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—
Chair

Mr. James Rajotte

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• (1530)

[English]

The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)): Ladies and gentlemen, I'll call the meeting to order.

This is the 27th meeting of the Standing Committee on Industry, Science and Technology. We are discussing the estimates today. We are televised as well.

Pursuant to the order of reference of Tuesday, April 25, 2006, we are discussing the main estimates for 2006 and 2007. We are discussing the votes. I won't read all the votes, but these are the votes under Industry Canada.

We have with us three special guests.

We have the Minister of Industry, the Honourable Maxime Bernier. Welcome, Minister.

We have the deputy minister for the Department of Industry, Richard Dicerni. Welcome, sir.

We also have with us the senior associate deputy minister, Carole Swan. Welcome, Carole.

Minister, we will have an opening statement from you of up to ten minutes. Then we will proceed directly to questions from members of the committee.

You may begin at any time, Minister. Welcome. We look forward to your opening remarks.

[Translation]

Hon. Maxime Bernier (Minister of Industry): Good afternoon and thank you, Mr. Chair. I want to thank the committee for having me.

First of all, I'd like to introduce the people with me. They are Richard Dicerni, Deputy Minister at Industry Canada; Carole Swan, Senior Associate Deputy Minister at Industry Canada; and Kevin Lindsay, Chief Financial Officer. As you can see, my team is highly qualified.

I'll be pleased to answer all your questions, but first, I'm going to take the time allotted to me to tell you a little about the direction Industry Canada has taken in the past few months. Being five months since my last presentation to the committee, I would like to take a few moments to do a bit of a review.

As you know, Industry Canada's mandate is to expand and encourage the growth of the Canadian economy. We think it is necessary to continue modernizing and improving Canada's market

place frameworks in order to ensure stability, fair conduct and competition for businesses, consumers and all Canadians.

We want to encourage investment in innovation. By creating a positive business climate through the measures in Budget 2006, we see greater access to capital, thriving entrepreneurship and efficient and productive allocation of resources. Canada's new government is working to reduce barriers to entry to Canadian markets, as well as to reinforce business confidence and consumer trust in their economy.

Since I last appeared before the committee, I have had the opportunity to meet my provincial counterparts in Halifax, in September. As a result of that meeting, I firmly believe that the governments — the provincial and territorial governments, as well as the federal government — will be able to work together to make progress on the issue of interprovincial trade. At that meeting, we issued a press release in which we stated our will to see that, by 2009, there is real freedom of movement of individuals across the country.

We firmly believe in internal trade, and we believe that the more we lower barriers to internal trade, the more Canadian businesses will be able to establish themselves in global markets and achieve economies of scale.

Canada's new government is aware that foreign investment plays an important role in the Canadian economy. Foreign investors bring knowledge, capabilities and technology that can help increase the productivity, efficiency and competitiveness of Canadian firms.

As you know, the international competition for foreign investment is intense. Canada must create and maintain a positive environment that signals to the rest of the world that this is a great place to do business and that our country is open to international trade.

Your manufacturing study identifies certain challenges. I had the opportunity to read your preliminary report, and I see you've clearly defined a number of indicators that the manufacturing sector has a challenge to take up with regard to competition, that is the rising Canadian dollar — some say we should call it the weakness of the U. S. dollar — increased energy costs and emerging competition from the Asian countries. All Canadians, together, must find creative solutions to attract foreign investment and achieve the goals we have set for ourselves, which are a more productive and more open economy.

These issues that you have clearly defined are a reality for most industrial sectors. You have had occasion to meet the stakeholders of various industries, who have come to tell you all about their challenges.

•(1535)

It will be a pleasure for me to read your final report in the coming weeks and to forge a consensus with you on an action plan for the manufacturing sector.

Let's talk about our Canadian manufacturing sector for a few minutes, more specifically the aerospace and defence industry. I'll also talk about other industries a little later. The Canadian aerospace industry is a world leader that enables us to have fair business opportunities. It supplies products, services and components of a very high technological level.

I met with Canadian companies while at the Farnborough International Air Show this summer and again at the national association meeting this fall. I understand the dynamics of the aerospace industry in which they operate. We can only be proud of the way this industry meets the challenges it faces. Our government is still committed to supporting the aerospace and defence sectors so that they continue to be highly dynamic.

Canada's automotive sector has been called the industrial backbone of our nation. I recently had the opportunity to meet with the Canadian Automotive Partnership Council. I had occasion to meet the industry people in Toronto and to visit businesses in the automotive sector. I was very pleased to see how the groups and people cooperate on a number of common issues. My department and I are going to continue meeting with these people and attending their forums so that we can develop a highly competitive automotive sector.

Our government knows that some of our sectors, such as manufacturing, have major problems. The clothing, textile and wood products sectors have been particularly hard-hit. I'm very pleased that this committee is focusing on solutions in detail. I look forward to reviewing your report's findings for ensuring that those industries remain competitive. As you know, there have been job losses in the manufacturing sector, but it must be emphasized that those losses have been more than offset by the strong job gains in other areas. So far this year, 210,000 new jobs have been created in Canada.

•(1540)

[English]

Hon. Jim Karygiannis (Scarborough—Agincourt, Lib.): On a point of order, Mr. Chair.

The Chair: Yes, Mr. Karygiannis.

Hon. Jim Karygiannis: The minister is reading from a text. It is customary that we should be given a copy. Is there a possibility that the minister could stop his speech until we get a copy of the speech? I'm sure the minister and his staff certainly could have photocopied extra copies, rather than just the one that is with the translator. Until that's done.... I'd like to see copies, both in French and English.

The Chair: Do we have a copy of the speech in French and English?

Do you want the minister to hold off until we have the two sets of copies?

Hon. Jim Karygiannis: I'd like to see it in French and English. The last I checked, this was a bilingual country. Tradition is that when a minister delivers a speech—

The Chair: We don't have a speech in either language.

Hon. Jim Karygiannis: Are we following blind? It is customary when the minister goes in front of a committee that a copy of the text is given to the committee members so that they can follow along in both official languages. If that's not the case, I don't think the minister is fully prepared.

The Chair: Mr. Karygiannis, I would just remind you that I was a member of a committee, on the opposition side, in which ministers of industry rarely had copies. In fact, Alan Rock never had prepared text when he appeared before a committee.

Do you want the committee to stop and hold off until we have—

Hon. Jim Karygiannis: I'd like to have a copy of the minister's speech in both French and English. I'm sure the minister will probably disseminate this after he delivers it. I don't see what the problem is with our having a copy. I'm sure his staff can certainly send somebody over before he continues, but we should have copies of it.

The Chair: Mr. Carrie.

Mr. Colin Carrie (Oshawa, CPC): I'd like to offer that we will be able to make copies available by the end of the meeting, if the member would so like.

The Chair: Have any other members a comment?

We can follow what the minister is saying. There is translation provided. I would prefer to go ahead with the speech and go ahead with the questions at the end of the speech.

Is there any other objection?

Okay, Minister, please proceed.

[Translation]

Hon. Maxime Bernier: So far this year, 210,000 new jobs have been created in Canada. The unemployment rate is close to its 30-year low. The government will continue to ensure that the manufacturing sector remains an asset to our economy.

I'd like to talk about the tourism industry. That industry is facing a new challenge, the U.S. government's Western Hemisphere Travel Initiative. I plan to meet soon with provincial and territorial tourism ministers to examine how we can work more closely and cooperatively with each other, and with the industry, to support competitiveness in our country's tourism industry. I'm also working with my Cabinet colleagues, in cooperation with the U.S. government, to help reach our shared goal of keeping the border open to legitimate trade and travel, but closed to terrorists, criminals and other threats to our national security.

We need to ensure that our legislation works well within current economic realities. We must pay attention to our continued success in the area of research and development. Budget 2006 included a commitment of \$200 million over two years to support the federal granting councils: the Canada Foundation for Innovation, Canadian Institutes of Health Research and the Indirect Costs of Research Program. In the last budget 2006, we also announced a science and technology review. I have started that review in cooperation with Finance Minister Jim Flaherty.

Our ultimate objective is to enhance Canada's prosperity and competitiveness through science and technology. We must also reduce red tape that our businesses must deal with in order to meet government requirements. We must make life easier for Canadian business people, and I hope that your final report contains recommendations on reducing the regulatory burden.

As you know, one of the projects my office has worked on is telecommunications reform. The telecommunications sector in Canada and throughout the world is evolving on a daily basis. Given its critical importance to Canada's economy and future well-being, we need a regulatory framework that can adapt to these rapid changes in technology. The recent findings of the report by the panel that studied the telecommunications regulatory framework, a report that we received last March, confirms that our regulatory model is vastly outdated. The expert panel made 127 recommendations to update our regulatory system, and I am trying to address these.

As you know, on June 13, I put forward a proposed policy direction that instructs the CRTC to rely on market forces to the greatest extent possible and to regulate only where necessary. Our government had ordered the CRTC to reconsider its decision on Voice Over Internet Protocol, as we feel this decision was based on dated thinking and did not reflect the current environment. We are now looking at this decision again, as the CRTC reconfirmed its original decision.

Our goal is to bring the telecom industry into the twenty-first century. Canada needs telecommunications policies that reflect current technologies and anticipate future changes. Our election platform, the last federal budget and the Speech from the Throne, reflect one of the major priorities of our government, which is to further enhance our economy through policies that encourage free competition.

One of our strategies is to boost the economy. We've done that by making 29 tax cuts for businesses and individuals. Those cuts will amount to \$20 billion over the next two years. We are also bringing federal spending increases under control through much tighter discipline and focus on expenditures. This focus on fiscal restraint is shared across all departments and agencies of the government, including my department, Industry.

Earlier this year, our government announced the results of our expenditure review exercise. We have identified considerable savings, and spending, according to our government, will always have to be determined in accordance with efficiency codes. Our government will make responsible spending the norm.

● (1545)

We will require that all new and existing programs go through a systematic and rigorous examination. This will ensure that we approve funds that are actually needed for Canadian priorities in an effective way and one that provides value for money. At Industry Canada, some of our programs were affected. I can talk about the textile industry, where we reduced CANtex funding by a total of \$24.9 million a year over the next two years. Why? Because the rate of take-up by the industry in past years has been less than anticipated. The program was thus able to achieve its objectives with an overall envelope reduction of \$24.9 million.

Turning to tourism, the government invests more than \$300 million annually in tourism-related activities. This includes operating funding for the Canadian Tourism Commission, investments in national parks, historic sites and museums, and business development through regional development agencies. The Canadian Tourism Commission returned \$5.7 million to the government's Consolidated Revenue Fund. These funds were originally allocated for the CTC move from Ottawa to Vancouver and were not used. The move came in under budget. And, despite efforts to promote the GST visitor rebate program since it was introduced in 1991, less than three percent of the 35 million annual visitors to Canada actually apply for the rebate. We therefore eliminated the program. The reduction of the GST rate to six percent will make Canada more affordable for Canadians and for visitors to Canada.

Finally, funding for Technology Partnerships Canada is being reduced by \$42.2 million over two years. There will be no impact on existing projects or those in the pipeline. These measures are part of this government's commitment to Canadians to make sure its spending gives taxpayers the best value for their money.

In closing, we are aiming to create the right conditions for economic development in Canada. We need to continue to foster an environment where the market place functions as efficiently as possible. We need to encourage investment in Canada, in innovation, and in research and development. We need to reduce the paper burden Canadian businesses face. And we need to be constantly looking at initiatives that will foster a more productive economy.

I would like to close by thanking the committee once again for inviting me. I'm prepared to answer your questions and to listen to your comments. Thank you.

● (1550)

[English]

The Chair: Thank you very much, Minister.

Just to inform you, we will have one round of four questioners of six minutes each and then we will likely have two more rounds of questioners of five minutes each. We should be able to get all our members in today. I just ask members to keep to time, and I will obviously try to allow as much time for the minister to answer as the questioner hasn't used up.

We will start with Ms. Kadis, for six minutes, please.

Mrs. Susan Kadis (Thornhill, Lib.): Thank you, Mr. Chair, and welcome, everyone.

Minister, your government seems to me to have been in a holding pattern to date. You said repeatedly yourself that your government was being too slow with the commercialization of research and technology. Yet one of the first things that was done in the budget was to cut the commercialization pilot program. Can you explain this disconnect with the seeming contradiction? And could you further provide the committee with details of these cuts?

If I may add, along these lines, I'm deeply concerned that you're moving away from federal government funding for research and wish to encourage only through industry's investment and tax credits exclusively. Are you planning to get out of the business of government investing in research and working collaboratively with business? Other countries are not. They're going the other way, doubling their investment.

Hon. Maxime Bernier: Thank you for your question. I will be precise in telling you that it was a pilot program, as you said. We didn't develop and we didn't have terms and conditions of this program that were in line with industry. So we didn't use this money, and we decided to cut this by half to be sure that the other half would be useful. It was a pilot project, but—

[Translation]

ultimately, this project did not meet the terms and conditions. It also didn't meet the industry's expectations.

I'd like to turn the floor over to my deputy minister, Mr. Dicerni, who can provide you with a few more details on the project.

[English]

Mr. Richard Dicerni (Deputy Minister, Department of Industry): I think it's important to look at that particular project in the context of other departmental initiatives in support of commercialization and knowledge transfer.

For example, we are working with the National Research Council, which has its IRAP program that is very much focused on this. We're also in close contact in terms of universities, which have increasingly raised the number of VPs of technology transfer. We've met with a number of universities to pursue those particular initiatives. Third, NSERC has an industrial partnership program aimed very much at emphasizing innovation and commercialization knowledge transfer.

The particular program you're referring to was indeed in the budget, but the specific criteria, the specific terms and conditions associated with this, were not fleshed out. So it was in the context of not simply throwing money out without being able to situate it within the context.

Mrs. Susan Kadis: Sure, and I appreciate that response, but I'm concerned in a more global way. I see a pattern in the other direction, of other countries—the United States and Australia, etc., and much more India and China—doubling their investment and research, the governments themselves. Again, I'm very supportive of industries and of the partnership and synergy we're trying to encourage in some of the projects we did. MaRS, which I know you support, is a prime example.

I want to know, and I'd really like to hear today, if you are moving away from that, the government subsidies and response, because that seems to be what I see happening since your government has come into office. It's a big concern regarding the goals that I believe we all have.

• (1555)

[Translation]

Hon. Maxime Bernier: No, absolutely not. That's why, in the last budget, my colleague Jim Flaherty, together with the Cabinet, stated that we were going to review the situation regarding science and technology and research and development in Canada.

I conducted consultations over the summer with various groups, including groups of academics. I went to Vancouver, Halifax, Montreal, Toronto and Edmonton to meet with academics concerning basic research and to meet business people who want support for marketing and research and development. A number of suggestions and ideas emerged from those consultations.

As we said, in the coming weeks, we'll again be requesting Canadians' cooperation and ideas on the priorities that this government should target with regard to research and development. Furthermore, in the coming weeks, we'll be asking the industry to provide us with comments. So that reflects the fact that this is important for us.

When I went to London, to Farnborough, I met with people in the aeronautics industry, but I also met with people from the London government to discuss their policies on science and technology and R&D. So we have reports that won't just be Canadian, but also reports from other countries. In addition, in the coming months, we'll be developing a strategy on science and technology. We'll be asking Canadians and experts to help us. All this committee's suggestions will therefore be welcome for the purposes of our process of reflection.

[English]

Mrs. Susan Kadis: Do you have a timeline for when we could expect that national strategy?

Hon. Maxime Bernier: In the next economic update, which my colleague Jim Flaherty will do a couple of weeks from now, we will have objectives for science and technology. The consultation will be official, with all the public. As well, we'll know more after that about the budgetary cycle.

[Translation]

Le président: Thank you, Mr. Bernier.

Mr. Crête.

Mr. Paul Crête (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, BQ): Thank you, Mr. Chair. Thank you, minister.

I'm going to go straight to the heart of the matter. On June 6, you told us about the Technology Partnership Program, saying that it was under observation. Today, you tell us that the projects that were already under way will continue, but there are businesses waiting for decisions.

You mentioned aeronautics. For example, Bombardier's CRJ900X is a project that has been under review, I believe, since the last government, and there's still no answer. The Premier Tech Centre in Rivière-du-Loup had a request that was awaiting a decision before the election was called last fall.

Can you assure us that this program and these projects, for example, will move forward in the short term? This is one of the major tools our businesses have in dealing with the crisis in the manufacturing sector.

Hon. Maxime Bernier: Thank you for your question, Mr. Crête.

Since I was sworn in as minister, I have become acquainted with the program and the criticisms made against it. Some concern accountability, transparency and the repayment of funds that had been granted to certain businesses. We made a number of reports public, including the external audit reports. For the first time, we've posted fund repayments on our Web site. We have ensured that the accountability and transparency that characterize our government also apply to Industry Canada. I'm very proud of that. Furthermore, over the summer, we drafted a new contract that businesses receiving government funding will have to comply with. This is resulting in more transparency and accountability.

The general public will even be able to judge the effectiveness of what the government invests in this program. I've told industry people on a number of occasions at meetings that we were evaluating this program and its relevance. Why? Because the terms developed by the former government terminate on December 31. The industry people asked me the same question as you, whether there would be a new program. This is an important industry. These people were asking and are still asking for a program. They noted the fact that all OECD countries with a developed aeronautics industry subsidize it, whether it's through military procurement policies or industrial policies. They manage to ensure that their programs comply with World Trade Organization rules.

We've announced projects, among others the implementation of an Alcan project last spring. Industry Canada is reviewing other projects. I'm also going to discuss action that should be taken on this program with my colleagues.

• (1600)

Mr. Paul Crête: But you have clients. We're talking about one client whose project was accepted twice and that produced royalties. So we can use this as an example. He's waiting for a decision. Can we be sure that there will be confirmation before the end of the evaluation and the start of the next stage, that is the new program? These are requests that have been on the minister's desk, that is on yours, since last January. Nothing's moved forward for months now.

Hon. Maxime Bernier: I don't want to discuss the projects, since they're currently under review at Industry Canada. Once the process is completed and the recommendations for the minister are ready, I'll be able to answer your question.

If you're telling me that these are projects that have often been approved, I'm going to monitor the matter closely. Perhaps we could discuss this matter again over the next few days.

Mr. Paul Crête: Furthermore, you told the CRTC that you expected the committee to conduct a study until March 1. In accordance with your instructions, the committee passed a motion on telecommunications.

I'd like to know whether you intend to comply with the wish expressed by the committee that a study be conducted and reported to you before the directions take final form. I think that has to take the form of a government order.

Hon. Maxime Bernier: On that subject, I'd like to point out that the direction that the CRTC rely more on market forces and regulate only where necessary is one of the main recommendations by the expert panel that travelled across Canada for a year. We received the panel's report last March. It contained 127 recommendations. Those people travelled across the country, held public hearings and obtained the comments of international experts. Their report was roundly applauded. It's very well done.

We're trying to take action on that report, and one of the first measures was to issue that direction. It was analyzed by this committee. You even heard witnesses on the subject.

Mr. Paul Crête: We came to the conclusion that it should be studied in greater depth.

Hon. Maxime Bernier: You concluded that, in order to be able to continue your work, you would have to hear more witnesses. What I want to tell you is that the CRTC's regulatory framework is what it has been for a number of years, that the time for studies may be over and that we should take action.

Having said that, I haven't yet read your proceedings. I'm going to review them and ensure that I can respond to your concerns in the near future.

[*English*]

The Chair: We'll go to Mr. Carrie now for six minutes.

Mr. Colin Carrie: Thank you very much, Mr. Chair.

I'd like to thank the minister for being here today.

As you know, Minister, I come from Oshawa. We've had some talks over the last few months, and you understand my passion for the auto industry. Oshawa, like a lot of communities in Ontario, really depends on the auto industry and the spinoff jobs for their healthy communities. I know you've been meeting with different people involved in the auto industry. I wonder if you could tell the committee what you have found, as far as challenges facing the automotive sector right now, and also elaborate on some of the success stories we've had. I know we've had a great success story in Oshawa. Perhaps you could elaborate on those, please.

[*Translation*]

Hon. Maxime Bernier: Thank you very much.

Indeed, I didn't know much about the automotive industry before I became Industry minister. You are a member who has emerged from that industry. Consequently, you're an expert. I followed your advice and went on site. I met Buzz Hargrove, the people from Linamar Corporation, including Linda Hasenfratz, the people from General Motors, Toyota and Chrysler on a number of occasions. They told me about the automotive industry's concerns and those of the other manufacturing sectors. It's very simple: they want to maintain their competitiveness. Increased energy costs are a major factor for the automotive industry. In Canada, they appreciate the skilled labour, in Ontario in particular, as a result of which they are producing competitive products.

They also told me about their concern about the Canada-U.S. border. You know better than I do that the automotive industry is highly integrated into the U.S. market. More than 85 percent of Canada's automotive industry exports go to the United States. When we build a car, it moves around. It comes and goes from Detroit to Canada and vice versa. For them, mobility of goods is very important.

One initiative, the North American Competitiveness Council, was introduced by the Prime Minister and his counterparts in the United States and Mexico last June. This is a group of Canadian, American and Mexican businessmen. I expect the report soon, but they've told me that one of their recommendations was to ensure that the border between Canada and the United States remains open. Security also has to be ensured, but the emphasis should be placed on the free movement of goods. We're dealing with this at the highest level. In my meetings in Ontario, in Oshawa and all over, the industry people told me about their concerns. My colleague Stockwell Day, the Minister of Public Safety, and I are working to ensure that the borders can always remain as open as they are right now.

They also told me about regulation in the automotive industry. The automotive industry accepts regulations on safety or any other matter, but it would like that regulation and that of the United States to be harmonized or that regulatory differences be recognized and an attempt be made to soften them. Why are they making these requests to us? Because, when regulatory systems are too different, there are compliance costs for the industry. I'm working with them, and we're going to review the regulations that result in additional costs to the Canadian industry. We're working to ensure that Canada and U.S. regulations are harmonized. That's very important for the automotive industry.

The automotive industry representatives also told us about their wish to work, like all other industries, on reducing atmospheric pollution. At those meetings, we discussed the fact that our government had decided to bring in regulations that, for the first time in history, would apply to all industries, including the automotive industry. We're working with the automotive industry to ensure that greenhouse gas emission reduction targets are achieved. The industry must be able to achieve those targets quickly and those regulations must ensure that the targets that we establish for the automotive industry are consistent with what's being done in North America, since the industry is highly integrated.

Following these meetings with the automotive people, I'm much more comfortable than I was when I was appointed Minister of Industry.

● (1605)

I have every hope that this industry will continue to meet the challenges it has always met here in Canada.

[English]

The Chair: Your time, unfortunately, is pretty much up, Mr. Carrie.

We'll go to Mr. Masse for six minutes.

Mr. Brian Masse (Windsor West, NDP): Thank you, Mr. Chair.

Thank you, Mr. Minister, for being here.

I will continue with the automotive sector. Did you inherit an auto policy from the previous Minister of Industry, who is now the current Minister of International Affairs?

● (1610)

Hon. Maxime Bernier: I don't like to call it a policy, strategy, or action plan. What we want to do as a new government is answer the needs of this industry. As I said, it's very important to have regulation that will be harmonized with the U.S. It's very important to have the flow of goods between the two countries, Canada and the U.S. We're going to work, file by file, with the industry so that we can be sure that we will achieve something in a short time.

Mr. Brian Masse: With all due respect, Mr. Minister, I asked whether you inherited an auto policy from the previous Minister of Industry, who said he had one. I'd just like to know, yes or no, whether you inherited a policy. It's a simple question and I think it's a fair one. I'd like to know.

Hon. Maxime Bernier: I'll ask Richard to answer that.

Mr. Richard Dicterni: There are two points. One is due process in terms of policies from one government to another. A number of our briefing books have been accessed and they've been shared quite publicly. The point I'm trying to make is that it's not, I think, appropriate to submit to a minister of a new government or to have officials—

Mr. Brian Masse: Fine. I'm not going to waste my time on that. This is just ridiculous. They sit in cabinet together.

I would like to know, Minister, with regard to your CAPC meeting, what particular things you are going to provide. I was disappointed it took nine months.

I know we have success stories in the automotive industry, but at the same time, we actually have some problems. I have here a letter from the Essex County council with regard to the loss of Ford jobs, for example, in Windsor. We have potential issues relating to replacing General Motors product as well. Can you tell me if there are any specific things you've laid out that you're going to do? Do you have a timeline for the auto industry about specific policy announcements that you will have for them?

I met again recently with the auto industry, and they're very concerned about Korea, the border, and a series of other measures. Do you have either something today that you can tell me or will there be a deadline for an announcement for the actual industry itself?

[Translation]

Hon. Maxime Bernier: At the last meeting held with the representatives of the CAPC, the Canadian Automotive Partnership Council, my Ontario government colleague was present. We had some very frank talks about the challenges facing that industry. We agreed to meet again as soon as possible, next spring. In the meantime, the Ontario government and the federal government will take note of the challenges facing the industry in an attempt to respond to them in the most appropriate manner.

The automotive industry people also told us about the tax system in Canada. In the last budget, we made 29 tax cuts, and the capital tax has been eliminated two years earlier than expected. These are positions that the automotive industry shares. Its representatives are very pleased, since that will help them preserve capital so that they can reinvest in equipment and become more productive.

That said, the challenges facing the automotive industry are the same for the other industrial sectors in Canada. If we leave money in the pockets of entrepreneurs, they can decide what is best for their businesses. I believe that's what the government has done, and that's its goal. We believe it's better to look at that in a more comprehensive way than to establish programs for each of the industries. However, we'll judge on a case-by-case basis because the door isn't closed. The automotive industry has plans for new automotive businesses in Canada. I'm working in cooperation with my Ontario colleague, and each case will be assessed on its merits.

According to the OECD, there's no correlation between subsidy levels and economic growth in the OECD countries. In some cases, it's good that governments assist certain industries, but since there's no relationship between economic growth and subsidies, each subsidy to an industry must be judged in a very specific manner and special attention must be paid to the impact that that could have on other industrial sectors.

•(1615)

[English]

Mr. Brian Masse: It's also true that most members of the OECD have an industrial strategy as well. So I hope Canada can bring one forth in the future.

If I can move quickly to the western hemisphere travel initiative and tourism, as you noted, you're cutting the tourism budget back from the consolidated fund, from the extra revenue realized from the move. The WHTI was first introduced back on April 5, 2005, in terms of notification from the United States. Two days later I wrote your colleague, the current Minister of International Trade, about a policy for tourism. Since that time, we haven't seen anything come forward. Is there going to be any support for the tourism industry?

I noted that last week you pulled the half-million-dollar study because previously there had been five study commissions about the negative impact on that. Since that time, we've also had the bioterrorism act, which is actually being introduced, and also the militarization of order. What are you doing on that matter?

Thank you.

The Chair: Mr. Minister, please answer briefly.

[Translation]

Hon. Maxime Bernier: We halted the half-million-dollar study designed to measure the impact of the U.S. policy. We think that this kind of investment is useless, since we have public information enabling us to assess that impact.

I, my colleagues and Stockwell Day take this matter very seriously. We'll be meeting soon to ensure that the Americans have a very clear understanding of the Canadian problem. Thus far, our policy is effective, because the U.S. ambassador to Canada has said that the U.S. Congress had decided to push back implementation of the U.S. initiative.

We're going to continue our discussions with the Americans, bearing in mind that they are sovereign in their own country. The fact remains, however, that the postponement of this initiative's implementation is positive. We're going to continue talking with the Americans so that they consider this issue a priority.

[English]

The Chair: Thank you, Minister.

We'll go now to Mr. Lapierre for five minutes.

[Translation]

Hon. Jean Lapierre (Outremont, Lib.): Thank you, Mr. Chair.

Welcome, minister.

In the past 10 months, you've gone hot and cold on aerospace. You've managed to create total insecurity in the field. An article published in *The Gazette* this morning was entitled, "*Maintain aerospace funding, feds urged: TPC subsidies at risk.*" The source of the article was Concordia University.

Sector stakeholders don't know what direction you're taking and wonder whether you know yourself. Ten months later, where does aerospace policy stand, more particularly at Technology Partnership Canada?

Ten months is longer than nine months: you should already have come up with something!

Hon. Maxime Bernier: Thank you, Mr. Lapierre.

I'm going to answer your question directly by saying that I'm proud of what we've accomplished. We've inherited a program introduced by the last government.

You cite a newspaper article; I could cite you a number of others criticizing that program's lack of transparency and management. Since Canadians don't know the ins and outs of the program, we've improved its transparency by disclosing the repayments. We've even drafted a new contract.

Businesses are satisfied with these measures. They feel that the program is important for them, but they're aware that they're accountable to the Canadian electorate, since it's taxpayers' money that is invested in their businesses.

A contract that promotes transparency and responsibility is important. We've taken action in that direction, and we still have to take the last step, which is to examine the program together and to decide in the coming months whether or not to keep it.

Hon. Jean Lapierre: Obviously the program is transparent. Since you've been here, there's been a void, and a void is transparent. You tell me about a new contract. It's easy to have a new contract when no one signed it.

Hon. Maxime Bernier: No, that's false.

Hon. Jean Lapierre: Will the program terminate on December 31? You're talking about a few months. You don't have any right to abandon this system, which is the backbone of the Montreal economy.

Next Wednesday, you'll be speaking before the Chamber of Commerce. Are you at least going to announce something, or are you going to stick to verbiage and studies that are so biased that you're bent over?

• (1620)

Hon. Maxime Bernier: Mr. Lapierre, we make decisions only once we've analyzed the issues from top to bottom.

For my part, discussions are being held with officials and the industry as a whole. The industry is pleased that we're analyzing the future of this program. You said earlier that the aerospace industry was skeptical about our position. It's entirely the contrary: the industry is very pleased that we've invested \$13 billion in defence and aeronautics. That investment will benefit the industry in Montreal and Ottawa, as well as in Manitoba and British Columbia.

Our military procurement policy supports the aerospace industry and will continue to support it.

Hon. Jean Lapierre: And I want to go back to this matter of the \$13 billion.

What tangible guarantees have you secured? You contend in your speech that you'll have 100 percent benefits.

Let's talk about the real benefits from research and development, technology and so on. Can you provide us with black and white tangible guarantees as regards benefits? I'm not talking about the benefits from grocery shopping done here and there, but about the real research and development benefits.

What percentage is guaranteed for Quebec, which has 60 percent of the industry?

Hon. Maxime Bernier: As you know, our department, Industry Canada, manages Canada's Industrial Benefits Policy. That policy, which has been in existence for a number of years, has worked very well for other military contract procurement.

The corporations that get contracts must invest in the Canadian economy, precisely as you said, the same amount that Canada spends to buy equipment. The government uses this policy for the simple purpose of guaranteeing that contractors commit to carrying on high-quality sustainable activities in the high-tech sector for the Canadian economy.

As regards the \$13 billion investment in military procurement, there will be a benefit equivalent to \$13 billion across Canada. Through that policy, we're ensuring that contractors realize the excellent capability that exists in all the regions of Canada.

To ensure that the aerospace industry takes part in it, the Government of Canada — both Industry Canada and myself —

conducted consultations across the country last summer of businesses in the aerospace industry to inform them clearly about military procurement, subsequent military contracts and business opportunities available to them.

So our businesses, which are highly competitive globally, will have to remain competitive and will be in a position to enjoy the economic benefits in that field.

[English]

The Chair: Okay, we'll go to Mr. Shipley now for five minutes.

Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC): Thank you, Mr. Chair, and thank you, Mr. Minister, for being with us today.

Over the last number of months we've had a lot of witnesses come before us regarding the manufacturing industry in this great country of Canada. One of the common themes that we hear about is productivity and competitiveness.

From what we heard, manufacturers are relatively productive. They are simply finding it a little difficult at this time to remain competitive. There are a number of factors that come into it: labour costs, energy costs, the Canadian dollar. The other one that comes up, even though there are regulations, is high taxation. The issue of taxation is important, but it is one of those things, I believe, that the government has some control over.

I wonder if I could get your comments regarding taxation and what we can do as a government to help and benefit manufacturers.

Hon. Maxime Bernier: Merci beaucoup.

We can continue to do what we did in the last budget. We are very proud of what we did as a new government in our last budget. The fiscal burden on each company has to be as low as possible. In the end, if you tax an enterprise, if you tax the creation of value, you won't create any new jobs here in Canada.

[Translation]

That's why it's very important to reduce corporate income tax, and that's what we did in the last budget. Those cuts will reach more than \$20 billion over the next two years, as you know.

As Minister of Industry, I know that Canadians' quality of life depends on the manufacturing sector, which represents more than 17 percent of GDP and employs more than two million people in the country.

I also know that a number of industries, in particular lumber, textiles and clothing are currently facing competition problems. As I said earlier, they're dealing with problems related to a number of factors: energy costs, the higher Canadian dollar, and so on, but we're trying to enhance their competitiveness and make them more competitive.

On this point, I'd like to cite the example of Ireland. As you know, in 1985, Ireland was the European country with the highest unemployment rate: 25 percent. That country's debt relative to GDP was 111 percent. What the Irish exported most was themselves, their labour. In 25 years, that country has become one of the richest countries in Europe. How? By reducing tax rates, by ensuring that the tax rate on corporate income is 12 percent. That has led to a reduction in its debt to GDP ratio, which is now only 30 percent, as opposed to 111 percent. Ireland is considered one of the 13 richest countries in the world, and the Irish are going back to their country.

All that was done through very simple tax policies: lower corporate taxation and ensure that the country is competitive. That attracted a number of Europeans and Irish, so that the Irish population is now one of the most highly educated and productive in Europe.

Why is that the case? Because the Irish government has promoted the free market, economic freedom and individual responsibility. It's a country where government, although it is present and helps the least well-off, leaves the initiative to entrepreneurs and business people.

We in Canada have reduced direct and indirect taxes and are going to continue along the same lines to ensure that the country and its businesses are as productive as possible.

• (1625)

[English]

The Chair: You have ten seconds.

Mr. Bev Shipley: Thank you, Mr. Minister.

The Chair: Monsieur Vincent.

[Translation]

Mr. Robert Vincent (Shefford, BQ): Thank you, Mr. Chair.

Good afternoon, minister. You remember Mr. Crête's question on orders. You spoke about that at length, but you had reached your conclusion when you were interrupted. I'd therefore like to know whether or not you're going to approve the order. What are you going to do?

Hon. Maxime Bernier: As regards the policy direction, which asks the CRTC to rely more on the free market and to regulate only where necessary, I said earlier that you had conducted consultations here and had asked me whether I was going to act on the committee's resolution to postpone implementation of that direction.

I answered that as honestly as possible. I'll read the evidence of the meetings you've held, I'll take note of your proceedings, and I'll ensure I clearly understand the reasons for that resolution before answering you, and I will tell you what action will be taken.

This is an order enacted by the government. So it's not just a decision by the Minister of Industry. We'll therefore have to consult all Cabinet members on the subject. Likewise, I'll carefully read the submissions that have been made to you here so that we don't act in haste on this order.

Mr. Robert Vincent: Thank you.

Earlier you referred to Canadian economic growth, fair stability, competition and corporate confidence. Are you aware of the fact that

businesses have less confidence in your government? There are a lot more problems than previously. I can give you two concrete examples. The first concerns plastics. Did you know that plastic bags come from China, are sold here and cost less than the raw material that people buy in order to produce them? We talked about the furniture and textile sectors, we talked about lumber, and we're about to talk about plastics. We're also going to talk about the automotive industry. Subcontractors also think there's going to be a shortage, and a business in my riding that manufactures seat belts still has the same problem. If car makers' plants close, where can these people sell their seat belts?

The industry's troubles aren't over. They'll still be around for a few years. I'd like to know your position and what you're going to do for those industries,

• (1630)

Hon. Maxime Bernier: Thank you.

As a politician, I always trust individuals and I don't know everything. Your committee is doing a very good job. You've tabled an interim report on the challenges facing the manufacturing industry and on what the government can do to meet those challenges. I anxiously await the end of your work and I'll draw on it in talking to my government colleagues about solutions that we could propose to the manufacturing industry.

Mr. Robert Vincent: You knew, minister, that three factors were causing trouble: the rise in gold, the emergence of Asia and energy. You've known that for 10 months. What are we doing about that? What approach are you going to adopt in order to help those industries cope with those three problems? I believe you've had the time to study that and to see what you can do. What are your proposals for helping those industries?

Hon. Maxime Bernier: Let's take the textile industry, for example. That industry is under pressure from Chinese imports.

Mr. Robert Vincent: What do you propose in concrete terms? I think we know that China is causing it problems. I'd like to have answers to my questions, and not to hear the kind of thing we ourselves say here.

My questions are relevant, and I'd like to have an answer so that industrial leaders can know what the minister intends to do.

[English]

The Chair: The minister has only thirty seconds. We should give him an opportunity to answer the question.

[Translation]

Hon. Maxime Bernier: I was talking about businesses and about the textile industry. Some have recommended that the government raise tariffs to counter textile imports from China. After analyzing that suggestion, we have come to the conclusion that, if we raise tariffs on Chinese imports for the textile industry, other countries, such as Bangladesh or Sri Lanka, will also export their products to Canada. We have to study this issue in an overall context. Does the government want Canadians to pay more for their clothing? Imposing tariffs has an impact on prices. You have to look at the other side of the coin. We're looking out for the interests of the industry and of all Canadians at the same time. We're enabling the textile industry and other industries to have their money, to keep it in their pockets, by reducing their taxes and reinvesting. We want Canadians to have access to the largest possible number of products from around the world, at the best possible price—

Mr. Robert Vincent: If they don't have jobs, how will they be able to pay for them?

[English]

The Chair: Okay, okay—

[Translation]

Hon. Maxime Bernier: We believe this country was built on investment and free trade, and we want that to continue in the near future. Thank you.

[English]

The Chair: We'll go now to Mr. Van Kesteren for five minutes.

Mr. Dave Van Kesteren (Chatham-Kent—Essex, CPC): Thank you, Mr. Chair.

Thank you, Mr. Minister, for appearing here.

I was hoping you were going to touch on food and drugs. We spent some time on that too. We've made some amendments to the regulations with food and drugs. Have they restored a balance in the industry, and will they ease the administrative burden? Then I guess the follow-up question to that would be, how will this benefit the public?

Mr. Richard Dicerni: If I could, you said food and drugs. We involve ourselves—

Mr. Dave Van Kesteren: I said the regulations. We made some changes in the regulations.

Mr. Richard Dicerni: As it relates to achieving a balance between generic drugs and—?

• (1635)

Mr. Dave Van Kesteren: Yes.

Mr. Richard Dicerni: Then you're referring to the recently proclaimed regulation that established for the pharmaceutical companies certain periods of time and also gave something to the generic drug manufacturers.

Hon. Maxime Bernier: Thanks.

[Translation]

As you know, Canada's Access to Medicines Regime is an important regime. The Government of Canada wants to meet the commitment it made to ensure that our country can be a world leader

in the fight against public health problems in the developing countries and in the less advanced countries. We have made financial commitments in the last 2006 budget. The government will support programs like the World Fund for the Fight Against AIDS, Tuberculosis and Malaria and the Global Polio Eradication Initiative, and it has facilitated protection against the shocks that those diseases cause.

This funding that we provided in the last budget will assist programs in achieving their objectives with regard to devastating diseases in the hardest hit countries of the Third World. Those diseases kill nearly six million persons a year.

In putting in place Canada's Access to Medicines Regime, the Government of Canada has created a statutory framework for exporting pharmaceutical products at reduced prices to Third World countries. I wish to point out that the regime is part of the efforts that Canada is making to assert its values and interests on the international stage, by providing necessary aid to the least well-off countries coping with public health problems, AIDS, tuberculosis and so on.

Some have criticized the fact that from the moment it was implemented, the regime has not resulted in the export of medicines to the countries requesting them. In the next few weeks, we're going to start a review of the regime's provisions in order to establish and accelerate the export of Canadian medicines to developing countries, while honouring Canada's international obligations.

This access to medicines regime for developing countries must also be consistent with the statutory provisions on patent medicines. It must comply with the act. The first purpose of the act is to establish a balance between predictability and stability in Canadian regulation of intellectual property. As regards intellectual property in this field, the government and I, as Minister of Industry, want to reconcile the need for protection that will encourage timely research on more effective medicines with enhanced competition from generic products in order to reduce public health costs.

[English]

Mr. Dave Van Kesteren: You answered the second part of my question. I was going to ask you about that.

I want to go to science and technology. I think you touched on this, but how will the government meet the challenges? Tell me about the government's science and technology strategy. Do we have a strategy in place? Specifically, what principles will guide that strategy?

[Translation]

Hon. Maxime Bernier: In the past few years, Canada has made remarkable gains in increasing its ability to produce knowledge and commercialize research results. When I say its ability, I'm talking the ability of Canadian businesses to compete on the international stage.

As I said earlier, in my colleague Jim Flaherty's 2006 budget, we decided to work together to develop a science and technology strategy. That strategy will be established following the consultations I conducted during the summer with various stakeholders in Vancouver, Toronto, Montreal, Halifax and Edmonton. I had the opportunity to meet people working in the science and technology sector, both industry leaders and professors.

I also want to tell you that we will soon be unveiling a policy for continuing consultations and cooperation with those people.

[*English*]

The Chair: Okay. Thank you, Minister.

We'll go to Brian Masse for five minutes.

Mr. Brian Masse: Thank you, Mr. Chair.

I've been one of those who have been critical of the Pledge to Africa Act, because we haven't actually had a pill get into anybody's hand. Until it does, it doesn't do us much good over here, and it doesn't do somebody over there or anywhere else any good—and it's not just in Africa, but across the globe that this act is applicable.

With respect to your meeting coming up in two weeks, do you have some deadlines set for reviewing things and fixing the problem? And what do you mean by “fixing the problem”? Do you mean, by stating it right here, that you're committed to doing everything that's necessary to ensure that this actually translates into drugs for those persons suffering from AIDS, tuberculosis, and malaria?

• (1640)

[*Translation*]

Hon. Maxime Bernier: As you know, Canada's Access to Medicines Regime implements a provision of the accord of the WTO, the World Trade Organization, enabling developed countries to grant mandatory licences for the manufacture and export of low-cost generic versions of medicines for developing countries.

In accordance with the decision made by the WTO in August 2003, a medicine cannot be exported under this regime unless a developing country has not advised the WTO or Canada of its intention to import it. I wish to inform you that, to date, none of those countries has expressed such an intention. This lack of interest concerns not only Canada, but also six other countries that have provisions similar to ours. Six other countries and the European Union have implemented the WTO's decisions, and, to date, none of those countries has received requests from developing countries. That is why the government is now actively promoting this regime to those countries. Only July 28, a CD-ROM and a Web site were launched to assist and inform parties interested in the regime, to encourage those countries to take part in the program. Under the Patent Act, my department must complete a review of this regime by May 2007. To provide a more specific answer to your question, I will say that we're going to review the regime and that we will be tabling a report in Parliament on the findings of that review in May 2007.

At the International AIDS Conference held in Toronto last August, non-governmental organizations criticized the Canadian program and demanded that the government amend the Patent Act so as to

eliminate needless barriers so that these countries could enjoy access to these medicines. We take this very seriously and we're checking everything. I am anxious to table this report and I will do so as soon as possible.

[*English*]

Mr. Brian Masse: The Doha agreement didn't actually require us to go through this process. The fact of the matter is, if we're just going to send a country a CD-ROM.... I think more is expected from this country in particular, our embassies and whatnot. I know there have been NGOs trying to use this system who have been frustrated by it as well.

I want to turn briefly back to the GST and the cutting of the rebate. As you noted, it is only used by 3% of those travellers, but at the same time, it's extensively used, and the real harm is from the conventions and other types of delegations that come in. In fact, there are representations from those organizations calling it the worst decision, in its effect on the industry, since 9/11. They're also calling it a travesty and saying a series of different problems are going to be created. They're losing business over this.

At a time when we have the Americans instituting the WHTI and we have militarization on the border—for example, on my border we're getting military Black Hawk helicopters, river gunboats, a whole series of things that are scaring tourism away—why, when we have our lowest levels since 1972 of American tourism to Canada, would we now add another problem to the situation? Why wouldn't the government abandon that cut, since the industry universally is condemning it, allow it to stand, and at least do a national tourism strategy to offset some of the problems we've had?

We did it successfully for SARS and other things. Why can't we do the same thing when we know we have barriers imposed upon us and we are also creating some ourselves?

The Chair: We have about thirty seconds, Minister—unless the Bloc and the NDP are sharing time.

[*Translation*]

Hon. Maxime Bernier: I would like to remind the committee that tourism is a very important industry in Canada. The economic benefits of visits to Canada by foreigners are enormous, both for the people in charge of conferences, as you just said, and for our national parks across Canada. That said, this program cut was made because we believe this country has more to offer foreign visitors than a tax rebate. We don't think foreigners come to Canada just to have a tax rebate, but also to visit Canadians and to see our country.

As regards the tax rebate, we believe that the one percent cut in the GST, to six percent, means that the purchases these people make in Canada will cost less than they would have without that cut. Canada is promoted through a number of programs. As I said earlier, through the Canadian Tourism Commission, we invest more than \$300 million to promote tourism in Canada. Soon the Olympic Games will be held in Vancouver, and Quebec City will have its 400th anniversary, and the Canadian government will take an active part in promoting those events in order to attract foreign tourists.

Instead of administering a costly GST rebate program, we thought we would cut the tax to six percent, which is good, but, as you know, in our election platform, we told Canadians that we would reduce it to five percent. In this way, we'll help make Canada an enviable and affordable destination. This will benefit 100 percent of visitors, not just three percent. As I said earlier, the tourism sector is facing major challenges. I'll be meeting with tourism industry people in a few weeks, and I will be pleased to discuss this matter with them.

• (1645)

[English]

The Chair: Minister, I apologize, but we want to try to get all the members in. We have one independent member of the committee, and he does not get questions if we don't move along.

We're going to Mr. Karygiannis.

Hon. Jim Karygiannis: Minister, both you and your cabinet colleague, the Minister of Canadian Heritage, are on the record indicating that you intend to introduce legislation to amend the Copyright Act this fall.

I'd therefore like to ask you this. Is it still the intention to introduce legislation to amend Canada's Copyright Act this fall, or are we now looking at 2007?

[Translation]

Hon. Maxime Bernier: Thank you very much.

As regards the Copyright Act, there was a bill that died on the Order Paper, when Parliament was dissolved before the last election. I'm actively working with Ms. Oda to table in Parliament a bill that addresses all concerns. I don't yet know the date when that bill will be filed, since we still have to hold consultations, but the work is going well, and we hope to be able to present something to Cabinet as soon as possible for approval. This bill is important, but, as you know, we're a minority government, and we don't control—

[English]

Hon. Jim Karygiannis: Minister, you have a tendency to be long-winded, so let me bring you back to focus.

In fact, on October 18, 2006, Minister Oda told the Canadian heritage committee that both she and you are sticking with your plan to introduce copyright legislation this fall. Is this the case, yes or no?

Hon. Maxime Bernier: Thank you for the question.

The answer is that I'm working hard with Bev Oda, and we're trying to have something before Parliament as soon as possible. I cannot tell you which day it will be.

Hon. Jim Karygiannis: Okay, Minister.

Going on to the automotive sector, I noticed in your speech—and thanks very much to your staff for bringing it to us, but unfortunately, we should have had it with us in the beginning—you dedicate a paragraph on the Canadian Automotive Partnership Council and on what you've done.

Could you bring us up to speed on the work your department is doing with fuel cells out in Vancouver?

Hon. Maxime Bernier: I'm sorry, on what?

Hon. Jim Karygiannis: Fuel cells.

Hon. Maxime Bernier: I'm going to ask Richard, my deputy minister, to speak to fuel cells.

Mr. Richard Dicerni: We will get back to you, sir. I don't have that.

I know it's partially through the NRC. The reason for which I'm stumbling a little bit is that it's not directly through the department. It is mostly through some of our portfolio agencies, such as the NRC, which I believe is involved in this.

I can undertake to get back to you.

Hon. Jim Karygiannis: Is the funding and the amount of money that you were giving that particular research still ongoing? Are we on track to have fuel cells in the next ten to fifteen years? Or is this something the government and the minister are putting away and we're focusing on the new environmental plan because we killed Kyoto and are now saying they're free to go right ahead and pollute?

Mr. Richard Dicerni: There are going to be a number of initiatives going forward within the context of the government's environmental initiative. You referred to some of those initiatives.

Also, the Department of Natural Resources is developing a number of measures focusing on energy efficiency and improving environmental performance. So the government, I would say, is continuing to focus on improving environmental performance.

In the months to come, I think there will be some further initiatives coming out of the Department of the Environment and the Department of Natural Resources.

• (1650)

Hon. Jim Karygiannis: Minister, what initiatives is your department taking in order to make sure we're not only meeting the global targets but are also surpassing them as far as environmental concerns in the auto industry are concerned? Have you sat at the table and talked to the auto industry giants about improving environmental concerns? Are you thinking of giving any initiatives to people driving hybrids?

The Chair: Minister, you have about forty seconds.

[Translation]

Hon. Maxime Bernier: That's a very good question. Last week, I met with automotive industry representatives to discuss the regulatory system that will apply to them regarding energy and new vehicles. I can tell you that consultation is going well. We want to set greenhouse gas emission reduction objectives and targets with regard to the regulation of new vehicles, as a result of which that industry will...

[English]

Hon. Jim Karygiannis: Sir, you're long-winded, so let me again bring it to you that the United States, Ontario, and British Columbia are giving initiatives for hybrid cars. Is your department looking at such a long-range plan, especially one affecting all Canadians? Will you consider giving \$1,000 or \$2,000 to people who want to buy hybrid cars, just like you are giving to people who are buying efficient dishwashers and—

The Chair: Minister, you have time for just a brief response.

Hon. Maxime Bernier: It will be something we will look at in the consultation that my colleague Jim Flaherty is doing right now. It's something that will have an impact on our budget, but if you have a proposition, we'll listen to it, like all the propositions that we're going to receive for the budget. It's simple.

The Chair: Thank you, Minister.

We'll go to Mr. Carrie for five minutes.

Mr. Colin Carrie: Thank you very much, Mr. Chair. I know we don't have a lot of time here. I do have one quick question, and then I thought I'd share the rest of my time with Mr. Arthur, if he would like that.

My question is about the payday loan legislation, Bill C-26. There seems to be some confusion out there, so I was wondering if you could explain why provinces and territories are best suited to regulate the payday loans. Also, what happens if provinces choose not to regulate the payday loans in their jurisdictions?

[Translation]

Hon. Maxime Bernier: You have before you Bill C-26, the purpose of which is to amend the Criminal Code. As you said, it concerns payday loans. Allow me to summarize the purpose of that bill.

The purpose of the bill is to address the concerns of the provincial governments. We listened to the provincial governments and to consumers, and we want to treat the payday loan industry adequately in order to protect consumers. That industry, as you know, is relatively new to Canada, and it has grown in recent years. Bill C-26 exempts payday lenders from section 347 of the Criminal Code, which concerns criminal usury, that is to say usurious loans.

In limited circumstances which are very narrowly defined, the exemption will be applied solely at the request of a province or territory. It will apply solely where a province or territory has passed statutory or regulatory measures protecting borrowers.

We're saying that section 347 of the Criminal Code won't apply in respect of usurious loans for the payday loan industry where a province or territory has made a request and where that province or territory has regulated that business. These provincial or territorial measures must include limits on borrowing costs.

The bill was carefully drafted in consultation with the provinces and territories. Our purpose is to guarantee both that the provinces can adopt what they consider appropriate regulations, that consumers are protected and that the industry can continue to exist in Canada.

This bill deserves your attention. It is a brief statutory instrument, and we are anxious for it to be passed. I hope the House of Commons will pass the bill as soon as possible. Thank you.

[English]

Mr. Colin Carrie: Merci.

The Chair: Are you finished, Mr. Carrie?

If so, I'm going to go to Ms. Stronach and then we'll go to Mr. Arthur. That way Mr. Arthur will get five minutes.

Ms. Stronach for five minutes.

Hon. Belinda Stronach (Newmarket—Aurora, Lib.): Thank you, Chair, and thank you, Minister, for appearing before the committee.

I have a number of questions. My first one relates to your competitiveness strategy that we have been waiting for. My concern is obviously with respect to maintaining jobs in Canada, our slippage on the world stage from 13th to 16th, and the disappearance of jobs over the last number of years.

Ken Georgetti was here the other day and said that we've lost about 300,000 jobs—highly skilled jobs—in the last number of years. We have a prosperity gap with the United States that is widening; it is now at about 18%.

How comprehensive will this competitiveness strategy be? Will it include an industrial strategy, by sector? When are we going to see it? Will it be in the economic update, or are you going to wait until the budget?

• (1655)

Hon. Maxime Bernier: Thank you.

[Translation]

You're asking me whether the government will have a strategy for each industrial sector. That's very specific. Earlier I told you about the industrial strategy that Ireland has adopted. That strategy has worked. That country, which had the highest unemployment rate, is now one of the most prosperous countries in Europe. Its industrial strategy was quite simple: lower the tax burden and promote science and technology.

When you look at the list of OECD countries where corporate subsidies are the lowest, you find a number of very competitive countries where businesses are very competitive, such as Ireland, Australia, New Zealand and the United Kingdom. A number of the least competitive countries have the highest subsidies, such as France, Belgium and Italy.

When you talk about an industrial policy that involves corporate subsidies, you have to analyze that in an overall context and look at the impact of those subsidies on other industrial sectors. However, if we're talking about an industrial policy for a specific sector, which involves less regulation or more efficient regulation, we can always have an action plan for various industrial sectors. I've met with representatives of the automotive industry and the ship-building industry, and they told us about various problems that can be addressed by reducing their regulatory burden or their tax burden.

[English]

Hon. Belinda Stronach: More specifically to that question, when will you be releasing your competitiveness strategy? When can we expect that?

[Translation]

Hon. Maxime Bernier: In the budget.

[English]

Hon. Belinda Stronach: In the budget. Okay.

Let me jump to another pillar of our economy. You mentioned it is the backbone of our economy—the auto sector.

You have been meeting with CAPC, which I think is a good thing, because they are a focused organization.

One thing you didn't discuss is that CAPC is strongly opposed to a free trade arrangement with Korea. The CAW has done extensive studies, one of which recently assessed the impact of current trade relationships and South Korea, perhaps relating to about 180,000 jobs lost.

What is your feeling on a free trade arrangement with Korea? What principles are you holding as you go forward in these discussions? What's the timeline for this? How do you assess the impact on jobs in Canada?

[Translation]

Hon. Maxime Bernier: I had the opportunity to discuss the impact of a free trade treaty with Korea at the last meeting of the CAPC. What I told the automotive industry people is consistent with what they heard from my colleague David Emerson, who is responsible for this file. Talks are starting between the two countries, and an issue table has been put in place to ensure that the more the talks progress, the more the industry's viewpoint is taken into account. The industry people told us that this was the best way to proceed to ensure that their concerns were well heard.

So these are negotiations, but I don't believe that this is a file that will come to anything in the very near future. However, it's important to have talks, because we believe that free trade is at the very basis of the creation of this country. Canada was not built on barriers, but on free trade, which enabled immigrants and a number of people to come and work in Canada. It has enabled Canadians to sell their goods and services elsewhere, in other countries. If we close our borders here, in Canada, our Canadian businesses may well experience the same thing elsewhere.

• (1700)

[English]

The Chair: Thank you, Ms. Stronach.

We'll go finally to Monsieur Arthur for five minutes.

[Translation]

Mr. André Arthur (Portneuf—Jacques-Cartier, Ind.): Thank you, Mr. Chair.

Good afternoon, minister.

I'd like to continue in the wake of Mr. Crête, whose question was taken up by Mr. Vincent, and discuss the policy direction aimed at the CRTC. However, I'd like to do it in my own way.

You said you wanted to study the evidence provided to our committee before a motion is passed requesting that the issuing of that the direction be stayed. That reassures me. I hope with all my heart that you'll overrule the committee's motion when you realize that the witnesses were not very credible. Some were clearly remote-controlled by very powerful people needing to keep control, for reasons they may want to explain one day.

Representatives of large companies came to implore us to shelter them from their competitors. Representatives of bogus consumer organizations even asserted that competition was not a good thing and that the resulting lower prices had to be prevented. In fact, what may be most surprising is that one spokesperson of the Union des consommateurs came and told us that, in any case, your bill violated the Telecommunications Act.

In view of the study that you have conducted and of the context leading up to this direction, do you think you violated the Telecommunications Act?

Hon. Maxime Bernier: I've never violated anything in my life, and, as a politician, I don't believe I've violated the Telecommunications Act. More seriously, I'll say that the work was done in total compliance with the existing act.

One section in the Telecommunications Act enables us to issue a policy direction. I can imagine that that woman was not aware that section existed. For the first time in the history of this country, we are issuing a policy direction to the CRTC to remind it that Canada is a capitalist country, a country of freedom, and that regulation must be as limited as possible, to allow market forces to play out, particularly in telecommunications. Businesses in this sector around the world are free to set their prices and provide their services.

We're asking the CRTC to act in that perspective. Whatever the case may be, I'll take note of your comments. I'm going to read the minutes of the debates on the subject and I'll speak to committee members again if I have other questions, then I'll prepare a report to Cabinet. We'll then decide on steps to take in the telecommunications file.

Mr. André Arthur: A dentist could tell us, in view of the reaction that you've caused at the CRTC, that you've touched a nerve, something precious, in this case their power. These people sent us their representatives, that is to say people with whom they constantly have transactions, dealings and compromises, in an attempt to convince us not to lower our guard too quickly. The most credible of our witnesses was undoubtedly Mr. Shaw, of Shaw Communications. He told us that, in any case, the problem with telephony would solve itself within a year. Perhaps that was very wise.

Do I have a little time left?

[English]

The Chair: You have a minute and a half.

[*Translation*]

Mr. André Arthur: You who are the minister responsible for Statistics Canada, do you get the impression that, with all the data bases that we have and the skill with which computer experts link them, the censuses in which people are asked for information that the Canada Revenue Agency already has or information on their sexual orientation are still a justifiable expense?

Hon. Maxime Bernier: That's a very good question. Thank you, Mr. Arthur.

I could answer you by saying that the Constitution of Canada requires the Government of Canada to conduct a census, but that that obligation concerns a census in the strict sense. However, the trend in Canada is increasingly toward surveys that go beyond that obligation. The purpose of a number of questionnaires is to obtain information on the everyday lives of Canadians so that we can create programs better suited to their needs.

The question you raise should be studied. I believe that, right now, the census is necessary. We have to meet our obligation, which is constitutional in nature, but perhaps there are grounds to question, as a government, the scope of the census.

Thank you.

• (1705)

[*English*]

The Chair: Thank you very much, Minister.

We've had every member ask questions.

Thank you very much for being with us. Thank you to your officials as well.

If you have any further information you would like committee members to have—some of the questions asked today may have been of a specific nature—please feel free to provide it to me or the clerk. We will ensure that all the members get it.

Thank you very much for being with us here today.

We will suspend for about one minute. Then we will have the Canadian Space Agency and the Canadian Tourism Commission representatives come to the table.

• (1706)

_____ (Pause) _____

• (1708)

The Chair: We'll call the meeting to order. I appreciate that we have a very short time. We have votes at 5:45. We will have to leave. We can maybe push it to 5:35 p.m., but not much beyond that.

We have with us today two representatives of the Canadian Space Agency. We have the acting president, Carole Lacombe. Welcome, Ms. Lacombe. We also have the vice-president, Virendra Jha.

We have, from the Canadian Tourism Commission, the vice-president of finance and chief financial officer, Karin Zabel. Welcome, Ms. Zabel.

I think we will have the Space Agency proceed first and then the Tourism Commission. As we have such a short time, we ask you to

confine your opening remarks to three to five minutes. I think that would be appropriate to get to questions from members.

Will you start off, Ms. Lacombe, please?

[*Translation*]

Mrs. Carole Lacombe (Acting President, Canadian Space Agency): Thank you, Mr. Chair.

I want to thank the committee for inviting us here today to talk about the Canada Space Program.

Forty years ago, Canada launched its first satellite and thus became the third country, after the former Soviet Union and the United States, to exploit space. Canada was the first nation to operate a national telecommunications system in orbit, and it has acquired international expertise in Earth observation.

Some will say that access to space was a matter of supremacy for the United States and Russia. For Canada, it was more a matter of necessity.

• (1710)

[*English*]

Canada's success in space is the result of visionary, targeted, and sustained efforts to address our country's unique needs. Those needs stem from our low population density, with people often located in remote communities; the immensity of our land mass; the desire to protect the longest coastline in the world; and the importance of our natural resources.

Since that time, the objectives of the Canadian space program have been to develop and use space, science, and technology for the benefit of Canadians. I will give you a few examples. Canadian satellite-linked communities are scattered across our vast land. Satellite images provide data for tracking oil spills and helping ships navigate through Canada's ice-filled waters. Space instruments provide data for monitoring our natural resources and detecting changes due to global warming. Images from space are used to assess disaster areas and manage response efforts, as, for example, was the case when the Red River flooded its banks, forcing the evacuation of over 28,000 Manitobans. In that case, satellite images helped monitor flood conditions, plan rescue operations, and determine the damage.

Delivering the Canadian space program has been challenging. The business of space exploration and development is hard stuff. It demands great minds and talent, the pooling of efforts and investments, and very innovative solutions to challenges.

In spite of its relatively modest size, the Canadian space program has flourished because of Canadian ingenuity, strong partnerships, and targeted investments.

Canada is recognized as a high-tech nation. Canada is an international partner of choice. Canada is a world leader in several niche technologies, and we use partnerships to leverage resources to maximize our investments.

The U.S. is Canada's most important partner. We have had a very successful 40-year collaboration.

[Translation]

Today, Canada's robotics expertise is helping NASA ensure the safety of space missions. This could be seen this summer in the case of the International Space Station. Our investment in the Canadarm has resulted in the exporting of four other robotic arms to NASA and in the development of new space robotics applications in mining and health.

Similarly, the 25-year partnership between Canada and the European Space Agency has enabled our researchers and businesses to take part in European space missions and guaranteed a rate of return on our investments of over 100 percent.

Today, the United States and Europe would like us to work with them again on the next wave of major space projects. We should all be proud of what we have accomplished.

In 1989, the Canadian Space Agency was created in order to oversee and coordinate Canada's space activities. At the time, the Canadian Space Agency focused its efforts mainly on the management of two major government projects: the mobile maintenance system intended for the International Space Agency and the RADARSAT Earth observation satellite. Since then, the Canadian Space Agency has evolved toward the management of a broader portfolio of projects and has acquired a vision for the coming decades.

Following a broad consultation process, the Canadian Space Agency has developed the Canadian Space Strategy, which is being used as a framework document for future space activities.

[English]

You have with you copies of "The Canadian Space Strategy". This strategy has organized the Canadian Space Agency's activities into four strategic areas: earth observation, space science and exploration, satellite communication, and space awareness and learning. These strategic areas focus on benefits to Canadians and support key government priorities. We see space as a solution to policy challenges.

Earth observation satellites are already helping to address environmental challenges, ensure marine safety, detect suspect activities off our coasts, and protect our sovereignty, particularly in the north.

We see space as a driver of knowledge and innovation. Our scientific expertise is in demand worldwide.

I am concluding, Mr. Chairman.

We work with over 600 Canadian scientists in over 20 Canadian universities.

Finally, we see space as contributing to our economic prosperity. Today the Canadian space sector employs over 7,000 highly skilled people and generates \$2.5 billion, about half of which is in exports.

Finally, we recognize that the best means of turning space science and technology into innovative products and services is through industry and science communities. Therefore, on average, 60% to 70% of our budget is contracted to partners in the industry and academia.

Merci beaucoup, Mr. Chairman.

• (1715)

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

We'll go right away to Ms. Zabel, please.

Ms. Karin Zabel (Vice-President and Chief Financial Officer, Finance, Canadian Tourism Commission): Thank you very much.

Thank you for inviting the Canadian Tourism Commission to appear before you today. As a crown corporation of the Government of Canada, the Canadian Tourism Commission is specifically legislated to: sustain a vibrant and profitable Canadian tourism industry; market Canada as a desirable tourism destination; support a cooperative relationship between the private sector and the governments of Canada, its provinces, and territories with respect to Canadian tourism; and provide information about Canadian tourism to the private sector and to the governments of Canada, the provinces, and territories.

We do this in collaboration with industry and all levels of government. Through the CTC, the Government of Canada has been at the forefront of working nationally with the tourism sector to maintain its competitiveness and market Canada as a destination of choice for international travellers. Our ultimate goal, therefore, is to grow tourism export revenues. The commission focuses on attracting visitors from nine international countries where we generate the most revenue. These markets represent 64% of our international revenues and 91% of international visits. Tourism is an export industry. Marketing messages transmitted abroad to come and explore Canada helped bring \$17.5 billion in foreign exchange into Canada last year.

The Canadian Tourism Commission drives new dollars into the Canadian economy, which is why Canada is investing in one of the most competitive and fastest growing industries in the world. Global consumers spend \$623 billion U.S. a year on their trips to other countries. Within our own borders, Canada's tourism industry generates \$62.7 billion in revenues. The taxpayer is well served. Thirty cents out of every tourist dollar goes directly to government. The federal government's share alone amounted to \$9.3 billion last year. However, consumers have more destinations than ever to choose from.

Thirty-five years ago, Canada was second in the world's ranking of tourism destinations. As air travel became more affordable and more countries started getting into the tourism business, Canada and many others started to lose market share. We are now ranked in 12th place in terms of the international tourism revenue our country is bringing in. Despite this slide, Canada has shown some growth. Overseas travel, for example, was up 7% last year. Competition is fiercest for the American traveller. The U.S. continues to be our most important international market. It accounts for 57% of Canada's international tourism revenue. While U.S. plane arrivals into Canada are still doing better than what we've seen in the last couple of years, overnight automobile trips from the U.S. have seen the sharpest declines. As of July, overnight auto trips from the U.S. were down 7.3%, while plane arrivals from the U.S. were down 2.7% for the year.

Our research shows that U.S. awareness of Canada as a travel destination is weak. In America, the CTC and partners have about a 4% share of voice. Our collective investment in the U.S. market makes up just a fraction of what our competitors are spending. As a result, U.S. consumers are much more aware of destinations in Europe, Mexico, and the Caribbean. The uphill battle makes fostering tourism's growth all the more important.

The Canadian Tourism Commission's five-year strategy will reposition Canada and make it more relevant to the international consumer. Our objective is to see international tourism receipts climb by 10.9% to nearly \$20 billion by 2011. To achieve that, we are targeting more high-yield customers from a wider range of lucrative markets. Our focus is on markets where we'll get the highest return on our investment.

The consistent application of a brand that builds powerful personal relationships between international consumers and Canada is the heart of our strategic approach. With our brand as the base, industry partnerships, cutting-edge research, and the world's most advanced e-marketing techniques, we will improve Canada's standings in the global tourism rankings by turning us into a "must see now" destination.

That concludes my opening remarks.

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

We will go right away to questions. If I could ask members perhaps to keep it to five minutes, that way we can get every party in.

Monsieur Lapierre.

[Translation]

Hon. Jean Lapierre: Thank you, Mr. Chair.

First, I'm going to address the issue of tourism. We know that Chinese tourists are among the most likely to come to Canada, because of their number and their attraction to our country.

Could you tell me whether negotiations concerning the status of preferred destination, which had been started with China, have been successful? Are those negotiations ongoing? We've put a lot of hope in this project. It was one of the components of the Pacific Gateway Strategy. Where do the negotiations stand?

• (1720)

[English]

Ms. Karin Zabel: First of all, let me say that we are not the lead on ADS—approved destination status. It is the Department of Foreign Affairs and International Trade. However, having said that, it is our understanding that the negotiations have reached a standstill. I believe there are a variety of reasons for that, although I'm not prepared to speak to that given that it's not our portfolio.

I can say, though, that we have an office in Beijing. We have invested approximately \$10 million in China, and that is a market that is growing. Even though we don't have ADS status, there is a significant interest in Canada by the Chinese, and we continue to work within that market to the degree that we can, even though we don't have ADS status.

[Translation]

Hon. Jean Lapierre: Is your move to Vancouver now complete? Are you settled there and working there?

[English]

Ms. Karin Zabel: Yes. As you may know, we were mandated last year to move our head office from Ottawa to Vancouver. We did move at the beginning of December 2005, and we are completely established there now and have our head office up and running.

[Translation]

Hon. Jean Lapierre: There's a kind of contradiction, because one of the arguments concerned the opening up to Asia, whereas the negotiations aren't advanced. I imagine there's less political will, because both sides seemed to be sticking to their positions, no? The purpose of your openness to the Pacific and the rest of that was to help us attract more tourists. I saw both as two fingers of one hand.

Mr. Paul Crête: I think they're going to return to Taiwan.

Hon. Jean Lapierre: Yes, that's it.

[English]

Ms. Karin Zabel: Again, I can't speak to government policy as to why we were relocated to Vancouver. Certainly we are closer to the Asian market, and we also are working with the Olympic organizing committee in Vancouver. But I can't say that the numbers from China are very good.

[Translation]

Hon. Jean Lapierre: As for the Canadian Space Agency, you've been the acting president for 10 months now, Ms. Lacombe. So you've been without your president for 10 months. I know that's not your fault, but rather that of Mr. Carrie, that the new president hasn't been appointed. However, I imagine the entire organization must be starting to wonder what's going on.

Do you get the impression that the agency is still important for the government? Similarly, do you have funding? You mentioned your long-term projects. Do you have a commitment to long-term funding?

Mrs. Carole Lacombe: As regards the first part of your question, concerning the presidency, the process to replace the former president is under way. The position has been advertised on government sites. Consequently, we hope the president will be appointed in the next few months.

As regards funding, as you know — I referred to this — the agency has been in the business for 40 years, and funding for the Canadian Space Program was provided through long-term space plans. So they were ad hoc projects provided with project funding. Since the government outlined its support for the space program for the future by providing the agency with a core budget in 1999, we now have annual funding, continuing funding in that regard. The strategy that I distributed and referred to in my introduction guides the space activities somewhat.

Hon. Jean Lapierre: Thank you.

[English]

The Chair: Monsieur Crête.

[Translation]

Mr. Paul Crête: Ms. Lacombe, I'll continue in the same vein.

The Auditor General commented broadly that the agency did not have the means to carry out its commitments. Has that situation been corrected? The Canadian Space Agency has made a lot of commitments through international programs, and Ms. Fraser said that the agency would not be able to meet its commitments because it didn't have any money. Has that been corrected?

Mrs. Carole Lacombe: In view of those observations, the Auditor General, among other things, recommended that the agency establish a space strategy, and that's what we've done. On one of the most important recommendations, and following a broad consultation, we developed a strategy that enables us to maintain our decisions.

We then took into account the funding that we had over a 10- to 20-year horizon. As you know, space projects are implemented over many years.

We set our priorities based on the four areas of intervention that I mentioned in my remarks, and we informed the government about what we can and can't do with our funding.

We're currently pursuing priority projects for the government with our funding and in accordance with the four areas of intervention.

• (1725)

Mr. Paul Crête: Is the funding adequate?

Mrs. Carole Lacombe: As you know, investment in space can be costly. For the moment, having regard to our funding, we have established our priorities within each of the four areas of intervention. As regards Earth observation — the government supports us in this — one of our priorities is to ensure the operation of the RADARSAT program, which is the most important Earth observation program.

Mr. Paul Crête: Is it possible for you to send us additional information on this subject? I have five minutes and I want to ask another question.

Mrs. Carole Lacombe: That's fine; there's no problem with that.

Mr. Paul Crête: This summer, I went to the Canadian Tourism Commission, where I met Ms. McKenzie. I hope she's doing well.

I read the report that I have here and I'd like to know whether the board of directors or general management of the Canadian Tourism Commission has made submissions to have the \$5 million that was taken away from it as a result of the reduction of moving costs allocated to operations.

Would you have liked that money to be allocated to the Canadian Tourism Commission? Did the board of directors or management take action to that end?

[English]

Ms. Karin Zabel: Just to recap briefly, last year when the move was announced we were advised that we would receive \$25 million both to pay for the move and to invest in marketing initiatives. We did receive this year \$19.4 million and were advised by Treasury Board that the \$5.6 million was not forthcoming. Those funds would have been invested in marketing programs, in particular in the work we're doing on our brand and in e-marketing. However, we understood this year that those moneys would require Treasury Board approval, and hence our strategy continues to be on track with the budget we have.

[Translation]

Mr. Paul Crête: Did you ask that the surplus funds from the move be allocated to the operation of the Canadian Tourism Commission? Did the Commission make a request for that purpose?

[English]

Ms. Karin Zabel: Yes, through the process of the \$25 million, we did request that we receive approval for the \$5.6 million.

[Translation]

Mr. Paul Crête: Do we know the figures on the Canadian Tourism Commission's five-year strategy, copies of which you say we'll soon have? Is there funding related to that strategy? Is it possible that, if it doesn't appear in the strategy, you can send it to us? Can you send us an evaluation of your needs as regards the necessary budget to regain lost ground with regard to tourist attractions and international tourism?

[English]

Ms. Karin Zabel: I suppose any government organization could manage with more funding. As to what the right number is, I can't really speak to that. As I indicated in my opening remarks, we are very much operating in a competitive sector. Certainly if there were additional funds forthcoming, those would be invested in our marketing programs. Nonetheless, we do believe in the strategy we have, which is based on our current funding.

[Translation]

Mr. Paul Crête: Do you have any figures from Australia? Ms. McKenzie told me that Australia was a very bold and dynamic country. Do we have any figures on the percentage of its overall budget, so that we can see the gap between Canada's effort and that of a country like Australia, or a certain number of other countries?

[English]

Ms. Karin Zabel: I can't provide you those numbers today, but we can certainly send those forthwith. Yes, we have those numbers.

[Translation]

Mr. Paul Crête: Thank you.

[English]

The Chair: Thank you.

I'm actually going to take the Conservative spot, unless there's a Conservative objection.

If I could get one question in, it would be in terms of the space program. I've long been a supporter of the Canadian space program. I think it's been absolutely outstanding for Canada. You talked about the robotic expertise that was essential not only in terms of brand in Canada, but also in terms of spinoff benefits. You say in your brief, "Today the U.S. and Europe are seeking our cooperation once again for the next wave of major space programs." I'm not asking you whether you'd like the agency to have more funding or not. Obviously you would wish that.

Could you identify some of the key international space programs that ideally Canada would participate in, some of the timelines in terms of when as a nation we have to decide whether we partake or not, and then some of the approximate funding that would be required if we are to partake in those international projects?

• (1730)

Mrs. Carole Lacombe: Thank you for that question.

Yes, both the U.S. and the European Space Agency are embarking on ambitious new programs. In the U.S., President Bush announced a new vision in terms of missions to the moon, Mars, and beyond, and he has called upon all countries to participate in a journey, not a race. With about 13 or 14 countries, NASA is leading some extensive consultation on exactly what the exploration program would look like.

In Canada we've met with all of our stakeholders to build on unique Canadian expertise. As I said, we're good in niche areas, so we're looking at what niche technologies we could bring to contribute to that world global exploration program. At this stage we'll know more from NASA themselves. They will be unveiling the concept of their program in late December. We can anticipate that

probably in the springtime Canada will be expected to indicate the level of contribution that we'll want to play. We're working on options and we'll bring those options to our minister and to the government. We still have some homework to do, but those are *grosso modo* the timelines.

The Chair: Okay.

Mrs. Carole Lacombe: In terms of Europe, there is the Aurora program that is also embarking on that. We have committed some funding and some partnerships in that endeavour as well.

What's very interesting is that because Canada is the third country in space, our expertise has been proven. These partners want us there because we've done this before and we've proven what we can do.

The Chair: Would I be able to get information for the committee on the U.S. program, the Aurora program in Europe, and some areas of niche expertise? I'd like to provide that for members. Perhaps we could ask you to come back to talk more about general strategy, about space.

I regret the time limitations, but I do have to go to Mr. Masse, finally.

I know the bells are ringing, but we should be able to get about five minutes in, I think.

Mr. Masse.

Mr. Brian Masse: Thank you, Mr. Chair.

Ms. Zabel, with regard to the GST elimination, what is the position of the commission on that matter?

Ms. Karin Zabel: The position is that these are proposed amendments to the Excise Tax Act to eliminate the visitor rebate program. We believe it will impact our ability to attract tour groups and meeting and convention business to Canada.

Mr. Brian Masse: You did have as well a sustained budget cut of, I believe, \$2 million or \$3 million for advertising in the U.S. in the last fiscal year.

Ms. Karin Zabel: We had a \$3 million budget cut, which will impact our 2007 budget. It's not specifically targeted to the U.S. It's an overall budget cut.

Mr. Brian Masse: I noticed in your comments here...and one of the things that I've been concerned about is the competition in the U.S. to get our American travellers back and forth. I know your focus here is going to be on international tourism revenues, so that's outside of the U.S. market. My concern is, are we abandoning the U.S. market?

Ms. Karin Zabel: No. In fact, when we use that term "international revenues", we would include the U.S. The U.S. is in fact our largest and most important market and has our largest share of investment.

Mr. Brian Masse: Okay. Has the Canadian Tourism Commission met with or had any type of involvement with the Department of Immigration?

I come from a constituency where, routinely, people from Africa, the Middle East, eastern Europe, Pakistan, and South America are denied visitor visas to visit Canadian citizens who are making regular applications. They come here and spend a lot of money; they're often grandparents. Or they come for a wedding or for a funeral service, or they simply come and visit. Those denials are very significant. Over the last two and a half to three years, my office has been inundated. Has there been any analysis of that particular loss of tourism revenue, because people can literally stay anywhere from a few weeks to a couple of months?

Ms. Karin Zabel: Not to my knowledge, not by the CTC.

Mr. Brian Masse: I would suggest that's one thing to look at and talk to some of the operators about, because visitation is down there.

With regard to the study for the WHTI, the minister said it was \$2 million a few minutes ago. I was under the understanding it was half a million dollars that impacts the WHTI. Of those two different figures, do you know which one it was?

Ms. Karin Zabel: Sir, you're referring to what the impact will be of WHTI?

Mr. Brian Masse: No. There was actually a proposed study of the WHTI from the industry department. That didn't come through you guys?

Ms. Karin Zabel: No, it didn't.

• (1735)

Mr. Brian Masse: So your department wasn't even consulted with regard to the potential study.

Ms. Karin Zabel: I know that Industry Canada did do a study, and we have some of the results of that study. But I can't speak to anything other than the information I have, which are the results of the study.

Mr. Brian Masse: Okay, because there was another study that came out. I don't know what part of the Department of Industry was doing it then. That was going to be at least \$500,000, but apparently the minister said today it was \$2 million. We'll have to clarify in terms of.... I'm a little bit surprised that it wasn't coming through the Canadian Tourism Commission's channels.

One quick question to the Canadian Space Agency. Mr. Rajotte has asked most of the questions that I think are relevant here, but other than the United States and Europe, would there be other invited countries in this initiative being proposed by President Bush?

Mrs. Carole Lacombe: Yes, actually, the NASA-led consultations have 13 countries participating in discussions around the global exploration strategy.

Mr. Brian Masse: And some of those countries are outside of Europe and Canada?

Mrs. Carole Lacombe: Yes. There are mostly European countries

Dr. Virendra Jha (Vice-President, Science, Technology and Programs, Canadian Space Agency): Yes, mostly European, including India and China.

Mr. Brian Masse: All right, thank you.

That's all, Mr. Chair.

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

Thank you very much for being with us today. Again, I apologize for the very short time period for presentations and for questions and comments. Perhaps in the future we could have you back here before the committee to discuss the overall strategy on tourism and space.

Thank you for coming before us today.

The meeting is now adjourned.

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