. Dean Del Mastro: Thank you.

I'm going to make a statement because I don't have time to ask you a question, because I need to get to another one. I agree with you 100% that a dedicated transfer would be a good way of getting money to post-secondary education in all of the provinces and a good way of dealing with the fiscal imbalance. You don't have to work too hard on us. We keep our promises. I think you'll see an announcement forthcoming on that front.

With respect to agriculture, I agree with you with respect to the CAIS program. It's a bad program. It doesn't work for agriculture.

I'm passionate about the NISA program. I think it worked. I think we bailed out on it a couple of years before it would really have worked for Canadian farmers, through the BSE crisis, and so on.

Maybe you could just make a comment in that regard.

[Translation]

Mr. Denis Bilodeau: One need only look at the latest statistics on federal intervention in recent years. Previously, 40% of comprehensive interventions in respect of farm businesses in Quebec came from the federal government, and approximately 20% from the provincial government.

Today, it's the reverse. The most obvious situation in this regard involves the latest measures announced concerning the comprehensive action by the department, which are in the order of \$2.2 billion. That's a large amount of money. That provides cash inflows equivalent to approximately 6.8% in Quebec, whereas our representative agricultural production, relative to Canada as a whole, should be in the order of 16 to 17%.

So there's a shortfall relative to that. We're talking about an amount of approximately \$150 million, whereas the grain industry is experiencing a crisis right now.

•(1535)

[English]

Mr. Dean Del Mastro: I mean as it specifically pertains to CAIS, though.

[Translation]

The Chair: Pardon me for interrupting you, sir, but your time is up.

[English]

Mr. Dean Del Mastro: And here I was, going so fast.

[Translation]

The Chair: The next speaker will be Mr. McCallum.

You have five minutes, sir.

[English]

Hon. John McCallum: Thank you.

Perhaps I'll give the principal 45 seconds of my time to answer my colleague's question on the matter.

Dr. Heather Munroe-Blum: I believe he's incorrect.

Hon. John McCallum: Okay.

[Translation]

Mr. Boucher, your message was extremely strong and clear: the time has come to deliver the goods. I'm not here to defend the government.

However, this morning we heard a discussion about how the federal government could reduce Canadians' taxes, the GST or income taxes. In addition, the government could tell the provinces that it has created the room so that they can occupy it by increasing their taxes, if they wish. As a result, and since the federal government has cut its taxes, we could conclude that that's one way of correcting the fiscal imbalance, at least in part. However, that causes a problem: the government promised during the election campaign that it would cut taxes and the GST for citizens, not for the provincial governments.

From your viewpoint, would such an action be a good one in reducing the fiscal imbalance, or not?

Mr. Gaétan Boucher: I don't think so. When a party or someone who aspires to govern this country makes a commitment in writing, on January 12, 2006, in a letter sent to the President of the council of the Fédération des cégeps, to create a Canada education and training transfer, he has a duty to meet that commitment. From my standpoint, the solution you're suggesting would mean that the commitment the Conservative Party made during the election campaign would not be kept.

However, I entirely share your colleague's view. For the future, we must aim for a Canada education and training transfer that is clear, transparent and that enables us to monitor changes in funding and to ensure that that funding is indeed paid to our colleagues and to our universities.

[English]

Hon. John McCallum: Merci.

And to Ms. Munroe-Blum.... Sometimes it's good to be simple.

Is it possible for you to tell us if you had one top priority, what would that be, and why? And if it were adopted for all the universities, about how much would it cost?

Dr. Heather Munroe-Blum: That's good on the end point. For me it would be getting up to the full 40¢ per dollar on indirect costs because it affects fundamentally the quality of teaching and our capacity to be competitive on talent and research. That would be the number one priority, if I had to choose.

I need to get back to you on what the total costs would be today because they're different from what they were two years ago. Let me do that.

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

[Translation]

The Chair: Thank you very much, sir.

We'll continue with Ms. Ablonczy.

[English]

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

[Translation]

I apologize, I only speak a little French.

[English]

Madame Brouillé, is this the first time you've made a presentation before the finance committee?

[Translation]

Mrs. Colette Brouillé: Yes.

[English]

Ms. Diane Ablonczy: This is your first presentation. It was very good and we really appreciate that.

[Translation]

Mrs. Colette Brouillé: Thank you.

[English]

Ms. Diane Ablonczy: I understand the arts community has been asking for increased funding for some time. Is that correct? Do you know about that?

• (1540)

[Translation]

Mrs. Colette Brouillé: Absolutely.

I know that submissions have been made by, among others, the Canada Council for the Arts. The voice of artists is often widely heard because they have the support of the media. The voice of people who work in the background—as we do, in presentation—often doesn't reach as far.

We emphasize that presentation programs should be maintained, but we would obviously like budgets to be indexed in accordance with needs.

[English]

Ms. Diane Ablonczy: So you must have been pleased to see the 50% increase in funding for the Canada Council, an extra \$50 million. Was that something the arts community was happy about?

[Translation]

Mrs. Colette Brouillé: I won't answer on behalf of the artistic community. Unfortunately, I don't represent creators. We therefore aren't directly supported by the Canada Council for the Arts.

[English]

Ms. Diane Ablonczy: Okay.

[Translation]

Mrs. Colette Brouillé: We come under the Department of Canadian Heritage.

[English]

Ms. Diane Ablonczy: So your funding would be separate. It wasn't quite clear to me.

[Translation]

Mrs. Colette Brouillé: There are two ways of doing things. Sometimes funding can come from the Canada Council. However, in multidisciplinary presentation, which includes our network of presenters, which includes all artistic disciplines—because there are specialized presenters who deal with specific disciplines—our federal funding essentially comes from the Department of Canadian Heritage.

[English]

Ms. Diane Ablonczy: That's right.

I understand that the federal government funds the arts to the tune of about \$2.3 billion overall. You receive a portion of that funding, I assume?

[Translation]

Mrs. Colette Brouillé: The funding that we receive directly from Canadian Heritage, in this case, is in the order of approximately \$3 million for presentation programming support. For presentation as a whole, that corresponds to approximately \$7 million, if you include the major presentations and events. In addition, the funding is intended for both programming support and public development and networking. So there are other programs that support these parts of things.

There are also programs that support training and skills development. In the case of Tomorrow Starts Today, there's one

program that also supports infrastructures and infrastructure improvement.

[English]

Ms. Diane Ablonczy: Thank you. I appreciate that.

I just wanted to let Mr. Morency know that a presentation has been made to the finance minister with respect to this idea of a 16% credit for people who invest in regional development, and he found that very interesting.

If that went ahead, how would it benefit the region? I just need a little bit more information about that.

[Translation]

Mr. Yves Morency: Two sectors are affected by this measure. First, there are the businesses in the regions far away from the major centres. It has been proven that businesses in those regions do not receive venture capital commensurate with their population. So this represents an investment in regional businesses.

Second, the cooperative sector is very much involved in all this. This cooperative sector, in both Quebec and the rest of the country, is very much concerned by this measure and pleased that venture capital investments are set aside for it.

That will help to improve efficiency and productivity, to maintain the businesses in the regions and to develop them, as well as to create jobs and wealth. So this provides future prospects for young people in those communities.

This is a form of support that accompanies what we were telling you about the measures promoting growth and productivity improvement.

[English]

The Chair: Merci beaucoup, monsieur.

There's time for two very, very short rounds, from one short and one not so short member of the committee.

An hon. member: Oh, oh!

The Chair: Monsieur Pacetti.

Mr. Massimo Pacetti: Well, it depends on whom we're comparing each other with.

Ms. Blum, I'm also an alma mater of McGill, as you know, which I have to put on the record. It's a great institution.

I was not asking about whether I was wrong or not, because I was there when Mr. Axworthy spoke, but about whether you were aware if the amounts were the same. That's all I was asking. Was it a yes or a no?

• (1545)

Dr. Heather Munroe-Blum: I believe that if you count the shortfall that happened in the mid nineties, the federal government has not invested at that level. That's my understanding.

Mr. Massimo Pacetti: Well, it's because they threw all kinds of money into the millennium fund. They threw in almost \$1 billion—

Dr. Heather Munroe-Blum: No, no, I'm saying I understand your question.

Mr. Massimo Pacetti: Yes, there was a whole package, and I think if you looked at the whole package—

Dr. Heather Munroe-Blum: I understand Mr. Axworthy's assertion, and there's no question that the federal government came to the fore towards the end of the nineties and made a major investment, but if you look at the total investment that's gone into universities over that period of time, I do believe it isn't what it would have been had we—

Mr. Massimo Pacetti: Okay. I want to talk—

Dr. Heather Munroe-Blum: That being said, it's been transformative.

Mr. Massimo Pacetti: Fine.

Something that's interesting me, and it works both from the educational side and the industry side, is the commercialization, which you spoke about quite eloquently. You were saying that McGill has the majority of the patents out there.

What happens? Do you make any money with them?

Dr. Heather Munroe-Blum: We have the most American patents of any institution in Canada. We make modest money from this, and I'd say even if you look at—I'd like to say “the system” of—universities and colleges, there's a big advance in commercialization. But it is not a silver bullet economically, and it isn't in any economy.

Mr. Massimo Pacetti: We have two universities that have spoken about it, and there is a task force. They made some recommendations, but they didn't really include the universities.

Why are you only making modest sums? If there's money to be made, why can't a university make money? I understand it's not your field, but in partnerships with industry—

Dr. Heather Munroe-Blum: I served eight and a half years as a vice-president for research at another great Canadian university, and I know a lot about it. I'd just say that even when there is a big commercial breakthrough, it's rare, and you can't drive an economy on it.

I think our greatest transfer is the quality of our graduates, who learn in a research-intensive environment and take their ability to work with technology, to use new knowledge, and to create it out into whatever field they work in subsequently. That's the greatest form of dissemination.

That being said, we should optimize dissemination into the commercial realm wherever we can, and we have further to go than what we're doing currently.

[Translation]

The Chair: Thank you very much, madam.

The last speaker will be Mr. Mike Wallace.

[English]

I'm sure it's a thrill for all of us.

Mr. Mike Wallace: Thank you, Mr. Chairman, and now that I know where those two guys graduated, I'm going to talk my daughter out of going to McGill.

Voices: Oh, oh!

Mr. Mike Wallace: I'm just kidding. I'll talk to you about it after.

I have a question for Madame Brouillé. There are two things.

I want to completely understand. You represent...

I'm sorry, I only speak English at this point.

Mr. Massimo Pacetti: As opposed to before?

Dr. Heather Munroe-Blum: Come to McGill.

Mr. Mike Wallace: You represent actors, performing artists—

The Chair: Excuse me, Monsieur Wallace. I should explain to the panel that we have been doing this for five weeks, so if you think it's a little less formal than you had anticipated, this is part of the reason.

Continue, Mr. Wallace.

Mr. Mike Wallace: Is it as performing artists that you represent? That's what I want to know.

[Translation]

Mrs. Colette Brouillé: No. I represent those who present the artists to the public, in other words the performance presenters, the people who buy a show, market it and provide the organization so that there are people in the room to see the creations. They're what are called

[English]

the “presenters”, *en anglais*.

Mr. Mike Wallace: Okay, thank you.

So the people you represent are trying to make a profit on the cultural aspects of what they're presenting. Is that correct? Is it for-profit businesses that...?

[Translation]

Mrs. Colette Brouillé: No. Most of the presenter organizations are non-profit organizations. Some are part of municipal structures. Most of the members of my network are non-profit organizations.

[English]

Mr. Mike Wallace: Maybe I misunderstood when you answered a question from a previous questioner. Can none of those organizations attract Canada Council of the Arts grants? They cannot get them?

[Translation]

Mrs. Colette Brouillé: No, because the Canada Council subsidizes creation; it directly subsidizes the artists and the creation of works. It's somewhat the same thing in Quebec. The artists are subsidized by the Conseil des arts et des lettres du Québec, whereas the presenters are directly subsidized by the Ministry of Culture. The jurisdictions are different, and the funding sources are different. Some Canada Council programs can sometimes provide indirect assistance to, for example, home bases for shows that will be produced by multidisciplinary presenters. In general, the funding that supports programming on the premises of multidisciplinary presenters comes from the programs of the Department of Canadian Heritage.

● (1550)

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

I want to thank you all for your presentations. I hope your experience this afternoon was more pleasant than a trip to the dentist. The committee is very grateful to you for being here, for the time you have devoted to us and for the work you have done in anticipation of this meeting. Thank you very much.

The meeting is adjourned.

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