



House of Commons
CANADA

Standing Committee on Finance

FINA • NUMBER 018 • 2nd SESSION • 39th PARLIAMENT

EVIDENCE

Friday, December 7, 2007

—
Chair

Mr. Rob Merrifield

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•(1305)

[English]

The Chair (Mr. Rob Merrifield (Yellowhead, CPC)): I see we do have enough members here. We have our witnesses, and we're looking forward to their testimony. With that, we want to call the meeting to order.

We thank our witnesses for being here. We're looking forward to a long, informative afternoon. We've had a long week as a committee, and we look forward to what you have to tell us with regard to the consideration of our pre-budget consultation report to the House.

We want to introduce you. We'll introduce you one at time as we yield you the floor. I think that will work out the best.

We want to start with the Canadian Chemical Producers' Association. We have Richard Paton, the president and CEO.

Richard, the floor is yours for five minutes, please.

[Translation]

Mr. Richard Paton (President and Chief Executive Officer, Canadian Chemical Producers' Association): I am President of the Canadian Chemical Producers' Association.

I would like to start by thanking committee members for inviting us to address them today.

[English]

I would also like to note, in opening, that given the continued economic challenges faced by the manufacturing sector today in Canada, CCPA believes that the committee's decision to focus on taxation to improve productivity and ensure prosperity is the right focus.

I would also like to commend the committee for having recognized the recommendation of the industry committee's report on manufacturing. As you know, their study identified three key challenges that Canadian industry faces today: the high Canadian dollar, sustained high energy prices, and intense competition from emerging economies such as China and India.

When we submitted our brief this past August, we identified two key priorities to improve Canada's tax competitiveness: extend by a further five years the new accelerated capital cost allowance for machinery and equipment, and, as a longer term priority, set a schedule to reduce the federal corporate tax rate to 17% and open up a clear Canadian advantage in today's global economy.

Enormous progress has been made federally and provincially towards elimination of capital taxes, and the recent corporate tax

reductions announced by Mr. Flaherty went beyond what we expected. The idea of a 25% tax rate overall, in our view, is very attractive, and we hope this key change would help manufacturing provinces such as Ontario and Quebec to meet their competitiveness challenges.

In looking back a little further to the last budget, the government responded to the industry committee report—in fact, it was the number one recommendation of that report—by introducing an accelerated capital cost allowance for the manufacturing of machinery and equipment. Unfortunately, it was limited to two years, so I'm going to focus all my presentation just on this particular issue.

We were very encouraged when the Minister of Finance announced that change. In fact, it was a bit of a surprise because we knew there were a lot of opponents to making that change. When we sat down and met with our members and pointed out that this new measure was there and they could now perhaps make some new investments in machinery, equipment, plants, and productivity or environmental improvements, they basically said to us it was of absolutely no use to them. So we tried to find out a bit more why.

The reality is that large-scale projects typical of our industry and most of the manufacturing sector take at least five years to plan and execute, from initial planning approvals to putting the actual machinery and equipment in place. In some cases, for example, Ontario, it takes a year and a half just to get a certificate of approval for new technology.

So in our discussion with MPs, when we've advocated the extension of the capital cost allowance by a further five years, many members of Parliament have said, "Well, explain to me better why five years is so important to you." So what I'm going to do today is give you an example of why that's important.

You should have this list in front of you, this one page—"North Sable Extraction Plant". This is a real-world example of the timelines involved in major manufacturing investment. What you're looking at is the schedule for a plant to be built by Aux Sable in Alberta. This is a real project plan. It's a very simple project in the context of our typical projects, because it's new; it's not a refit of an existing plant. The unit will remove ethane, a key chemical industry feedstock, from the natural gas stream, and then upgrade it into petrochemicals—a very, very important investment to value-added growth in our economy.

When the project was announced in May it was scheduled to start up in mid-2010, but typical of these kinds of projects, it has already been delayed to 2012. In the context of this project, the CCA that was announced in the last budget is totally irrelevant. In other words, they can't say, "I'm going to make a financial decision on this project taking into account the CCA", because all the expenditures are out beyond the timeframes of the CCA, which are only two years.

If you look at this chart, you see that it takes time for project engineering, and this is after you have approval, which usually takes a year or two. There's a long consultation process with any of these projects. They involve communities, discussions. There are regulatory issues, and then you go to detailed engineering, site preparation, mechanical construction. This is probably the most optimistic schedule you would get in any of these kinds of projects.

For another one, which I've been talking to members about, it took them two years to simply do the labour agreements, because most new refits of plants reduce the number in the workforce or change the jobs. Even labour agreements are affected.

Our recommendation is for the committee to reinforce the recommendation that was made by the industry committee, which was originally for a five-year accelerated capital cost allowance, and to move forward with that recommendation, because it's essential to the growth of our industry.

Thank you, sir.

The Chair: Thank you very much.

We'll now move on to the Canadian Conference of the Arts. We have Alain Pineau, the national director. The floor is yours.

[*Translation*]

Mr. Alain Pineau (National Director, Canadian Conference of the Arts): Good afternoon, Mr. Chair, ladies and gentlemen, committee members. I am National Director of the Canadian Conference of the Arts.

My CCA is different from Mr. Paton's CCA.

The Canadian Conference of the Arts is the oldest and biggest arts and culture organization in Canada. Our members come from all areas of activity and all disciplines in the country, from painting in their studio in Victoria to the St. John's Symphony Orchestra as well as the major unions and associations of employers in our cultural industries.

For more than 20 years, CCA has taken part in the consultations of the federal Minister of Finance and this committee on tax and

budgetary measures that might optimize investments in this sector of our creative economy.

●(1310)

[*English*]

Public investment in the Canadian cultural sector is an issue of perennial importance to the CCA and its members. While we think further such investments in creativity are required, we rejoice in the recent announcement by the government for an ongoing increase of \$30 million to the budget of the Canada Council for the Arts.

Similarly, we are happy that the government is investing \$30 million in building communities through the arts and heritage and, more particularly, that \$7 million is supplementing the arts presentation program.

While we also rejoice that the latest budget has reinstated the \$5 million for the summer internship program for museums, we note that the long promised and much needed new museum policies and the related increased investments in our heritage are still missing in action.

Of equal importance to us is the issue of adequate funding and support of the internationalization of Canadian artists, creators, and arts professionals. The CCA hopes the standing committee will recognize the value of all programs under the Departments of Canadian Heritage and Foreign Affairs and International Trade, which aim to build Canada's image abroad and develop new markets for our artists and cultural industries.

Along with all our colleagues from the non-profit sector, the CCA hopes you will also use your report to encourage the Minister of Finance and the President of the Treasury Board to expedite the implementation of the recommendations of the blue ribbon panel on grants and contributions. This report contains many constructive recommendations and properly acknowledges that grants and contributions recipients are partners with the federal government in delivering valued services to Canadians.

The recommendations regarding multi-year funding and the development of an accountability framework, commensurate with the size of the grant or contribution and the risk involved, are eminently sensible.

[*Translation*]

The Canadian economy is currently undergoing a fundamental transformation as it passes from the industrial to the information era, which some call the creative economy.

In the previous model, the Canadian population could count on working for the same employer until retirement age. Today, people change jobs a number of times in their lives, and the number of self-employed workers is rising at an increasing rate.

[English]

Similarly, lifelong learning is now the norm as individuals acquire new skills to remain competitive and productive members of the workforce. Yet for all of these changes, the federal government has not moved to retool its programs and services, which are firmly rooted in the industrial employer-employee model.

Benefits such as maternity leave, disability allowances, and employment insurance are denied to self-employed Canadians. This erosion of the universal nature of the social benefit programs is constant and affects more and more Canadians every year, as it has affected artists for a very long time.

The CCA therefore recommends that the federal government commission a task force to examine how self-employed Canadians are currently treated under aging and increasingly obsolete conceptions of the fundamental nature of the Canadian labour force. Such an investigation would also be asked to examine tax policy as it affects the self-employed.

[Translation]

In that regard, the CCA has long recommended that income averaging be reintroduced into the tax system, but the Department of Finance continues to turn a deaf ear. If income averaging is not possible, we must come up with other solutions to a system that is clearly unfair for an increasing number of workers in all areas of activity.

We therefore invite you to encourage the Minister of Finance to include this issue in the mandate of the task force we spoke of earlier.

[English]

The place of copyright and residual income is central to success in the creative economy. For the past several years, the CCA has called upon the federal government to grant a limited exemption from federal income tax on copyright and residual income, which is the way it's done in Quebec, among other places. This form of incentive rewards creativity and innovation and bolsters Canadian productivity and competitiveness. The Minister of Finance has not yet accepted this reasoning, which has received the noted support of the Canadian Council of Chief Executives.

Finally, another dimension of the changes within the Canadian labour market is the prospect of the retirement of baby boomers in all sectors of the economy. We have to look into a mentorship program, and I'll get back to that if you're interested.

Thank you for your time.

The Chair: Thank you.

We'll now move on to the Canadian Council of Grocery Distributors. We have Monique Bilodeau. Thank you for being here.

I understand you have a couple of props. We had this once before, but it was Tim Hortons doughnuts. I'll just remind you, the chair didn't get any at that time, so....

Voices: Oh, oh!

The Chair: Go ahead. The floor is yours for five minutes.

• (1315)

[Translation]

Mrs. Monique Bilodeau (Vice-President, Finance and Commodity Taxation, Canadian Council of Grocery Distributors): Thank you, Mr. Chair. It is a pleasure to have the opportunity to present to your committee.

I am Vice-President, Finance and Commodity Taxation, with the Canadian Council of Grocery Distributors, hereinafter referred to as CCGD. Our members include Loblaw's, Sobeys and Metro as well as smaller family-owned businesses such as Coleman's food centres in Newfoundland.

CCGD is bringing forward two recommendations. The first is to exempt all cut fruit from the application of GST to eliminate confusion, and to improve how government works by adopting a new procedure for issuing GST rulings to the grocery industry, but implementing recently concluded pilot projects with the Canada Revenue Agency, hereinafter referred to as the CRA.

The way cut fruit is treated under the GST is confusing. I'm going to illustrate what we mean by that by giving you some actual examples. If you buy cut pineapple from a grocer, there is no tax, whereas if you buy any other fruit, it will be taxed. In addition, if you buy a fruit salad off the shelf, it won't be taxed, whereas, if you buy mixed fresh fruit, it will be taxed.

Cut fruit should be exempt from GST regardless of whether it is combined with another or not. The system is creating unnecessary consumer confusion and requires the grocer to attempt to explain the complications of the tax system to customers. In addition, the application of GST to these products is not consistent with the guidance provided by Canada's Food Guide to Healthy Eating, which recommends Canadians consume seven to 10 servings of fruits and vegetables a day. By taxing these items it causes inconsistencies between government messages, which must be addressed.

CCGD asks that the Finance Committee recommend in its report that GST consistently not be charged on cut fruit regardless of its state of packaging.

There is also a need to improve the process by which the Canada Revenue Agency issues GST rulings for all grocery products. Our members are challenged with interpreting the application of the tax due to a 16-year-old definition which provides guidance on what is a basic grocery and what is not. When industry is not certain how to apply the tax it can seek a ruling from Canada Revenue Agency to determine the correct application. Despite the Agency's best efforts, there can be significant delays in issuing rulings—sometimes stretching to six months.

While our members are waiting for the ruling: if the product is not successful it may be off the shelf by the time the ruling is received and grocers could be placed in the situation of remitting GST for a product it no longer carries; the GST is interpreted inaccurately and the tax is applied in error. As a result Canadians have either paid too much for this product or the grocer faces a significant liability. There is a better way.

CCGD recently completed a pilot earlier this year with CRA that tested the ruling process employed by the Australian Tax Office. This pilot used the grocery industry database, ECCnet, to analyze product composition and presentation to provide GST direction.

We ask the Committee to recommend that CRA roll out and expand the pilot. In addition, we ask the Committee to recommend that CRA guarantee the industry (as per the Australian Government) that the rulings offered, if applied by the industry, will not be subject to future GST assessments. This guarantee would ensure both government and industry are bound by the rulings issued by CRA.

We believe our recommendations to exempt cut fruit from GST will ensure consistency in government policy. We also believe that there is an opportunity to streamline the business of government and to ensure consistent application of GST by adopting the Australian ruling process.

Thank you.

[English]

The Chair: Thank you very much for that.

We will now move on to the Canadian Egg Marketing Agency. We have Mr. Peter Clarke, the vice-chair.

The floor is yours.

• (1320)

Mr. Peter Clarke (Vice-Chair, Canadian Egg Marketing Agency): Thank you, Mr. Chairman.

Good afternoon. My name is Peter Clarke. I'm an egg producer from Nova Scotia. With me today in the audience is fellow vice-chair Maurice Richard, an egg producer from the province of Quebec. As vice-chairs of the Canadian Egg Marketing Agency—CEMA—we would like to thank the committee for inviting us to present today.

CEMA administers the production, pricing, marketing, and promotion of eggs in Canada through the uniquely Canadian system of supply management, which matches production to consumer demand. Supply management farmers are able to make meaningful economic and social contributions without relying on taxpayer dollars to stabilize income from the marketplace.

CEMA encourages the committee to carefully consider how government can support successful agricultural models such as supply management. The agriculture industry is uniquely positioned in that it delivers on the necessary public good of food security and food safety, while at the same time serving an economic background of rural Canada.

I will begin by outlining CEMA's three recommendations for the committee.

The first is that the committee support the establishment of an interim compensation program so that the true costs of avian influenza disease are compensated.

The second is that the committee support production insurance programs that allow the inclusion of livestock production and coverage for all perils.

The third is that the committee encourage government-wide support of supply management as a business risk management program.

With regard to avian influenza compensation, farmers are affected by factors not within their control, such as animal diseases like avian influenza. Even though the Eurasian strain has never been found in North America, if a farmer's flock in Canada tests positive for either H5 or H7 strains, the entire flock must be immediately culled. Although farmers support pre-emptive culling, it is important that they do not bear the financial brunt of an action taken for the greater public good. Compensation for flock destruction under the Health of Animals Act regulations recognizes only the replacement costs of animals, not the productivity, and is therefore inadequate for poultry. In addition, it is not clear that the new suite of business risk management programs announced November 17 by the agriculture minister will provide adequate compensation for disease outbreak losses. There is a great deal of confusion and conflicting information regarding various components of the program suite. Until these outstanding matters are resolved, a compensation program specifically for avian influenza is required to ensure producers who act quickly are treated fairly.

We ask the committee to recommend that Budget 2008 include support to secure appropriate short- and long-term compensation programs for animal diseases that impact the public good.

Our second recommendation relates to production insurance. Governments appear to support expanding production insurance to include livestock. We are concerned that the expanded program will only cover animals and not the loss of the products of the animals; in addition, we believe production insurance should cover any production loss beyond the control of the producer and not be restricted to specific perils. Therefore, we ask the committee to recommend that Budget 2008 include support for production insurance programs that will capture all perils in livestock production to allow for ongoing confidence in Canada's agricultural future.

Our third recommendation relates to supply management. Supply management allows farmers to operate independently, without government subsidies for products sold. It is a program that benefits the government as it eliminates a financial demand that might otherwise exist. Supply management is critical to the economic future of rural Canada; without it, there would be a profound impact on the rural economy. In order to preserve the benefits of the supply management model, the government must aggressively defend it at the international trade negotiations and clearly recognize it in domestic policy.

We ask the committee to recommend government-wide support of supply management, recognizing the demands on the federal treasury that might otherwise exist for farm stabilization programs.

In conclusion, we would like to thank the members for carefully considering our comments today. The agriculture sector, including the egg industry, is integral to Canada's economic and taxation model. As the agriculture sector continues to invest in this country, CEMA asks the government to continue to invest in agriculture by ensuring the programs are in place to deliver food security and food safety to Canadian consumers and a strong economic base to the rural community.

Thank you for your time.

The Chair: Thank you very much.

We'll now move on to the Canadian Medical Association. We have Dr. Robert Ouellet. It's good to have you here.

The floor is yours, sir. You have five minutes.

[*Translation*]

Dr. Robert Ouellet (President Elect, Canadian Medical Association): My name is Robert Ouellet and I am a physician and President of the Canadian Medical Association.

Today I will share with you three recommendations for improving the health of Canadians and productivity of the Canadian economy: first, tax incentives for pre-paid long-term care insurance; second, tax incentives to retain and recruit more doctors and nurses; third, tax incentives to enhance health system productivity and quality improvements.

The first wave of baby-boomers will turn 65 in 2011. By 2031, seniors will comprise one-quarter of the population—double the current proportion of 13%. The challenge is the lack of health service labour force that will be able to care for this aging population.

Long-term care cannot and should not be financed on the same pay-as-you-go basis as medical/hospital insurance. Therefore the CMA urges the committee to consider either tax-pre-paid or tax-deferred options for funding long-term care. These options are examined in full in the package we have supplied you with today.

Second, Canada's physician shortage is a critical issue. However, despite this dire shortage, the Canada Student Loans Program creates barriers to the training of more physicians. Medical students routinely begin their post-graduate training with debts of over \$120,000. Although still in training, they must begin paying back their medical school loans as they complete their graduate training.

This policy affects both the kind of specialty that physicians-in-training choose, and ultimately where they decide to practice.

We urge this committee to recommend the extension of interest-free status on Canada student loans for all eligible health professional students pursuing post-graduate training.

Third, investment in information technology will lead to better, safer and cheaper patient care. In spite of the recent \$400 million transfer to the Canada Health Infoway, Canada still ranks at the bottom of the G8 countries in access to health information technologies.

An Electronic Health Record could provide annual, system-wide savings of \$6.1 billion every year and reduce wait times and thereby absenteeism. But the EHR potential can only be realized if physicians' offices across Canada are fully automated. The federal government could invest directly in physician office automation by introducing dedicated tax credits or by accelerating the capital cost allowance related to health information technologies for patients.

Before I conclude, the CMA again urges the committee to address a longstanding tax issue that costs physicians and the health care system over \$150 million, or the equivalent of 60 MRI machines a year.

The application of the GST on physicians is a consumption tax on a producer of vital services. Nearly 20 years ago when the GST was put into place, physician office expenses were relatively low, for example: tongue depressors, bandages and small things. There was practically no use of computers or information technology. How many of you used computers 20 years ago? Now Canadian physicians could be using modern diagnostic equipment, which is very effective. And yet physicians must still pay the GST and provincial sales tax.

• (1325)

Mr. Thomas Mulcair (Outremont, NDP): Mr. Chair, pardon me, I have a question concerning Dr. Ouellet's presentation.

I was looking for the French version of his brief. I read the English version and, if I turn it over, I have the English version. Is there a French version? Someone stapled two English versions together.

[*English*]

They stapled the English version together twice.

The Chair: Okay.

Mr. Thomas Mulcair: Do you have a French version?

The Chair: I think so.

We'll get one to you right away.

Continue.

[Translation]

Dr. Robert Ouellet: In radiology—and I know the field very well, being a radiologist—to renew equipment in our clinics that dates back 30 years, we have to pay out \$500,000 per machine. If physicians didn't have to pay tax, the savings would make it possible to acquire other equipment such as, for example, a mammogram machine, for the same investment, an increased benefit for our patients. It is time the federal government stopped taxing health care.

We urge the committee to recommend that health services not be taxed.

In conclusion, on behalf of the 67,000 members of the Canadian Medical Association and of our 31 million patients, I appreciate the opportunity of entering into a dialogue with members of the committee and look forward to your questions.

[English]

The Chair: Thank you very much.

We'll now move on to the Cement Association of Canada, with Pierre Boucher.

The floor is yours for five minutes.

• (1330)

[Translation]

Mr. Pierre Boucher (President and Chief Executive Officer, Cement Association of Canada): Good afternoon, Mr. Chair, committee members.

My name is Pierre Boucher. I am President of the Cement Association of Canada. To save time, I will quickly introduce the cement industry, the challenges we have to face in terms of competitiveness and the main recommendations that appear in our pre-budget brief.

[English]

The Cement Association of Canada represents cement producers from coast to coast. Our members include nine cement companies operating 16 cement manufacturing plants in five provinces, with distribution terminals at over 45 locations.

[Translation]

The Canadian cement industry belongs almost entirely to multinationals with operations in more than 75 countries. At the same time, it is vertically integrated in the concrete industry. Our industry makes a direct contribution of \$1.6 billion in revenues to the Canadian economy and generates more than 26,000 stable and well-paid direct and indirect jobs.

[English]

Canada's cement industry produces 15 million tonnes of cement a year, with 10 million tonnes consumed here in Canada and 5 million tonnes exported to the U.S. markets. As an exporting industry, an efficient and well-maintained border infrastructure, especially in the Great Lakes ports and the St. Lawrence Seaway, is vital to our operations.

Cement is a strategic commodity and a critical component of our nation's infrastructure. Cement underpins the construction industry as the key ingredient in concrete. There's little built without cement.

A shortage of cement has a serious impact throughout our economy. The Canadian industry is currently well positioned to provide the necessary national supply.

Maintaining a vigorous and competitive cement industry in Canada is essential for sustained economic growth. Canada must act now to maintain and increase industry competitiveness in order to incite and attract new foreign investments.

[Translation]

The Canadian cement industry is facing persistent and growing threats to its competitiveness like we have never seen before. Cement is a globalized commodity subject to strong competition.

[English]

As a manufacturing sector and an exporting industry, the competitiveness of Canada's cement manufacturers is being threatened by a host of factors of the greatest significance: continually and rapidly increasing energy costs, onerous patchwork regulatory regimes, an expensive and time-consuming permitting process, new and increasing competition from emerging economies, and the rapid appreciation of the Canadian dollar.

[Translation]

These threats pose major challenges for Canada's cement industry and, in fact, all industrial sectors. The House of Commons Standing Committee on Industry, Science and Technology correctly pointed this out last year.

[English]

I would like to take this opportunity to commend the important action taken by this committee just last week, recommending that the government introduce the tax measures outlined in the industry committee's report on the manufacturing sector.

[Translation]

However, the greatest threat to the competitiveness of Canada's cement industry is still the uncertainty that continues to surround the development of the federal regulatory framework for air emissions. We estimate that global cement production will increase 40% by 2020, and decisions by global cement groups as to where new investment is made are giving rise to strong competition. The regulatory framework is a major obstacle to new and renewed investment in Canada by global cement interests.

The Government of Canada must ensure that tax policy supporting the regulatory framework's objectives is immediately put in place to preserve the competitiveness of Canada's cement industry. The government should ensure that it applies tax policies that support a competitive trade context and see that those policies take into account the investment planning cycle of the economic sectors concerned.

[English]

The Cement Association encourages the government to implement and integrate systems of tax measures that promote innovation. There are many options, but specifically the government should consider the accelerated capital cost allowance announced in Budget 2007 and increasing the capital cost allowance rates to speed the implementation of new technologies.

[Translation]

The Cement Association of Canada also recommends that the government accelerate the Budget Plan 2007 commitment to reduce the general corporate tax rate and the marginal effective tax rate on business investment, at least to the OECD average.

•(1335)

[English]

I would also like to take note of the new Building Canada plan recently announced by the Government of Canada. This plan is welcome, and it's an unprecedented level of federal investment in Canada's infrastructure. The cement industry strongly encourages the government to ensure a focus on critical border and trade infrastructure in implementing Building Canada. This, then, will require a steady, stable supply of cement, and our industry will be a necessary strategic partner to Building Canada.

[Translation]

In conclusion, I would like to emphasize that we are living in a world that is constantly, and quickly, changing. Although it is impossible to predict future business conditions with any certainty, it is essential, to ensure the success of Canada's industry, that we be able to react quickly and effectively to changes that occur. The Government of Canada plays a central role in the implementation of policies that, as I have said today, can ensure the desired flexibility.

[English]

The Chair: Thank you very much.

We'll now move on to the Quebec Federation of University Students, and we have Jean-Patrick Brady, the president, as a witness.

The floor is yours for five minutes.

[Translation]

Mr. Jean-Patrick Brady (President, Quebec Federation of University Students): Thank you, Mr. Chair, and thank you committee members for listening to us.

My name is Jean-Patrick Brady. I am President of the Quebec Federation of University Students, which represents more than 120,000 university students in Quebec. We are the largest youth group in the province. We are present across the province, where we defend our members from the standpoint of a humanist education in order to defend accessible, high-quality education.

I will be very brief today on the various postsecondary education issues, at least in Quebec. As you have no doubt noticed in the various presentations of other groups, the problems are relatively similar. As we have been around for a number of years now, I believe it is important to review them. And I will do so in a concise manner.

Our presentation is based on various basic findings regarding postsecondary education.

In general, we wish to discuss, first, the high degree of competitiveness of our tax system, which enables us to remain internationally competitive. However, that may unfortunately have been achieved at the expense of individuals who are paying the price through the tax system. Although we enjoy strong economic growth, there are nevertheless problems in this area. I'm thinking in particular of social disparities and the system's lack of progressiveness.

A little more specifically regarding postsecondary education, we wish to discuss federal transfers for postsecondary education, tax credits for tuition fees and the various savings incentive programs: registered education savings programs, RESPs, the Canada Education Savings Grant, CESG, and learning bonds.

With respect to economic competition and fiscal solidarity, the student federation believes that, although businesses are increasingly interested in coming to Canada because of our system, which is a good thing, we must realize that there are problems with regard to personal tax rates. As a result, the government increasingly tends to take more revenue from the pockets of individuals, and not in a progressive manner. We think it would be important to return to a more progressive system that would enable the less advantaged to gain access to postsecondary education. I'll return to this point a little later. That would also permit better wealth distribution among the rich and the poor.

In postsecondary education, there is a lot of talk about economic growth and various adjustments to the tax system. One of the first things that must be considered is the importance of college education in Quebec and university education in Canada as a whole. For society, it is absolutely vital that the entire population has access to university, not merely its richest members. To that end, we need high-quality education that is accessible.

As regards high-quality education, it is very important for the federation that transfers are restored to levels prior to the cuts in the 1990s. That represents approximately \$4.9 billion for Canada as a whole. We feel that federal transfers must return to what they were so that universities can face international competition. We all know that the universities of countries such as China and India are catching up to us and becoming highly competitive in terms of both quality and accessibility. It is therefore important to fund our universities adequately.

Now let's consider tax credits for tuition fees, education and textbooks. It must be understood that tuition fees are not the same from province to province in Canada. In that sense, our request is relatively very simple, that the federal government transfer to provinces with tuition fees below the Canadian average, as is the case in Quebec, financial compensation equal to the difference between the amount of credits paid to the province and the Canadian average. That financial compensation will of course have to be invested in the postsecondary education system.

• (1340)

[English]

The Chair: Very quickly.

[Translation]

Mr. Jean-Patrick Brady: With respect to the RESP, CESG and other education programs, we simply ask that the systems be abolished because we feel they favour the rich, not the less well off, which mainly runs counter to the purpose of that program.

Thank you very much.

[English]

The Chair: Thank you very much.

We have, from Magazines Canada, Robert Goyette. The floor is yours for five minutes.

[Translation]

Mr. Robert Goyette (Chairman, Magazines Canada): Good afternoon.

My name is Robert Goyette and I am Chair of Magazines Canada. Magazines Canada is a national, non-profit association representing Canadian consumer magazines across Canada—about 90% of all Canadian magazines' paid circulation in both official languages.

Member magazines span a wide range of topics including business, news, politics, sports, arts and culture, leisure, lifestyles and the environment, among others. There is additional information about the Canadian magazine industry in our brief so I will not repeat it here.

I would like to take this chance to draw your attention to one critical point. Canada's magazine sector is delivering on federal cultural policy objectives. Successive federal governments have sought to ensure that Canadian cultural materials are available across Canada. Historically this has been a challenge given our enormous geography, relatively small population, two official languages and our proximity to the huge U.S. entertainment industry.

So we are pleased to point out that when Canadians and Quebecers choose their magazines, 41% of the time, they choose Canadian. This compares favourably with the other cultural sectors—struggling with the same challenges—like Canada's film sector where only 3% to 5% of Canadian screen time is devoted to our films.

We are pleased with the current federal government's ongoing support, specifically two actions. The first is Canada's continued leadership in establishing the UNESCO Convention on the Diversity of Cultural Expressions, an initiative which, in no small measure, had its genesis in the Canada-U.S. dispute over magazines in the 1980s.

The second measure is the Cabinet direction, just over a year ago, to Canada Post, requiring the Crown corporation to remain a supporter of the Publications Assistance Program—that we know by the name PAP—until at least March 2009. However, there are some significant challenges on the horizon and I'd like to focus attention, in the short time I have, on these.

Much of our success in making Canadian magazine content available to Canadians results from a supportive environment for distribution, largely through two measures—Canada Post delivery of subscription magazines and the Publications Assistance Program.

Canada Post's approach to the magazine sector is changing dramatically. Our costs for postal delivery are the fastest growing expenses for publishers, far exceeding inflation. Additionally, Canada Post is actively studying a move to distance-related pricing, a very substantial change from current practice which is likely to make national distribution of magazines more expensive and discriminate against rural subscribers.

Finally, Canada Post wants to withdraw its support of the Publications Assistance Program which would eliminate one-quarter of the budget and lead to an immediate increase in postal costs for the 1,200 Canadian magazines and community newspapers that are eligible.

Fully 70% of subscription magazine sales in Canada—magazines that are delivered by Canada Post—are Canadian. So a marked increase in subscription costs will impact on Canadian titles—more than foreign, which are often distributed at newsstands. These changes could reverse years of success gained from effective cultural policy and lead to a reduction in Canadian content available to readers—not to mention many creative jobs and economic activity in the sector.

• (1345)

[English]

Canada Post is a crown corporation for a reason. We believe it contributes substantially to this country's cultural policy objectives, and we are not alone. A 2005 Treasury Board report noted:

With their mixture of public policy and commercial objectives, Crown corporations, such as the Canadian Broadcasting Corporation and Canada Post Corporation, play critical roles promoting the country's identity and connectedness.

Canada Post's withdrawal from PAP would forever change a longstanding distribution partnership and a highly successful subscription-based delivery model that has evolved because of a federal government magazine policy.

Canada Post may no longer be an affordable option. If the industry is required to create other avenues for delivery, it could mean prohibitive distribution costs, especially in rural areas of the country. This will mean that Canadians living outside major urban centres will not have the same access as others to affordable Canadian magazines. It is important that the government and our sector work together in confronting this issue, determining how to support magazine distribution and the future role of Canada Post in this process.

[Translation]

What we're asking today is that the Finance Committee recommend that adequate budgets be maintained for the Publications Assistance Program, the PAP. This can be achieved either through direction to Canada Post that the Crown corporation maintain its support or that this portion of funding be delivered as part of the Department of Canadian Heritage budget.

Before we allow drastic cuts to successful programs, we ought to be looking at how we can do things differently, and at how we can ensure there continues to be a choice of Canadian content available across the country.

A year ago, when the federal Cabinet directed Canada Post to continue to support the PAP at least until March 2009, it also promised to conduct a review of this area and consult our sector. We are in the process of doing this now and we hope this committee will support these efforts.

The Canadian magazine sector has been highly effective in utilizing public investment to ensure a healthy presence for Canadian opinions, perspectives and information, thanks in part to the PAP and Canada Post.

That's the message I wanted to give you today.

[*English*]

The Chair: Thank you very much.

We'll now move to our question and answer period.

I'm just going to ask the committee something. We could go with eight minutes for each individual. I suggest that we do four and four and do two rounds and keep it snappy. All right? Let's do that.

Go ahead, Mr. Pacetti.

[*Translation*]

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

I want to welcome the witnesses. Most of you come from Montreal. This is the first time that my level of French will be below that of the other panellists because, thus far, there hasn't been a lot of French.

I'd like to start with Mr. Ouellet. I spoke with a representative of your association about the appreciation of the Canadian dollar. Does that affect you?

Dr. Robert Ouellet: Mr. Chair, the rise in the dollar doesn't affect us very much. At the moment, medical equipment is like cars: prices haven't fallen because they're mainly in U.S. dollars. If the value of the U.S. dollar declines, that will change the price of equipment.

However, the effect of that increase is felt perhaps when we want to repatriate doctors who were living in the United States and to whom we offer Canadian dollars. That was a less interesting proposition in terms of salaries. Given the decline in value of the dollar, it's becoming even more competitive here. It's more difficult in that regard.

Mr. Massimo Pacetti: Mr. Boucher, you said that your industry was facing global competition.

Do we export cement?

Mr. Pierre Boucher: Canada exports cement. We are one of the only countries in the world that exports cement.

Mr. Massimo Pacetti: We'll fill a boat and send it to China.

Mr. Pierre Boucher: No. We'll fill a boat and send it to the United States instead. The United States is a net importer of cement. Some 2.4 billion tonnes of cement are produced around the world

every year, including 1.2 billion in China. The United States produces approximately 125 million and needs 140 million. Canada produces 15 million and needs 10 million. It is one of the only countries that produces more than it needs, which is very favourable.

However, cement is currently arriving in the Port of Quebec from Thailand, and Chinese cement is entering ports in British Columbia.

• (1350)

Mr. Massimo Pacetti: Thank you, that's what I wanted to know.

Mr. Brady, Quebec has one of the lowest education levels in the country, but it also has a very low enrolment level. I don't believe you talked about that phenomenon in your presentation.

Is there something we could do?

Mr. Jean-Patrick Brady: That's an excellent question. What is important to know above all is that the Quebec university system is much younger than that of the rest of North America. For example, Quebec's regional university system is very recent.

In the regions, we see that 70% of students are first generation students. So they're the first ones in their families to go to university. The lag in the graduation rate is being offset. The best way to do that is obviously to maintain a developed Quebec system, and adequate funding is necessary in order to do that. We have to promote access to education. In our opinion, the lowest possible tuition fees, combined with a good loans and bursaries system, are absolutely desirable.

Mr. Massimo Pacetti: That's why I'm asking you the question: to date, that hasn't helped. Why not increase tuition fees and find other ways to encourage students to enroll?

Tuition fees don't have any impact on accessibility. However, infrastructures, those of Quebec universities in particular, are starting to suffer the consequences of inadequate investment.

Mr. Jean-Patrick Brady: As regards access to education and tuition fees, that's always a research topic. A recent study by the Government of Quebec shows that there is a very strong connection between rising tuition fees and education accessibility. In that context, as I mentioned, you definitely have to have—

Mr. Massimo Pacetti: I'm not sure about that.

Thank you, Mr. Chair.

[*English*]

The Chair: Thank you very much.

Monsieur St-Cyr, four minutes.

[*Translation*]

Mr. Thierry St-Cyr (Jeanne-Le Ber, BQ): Mr. Pineau, in one of the many surreal debates we sometimes have in Ottawa, the existence of the Quebec film industry was discussed. The government recognizes the Quebec nation, but it doesn't recognize the existence of Quebec's film industry.

Do you think the Quebec film industry exists?

Mr. Alain Pineau: I think so. Films are produced by Quebecers and are screened for Quebecers, who watch them.

Mr. Thierry St-Cyr: All right. In the area of cultural diplomacy, the Department of Foreign Affairs has significantly cut our foreign cultural representation.

Do you think that has an impact on the cultural community?

Mr. Alain Pineau: Yes. Moreover, a one-day conference was held on the issue here in Montreal 15 days ago. Not only did we talk about those cuts, which is one thing, but we also addressed the topic of cultural diplomacy. The proceedings of that conference will be published. We already intend to share them with the members of the Standing Committee on Canadian Heritage, but we will be pleased to share them with you as well.

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

Mr. Brady, I congratulate you on your brief, in which you recall, in particular, that the fiscal imbalance must be corrected by reinvesting \$4.9 billion in the next budget to restore postsecondary education transfers to the levels where they stood before they were significantly cut by the Liberal government in 1995. You emphasized that those transfers must be made on an unconditional basis. That's very brave, given the government we have in Quebec City. That said, it's up to us in Quebec to make do with that government.

However, I'd like you to tell us about tax credits. Your colleagues from certain Canadian associations and federations say that tax credits for tuition fees and education are not helpful to students because, most of the time, they don't pay any tax. It's after their education, when they don't need that money, that they could use them. They suggested that these credits be simply abolished and that they be used to finance accessibility directly by transferring them, for example, to the provinces or by putting bursary programs in place.

Do you agree on that measure?

Mr. Jean-Patrick Brady: That option can be considered. It must be understood that, in some cases, tax credits are given to parents who fund their children's education. That's why you have to be careful before you take direct action on that. But that can be argued. Obviously, the purpose is still to preserve access to education.

•(1355)

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

Mr. Ouellet, your second recommendation is that high-calorie, low-nutrition foods be taxed in order to eliminate obesity. I think that idea is brilliant. However, we heard the presentation by Ms. Bilodeau, who will perhaps be less in agreement.

How can we implement that? What do we do if fruit and chocolate are mixed in the same container?

Dr. Robert Ouellet: You're asking me technical questions that they find hard to answer when they involve only fruit. It may not be easy to apply, but the principle is not to tax foods such as fruit, which she referred to, but rather foods that are harmful to health, particularly that of our teenagers and children. How will that be done exactly? I don't believe the Canadian Medical Association has all the answers, but the principle is important.

Mr. Thierry St-Cyr: Would you go so far as to say that, in a restaurant, apart from a particular fat or sodium content, one product should be taxed more than a product with lower content?

Dr. Robert Ouellet: Once again, we're sort of getting back into cooking—

[*English*]

The Chair: I'm sorry, it's a great line of questioning, but we'll get into it again, I'm sure.

I believe it's Monsieur—

Mr. Luc Harvey (Louis-Hébert, CPC): Mr. Mulcair, no?

The Chair: I believe it's you, Monsieur Harvey.

[*Translation*]

Mr. Luc Harvey: Mr. Ouellet, does a medical clinic have inputs? Let's take, for example, the purchase of a thermometer scanner. Doctors who buy one will have to pay GST, but, in the case of a medical clinic, are there inputs? That clinic has to pay a secretary and a whole staff.

Dr. Robert Ouellet: Unfortunately, no. All the accountants tell us that it's not possible, that we should enjoy the same conditions as all other businesses. And yet doctors are an exception under the law. There aren't any inputs. All taxes are paid by physicians. Since their fees are paid by the government, they can't bill patients for GST or QST.

Mr. Luc Harvey: You also mentioned that some medical students had to repay their fees while they were still studying.

Is that the case if they specialize and are already receiving an amount that they have to start repaying?

Dr. Robert Ouellet: Exactly. There are the undergraduate and postgraduate levels. The undergraduate level, that is the medical course—

Mr. Luc Harvey: I'm very familiar with that, but—

Dr. Robert Ouellet: At the postgraduate level, they are required to repay what they have borrowed during their undergraduate studies.

Mr. Luc Harvey: What is the average salary of individuals starting to repay their loans and bursaries while they are specializing?

Dr. Robert Ouellet: If I told you the salary I earned during my residency, you wouldn't believe it.

Mr. Luc Harvey: But I'm talking about people you currently represent. You must know those figures.

Dr. Robert Ouellet: I don't know them exactly.

Mr. Luc Harvey: Would you be able to provide them to us?

Dr. Robert Ouellet: Certainly.

Mr. Luc Harvey: My next question is for Mr. Clarke.

First, I'd like to confirm for you that our government believes in supply management and that it even recognized it in the Throne Speech. With regard to that concept, I can assure you that you have our full support. However, I'd like to know whether the compensation you're seeking represents a sharing of risk or a situation in which the government assumes all risk.

[English]

Mr. Peter Clarke: Our whole industry actually shares in a lot of the risk. On farms we are constantly doing programs such as Start Clean-Stay Clean, and we are always looking to ensure that our product goes to consumers on a safe basis, so they have confidence in it.

The compensation for avian influenza is not only for farmers' good but also the public good. We're asking for proper compensation relative to the potential outbreak of avian influenza, which would include not only the bird itself in the egg-laying industry but also the production from that bird. So it's very important that we get adequate compensation that would not just cover the bird but also the product outcome from the bird, and proper cleaning and disinfecting afterwards.

• (1400)

[Translation]

Mr. Luc Harvey: Mr. Pineau, the film industry file is one of your responsibilities?

Mr. Alain Pineau: Yes, film producers belong to our association.

Mr. Luc Harvey: We've heard that there is currently a lack of funding, since the Quebec film industry was doing very well and there were even a lot of projects.

Is that correct?

Mr. Alain Pineau: Yes, that's the case.

Mr. Luc Harvey: How much does that increase represent?

Mr. Alain Pineau: I admit frankly that I'm unable to give you those statistics.

Mr. Luc Harvey: What are you seeking?

Mr. Alain Pineau: It's not me whose seeking it, sir, it's the associations. We represent and cover all the sectors. That's why I can't give a point-blank answer to a specific question like that. However, I could send you the answer later.

[English]

The Chair: Thank you very much.

We'll move on to Monsieur Mulcair.

[Translation]

Mr. Thomas Mulcair: Thank you, Mr. Chair.

My question is for Mr. Brady. I take this opportunity to thank him for the presentation he just made on behalf of FEUQ. I see other individuals whom I've had the opportunity to meet in various places in Quebec in recent months. It's a pleasure to say hello to them as well.

I simply wanted to know whether you could help us solve an existential problem. I'm going to explain it to you. As Mr. St-Cyr said it so well earlier, the Liberals made cuts to federal transfers for postsecondary education, but, in exchange for its support for Mr. Martin's budget, the NDP demanded a transfer of \$4.5 billion to three areas, public transit in the municipalities, social housing and postsecondary education.

Is it reasonable to think that, if we had been able to ensure that that transfer would be used for the objectives sought, particularly

postsecondary education, we would not need to increase tuition fees by \$50 per session in Quebec.

I need your help on the following question. What do you suggest to ensure that a real transfer is made in future and that it is possible to know whether it has reached the right place in the provinces, even though education is a provincial jurisdiction?

Mr. Jean-Patrick Brady: That's entirely an existential question. With regard to the first question, which concerned tuition fees, we at FEUQ have always said that tuition fees had to be increased as a result of the lack of funding. Of course, that reasoning is partly valid, when you say that the increase in tuition fees is made necessary by the underfunding that results from the cuts to federal transfers in the 1990s, yes, absolutely.

You know, sometimes everything is so simple for us young people. We are a bit naive. I would simply say to you that it's a question of political will. If one day people realize that post-secondary education is a springboard for both individuals and society in general, it will be very easy for a government to simply send transfers to the provinces. At that point, each of the provinces will do what it has to do, in accordance with its powers. In Quebec, considering the \$400 million under-funding of universities, that money will clearly be paid to the universities.

Mr. Thomas Mulcair: Thank you.

My next question is for Mr. Paton from the Canadian Chemical Producers' Association. In his presentation, Mr. Paton said that

[English]

the five-year CCA change—and these are your exact words—was “totally irrelevant” in the event of the type of business you were describing. Could it also be fairly argued that a lot of your clients, a lot of those industries—I guess your companies send a lot of their products to the manufacturing industry in Canada—because of the high dollar and the failure of the government to intervene, paid no taxes in the past year because they hadn't been making any profit? So isn't it fair to say that it is equally totally irrelevant that the tax rate has been reduced? If you're not paying taxes, what benefit is a reduction in your tax rate?

Mr. Richard Paton: In fact, in the last six or seven years, the industry has done quite well economically—

Mr. Thomas Mulcair: The chemical industry.

Mr. Richard Paton: The chemical industry.

Mr. Thomas Mulcair: But I'm talking about the other manufacturers—

Mr. Richard Paton: Even for manufacturing, even though they've got struggles, the output has been up. So I can't speak generally for manufacturing, but I'm sure all my companies are paying lots of taxes.

Mr. Thomas Mulcair: So the ones that are paying lots of taxes, they're the ones benefiting from the tax reductions. Meanwhile—

•(1405)

Mr. Richard Paton: Nobody's benefiting from this tax reduction, because it is irrelevant. It's outside the planning cycle of any capital project.

Mr. Thomas Mulcair: For the CCA, but not for the tax.... Not for the rate reduction, of course—

Mr. Richard Paton: On the general corporate tax rate? Yes, of course, we're paying lots of corporate taxes—billions.

The Chair: Thank you very much.

We're going to go to Madame Thi Lac.

[*Translation*]

Mrs. Ève-Mary Thaï Thi Lac (Saint-Hyacinthe—Bagot, BQ): Good afternoon. Thanks to all those who are here with us this afternoon. My question is for Mr. Brady.

Mr. Brady, I'm a newly elected member. I represent a riding where a major fight was waged a few years ago to obtain funding so that the Université de Montréal could be fully accredited in veterinary medicine and thus enable students to study veterinary medicine in Quebec in French. My question was in that regard.

I agree with you when you say that tuition fees should not be increased. That's important for students. However, we all know that, if academic infrastructures are not at an acceptable level, they will also be threatened with closure in certain fields.

I would like to hear what you have to say on that subject.

Mr. Jean-Patrick Brady: Yes, let's talk about infrastructure. When we talk about the issues more directly related to underfunding, there's obviously the question of the quality of new professors, of library resources, but also, more generally, the question of infrastructure, as you mentioned.

The infrastructure question is a broad one. Obviously, it can concern the physical state of buildings, but it can also include, more concretely, resources, laboratories, human resource centres and so on, every situation where there is a lack of actual equipment. We shouldn't wait until the building falls down for students to react. Sometimes we tend not to want to be alarmists and to wait until those kinds of things occur.

Once again, it's very simple. We're talking about underfunding of \$400 million in Quebec alone. It's very important that each of the governments, which obviously includes the federal government, does its share so that universities in Quebec become more competitive and avoid heading in the direction you mentioned, which, for example, would mean that veterinary medicine students would be forced to go study elsewhere, where universities receive more funding.

Mrs. Ève-Mary Thaï Thi Lac: I'm sharing my time with Mr. St-Cyr.

Mr. Thierry St-Cyr: I'm going to put a question to both Mr. Paton and Mr. Boucher. Your presentations contain two recommendations that the Bloc Québécois supports and which it likes. The first is that the capital cost allowance for property and equipment be accelerated, and the second is that the research and development tax credit be made refundable. That's interesting

because it's a form of deferred tax; consequently, the cost to the government over a long period of time is not that great. It will ultimately recover those taxes later.

As these are targeted measures, they make it possible to give businesses more cash where they need it, compared to a general tax cut which would help businesses that are already doing well.

I know that, in an ideal world, you want to get help and not to pay any taxes. But if you had to choose, what would be more beneficial for our economy, targeted measures or general measures?

[*English*]

Mr. Richard Paton: Unfortunately, I can't make a choice there.

First of all, I think if you follow Mr. Flaherty's proposal of having a 25% tax rate as the average of federal and provincial tax, you will create a huge advantage for investing in Canada that is not there right now. That creates what I would call branding; it brands Canada as a place to invest.

The CCA is quite different, you're absolutely right. It's essentially different cashflow, in terms of tax revenue: it does not reduce taxes, it's not a subsidy, etc. But it will target, as you suggest, and accelerate those capital investments that are so necessary for productivity, environmental improvement, and for the manufacturing industry right now as it's facing the dollar and all kinds of challenges.

The Chair: Thank you very much.

Mr. Pacetti.

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

Mr. Paton, I understand, and I think we, or at least our party, agrees with extending the CCA. Your industry, and not just your industry but some of the industries that have not, let's say, been successful in terms of productivity in the last few years—especially industries that benefited from the low Canadian dollar—didn't make any investments or reinvest their profits in machinery and equipment. Now, all of a sudden, the CCA comes on board, and now you're asking that it extend.

Shouldn't these investments have been made in the past? Why do we have to extend them for five years? Shouldn't these investments have already been in the planning?

•(1410)

Mr. Richard Paton: That's a very good question. In fact, I know that Jayson Myers of the Manufacturers and Exporters has a very interesting chart on that. Up to about 2001, companies were making quite active investments, and generally companies that keep making those investments keep their productivity levels up and are able to deal with foreign competition.

Our productivity levels, by the way, are about 62% above those of the United States, so we're not in a low-productivity business.

Since 2001, because of energy costs and because of the dollar—and we see the dollar has gone through a big change in the last little while, but actually it's been going through this change for above five years—the amount of money available for companies to make those capital investments has gone down. We've even seen it in terms of environmental performance.

Mr. Massimo Pacetti: Fair enough.

Mr. Clarke, your proposal for the avian influenza does not have a costing to it. Could you provide us with a cost?

Mr. Peter Clarke: It would be rather difficult, but I could give you a scenario.

Mr. Massimo Pacetti: Your estimate is better than mine.

I only have two minutes left.

[*Translation*]

Ms. Bilodeau, I'm going to ask you more or less the same kind of questions.

The act has been around for a number of years, but the grocery distribution business has evolved. We see that people want healthier ready-made products.

Have you met with the Department of Finance? Was there any agreement, openness? I don't think you should turn to the Revenue Agency.

Mrs. Monique Bilodeau: We've started to meet with representatives of the Department of Finance. We've told them that, if we want Canadians to eat better and to reject junk food, it's not by taxing commodities that we'll be able to do that.

Mr. Massimo Pacetti: I agree, but I'd simply like to know whether you've taken steps.

Mrs. Monique Bilodeau: Yes.

Mr. Massimo Pacetti: Mr. Goyette, if we don't ask you any questions, it's probably because we agree with your demands.

However, I'd like to know whether you are familiar with Bill C-14, which was tabled in the House and which amends the Canada Post Corporation Act.

Mr. Robert Goyette: Indeed.

Mr. Massimo Pacetti: Does that bill concern you? The members of my party may not support it.

Mr. Robert Goyette: There have been proposals in the past, but I thought that Canada Post had a monopoly in Canada.

Mr. Massimo Pacetti: Will that influence your proposal?

Mr. Robert Goyette: I'd have to find out. I can send you the answer.

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

Thank you, Mr. Chair.

[*English*]

The Chair: You have a few seconds left, and Mr. Clarke has an answer for you.

Mr. Peter Clarke: I was going to give you an example. For an eradication of approximately two million birds, the cost would be

roughly \$12.5 million in addition to the Health of Animals cost relative to that, which would be an additional \$6 million. So if it were a two-million bird eradication, that would be roughly the total I could give you as an example.

The Chair: Thank you very much.

If you give it to the clerk, it will be distributed. I would appreciate that.

Mr. St-Cyr, you may have one more last shot.

[*Translation*]

Mr. Thierry St-Cyr: My question is for the Canadian Council of Grocery Distributors, so for Mrs. Bilodeau.

In your first point, you talked about cut fruit and, in your second, about the difficulty in determining which products were taxable and which were not. I know the problem, being the son of a merchant. My parents had a convenience store.

Have you considered the possibility that that responsibility belongs to the supplier of the product? The supplier could consult the Canada Revenue Agency and obtain the certificate proving that its product is taxable or not. In that way, the decision would be made once, and the supplier would inform all retailers whether its product is taxable or not taxable. Wouldn't that be simpler?

• (1415)

Mrs. Monique Bilodeau: In an ideal world, the answer should come from the manufacturers. However, the act is much more specific concerning them. If they neglect or fail to charge the tax, they have a right to go back, even six months later, and charge grocery retailers.

So if a retailer relies on the manufacturer's invoice and is charged the tax six months later, that's a problem right off the bat.

Mr. Thierry St-Cyr: You would have to be sure that the manufacturer had taken the necessary steps with the agency.

Mrs. Monique Bilodeau: Exactly.

Mr. Thierry St-Cyr: There would have to be a letter, a certificate or something like that. Perhaps that's an option to consider.

Mr. Clarke, I'd like to address compensation policies regarding a potential outbreak of bird flu. I'm neither for nor against, at least for the moment. I haven't formed a fixed opinion on the subject and I'm trying to see what the situation is.

What is the responsibility of a poultry producer who sells eggs in that situation? You say in your brief that compensation should be taken out of public taxes since it's a public issue concerning everyone and that, consequently, everyone should pay the cost of it. Sometimes we on the committee get the impression that businesses want to individualize profits. When it's profitable, the profits go to individuals, who want to pay as little tax as possible and rely as little as possible on the community. However, when costs are involved, they consider that the community is responsible for paying through its taxes.

What is your responsibility for the potential environmental consequences of your operation?

[English]

Mr. Peter Clarke: Do you mean with regard to an avian influenza?

[Translation]

Mr. Thierry St-Cyr: That's an example, indeed.

[English]

Mr. Peter Clarke: There are obviously repercussions for industry. But we as an industry are always doing things to the best of our ability to make sure we don't have disease outbreaks.

When we have an avian influenza opportunity that shows itself in Canada, it's devastating to our industry. We need assistance in place in case we have to remove our birds entirely, either from a farm or on a mass basis. This is truly devastating to us, because the industry not only loses the birds but loses the opportunity income from the output from those birds.

We're doing all kinds of things on the farm always to make sure we don't have disease issues. We are part and parcel of that program. But when there's a complete disaster, it's over and above what an individual can handle on his or her own.

The Chair: Thank you very much. The time is gone.

We'll move to Mr. Harvey.

[Translation]

Mr. Luc Harvey: My question is for Mr. Boucher, but it could also be for other persons. Do you have any labour problems? Do you have trouble finding qualified persons? Do you have trouble keeping your labour force? Are there things that—

Mr. Pierre Boucher: No, not at all, our labour force is skilled and does a very good job. There are no problems of that kind. Labour in the cement industry is very stable. It is specialized and loyal to the industry as a whole.

However, we are concerned about the competitiveness of cement companies in Canada. Will we be able to keep the jobs of this labour force? That's our challenge. I'm appearing before the Standing Committee on Finance, but we also have to comply with environmental policies and ensure competitiveness. That's what we're talking about today. The government is asking us to accelerate our capitalization and the renewal of our cement technologies. Appropriate tax measures must enable us to do that, rather than do it elsewhere.

Mr. Luc Harvey: I have a question for Mr. Clarke. If tomorrow morning we had a vaccine for bird flu, virus H5N1, who should pay for it?

[English]

Mr. Peter Clarke: If it's in the interest of the public good, which it would be in the case of a vaccine for avian influenza, it would be an opportunity that could be shared federally, provincially, and with the producers

[Translation]

Mr. Luc Harvey: Don't you think that farmers could vaccinate their chickens, and if the vaccine cost 5¢, they would only have to add 5¢ when they sold their chickens?

• (1420)

[English]

Mr. Peter Clarke: If it were five cents, it would be an opportunity that perhaps could be involved in a cost-of-production formula.

[Translation]

Mr. Luc Harvey: Thank you.

I also have a question for Mr. Pineau. A little earlier, we started talking about the film industry. In your opinion, if the Quebec film industry is doing well, we should increase funding for producers.

Is that correct?

Mr. Alain Pineau: I would address the issue from another viewpoint, even though I may come to the same conclusion. We consider that an investment in creativity, in cultural products and cultural expression is something fundamental. The federal government has an important role to play in that regard. Apart from some very rare exceptions, there is no cultural industry here that can survive without some form of direct or indirect support from our governments. That's the basic reality. On that point, I would say that, if the Quebec film industry is doing well, we think there's no reason to stop investing in it.

Mr. Luc Harvey: We're not talking about stopping investing, we're talking about investments.

Mr. Alain Pineau: If there are more sensible projects that can enable us to see more cultural products on our screens, absolutely.

Mr. Luc Harvey: Conversely, if the film industry isn't doing well, what should we do?

Mr. Alain Pineau: We should analyze why it's not doing well.

Mr. Luc Harvey: No, I wonder whether we shouldn't cut budgets at that point.

Mr. Alain Pineau: I'm a member of a national organization. I represent both the Quebec side, where there is one type of culture and reality, and the Canadian side as a whole. The situation is not the same on both sides. I can't give you an adequate and satisfactory answer because the two shoes aren't the same size.

Mr. Luc Harvey: My last question is for Mrs. Bilodeau.

Let's say I have 30 seconds left, Mr. Chair?

[English]

The Chair: You can ask one quick question.

[Translation]

Mr. Luc Harvey: People increasingly need cooked foods; we all know that.

How do we go about drawing the line between restaurants and home cooking?

Mrs. Monique Bilodeau: Restaurant meals will always be taxable.

Mr. Luc Harvey: If you buy a chicken wing at Saint-Hubert, how

[English]

The Chair: That's okay. Thank you very much.

We'll have Mr. Mulcair.

[Translation]

Mr. Thomas Mulcair: Thank you, Mr. Chair. My first question is for Mr. Clarke. I'm going to tell him a story that will turn our interpreters' hair grey because it's a translation story.

When I entered the National Assembly, our Agriculture Minister always talked about a type of management. I always heard "egg management" and I thought he was talking about eggs. In fact, he had a Gaspé accent and he was talking about supply management. I'm happy to be with the person who is engaged in egg supply management because I can finally reconcile the reality with what I misheard when I entered the National Assembly.

[English]

But I pity the poor interpreter who had to render that one for you.

Mr. Clarke, you make an important point in your document about the fiscal advantage of the supply management system generally. I'd like you to elaborate a little bit on that, because I share your concern when I hear the rumblings from the Conservative government. It's taken about two years for people to start to realize that, oh my goodness, they're conservatives; they don't believe the government has a role to play in the economy. We do, and the NDP has long held that Canada's supply management system should be supported and maintained.

Can you tell us what your feeling is right now? And as we head into the next budget cycle with the government, what signals are you getting on the supply management scheme in Canada generally?

Mr. Peter Clarke: Supply management is truly, in my opinion, one of the pillars of economic stability in agriculture. The main reason for that is our ability to get our cost of production from the marketplace.

Supply management across the country is...a lot of rural benefits are truly being taken from and given to the income, and the ability for supply management to facilitate back and forth, buying in the community, participating in communities with regard to the spinoff effect, the ability that we put in, the opportunities for us to be involved in everything from sending our children to the rinks to being involved on boards and everything.

The strength of our industry, because of supply management and the ability to get the income from the marketplace, really affords us a lot of opportunities in being stable. If you look at so much of other agriculture today, whether it's the pork industry or perhaps the beef industry, they are very much disadvantaged relative to the opportunities we have.

We, as a supply management industry, do not come to government looking for a subsidy, and so on. We don't come for that type of assistance. So that's a significant factor for us and government.

• (1425)

Mr. Thomas Mulcair: That's uniquely Canadian, you're right. But the expression that comes to mind is, "If it ain't broke, don't fix it."

[Translation]

Dr. Ouellet, does the Canadian Medical Association have a position on the shortage of doctors that you referred to? You cited

the example of someone who is a resident and for whom we could extend the period during which that person pays no interest. I find that idea very interesting.

But I also wanted to ask you something: to the extent that we also have a lot of people who are capable of becoming doctors but who have been trained outside Canada, have you considered tax or other measures that could facilitate their transition if, for example, they have to study for a year or two in order to supplement their knowledge so as to adapt it to North America? The Americans ultimately find it a lot easier to recruit and integrate doctors trained outside the country than we do in Canada. As the former President of the Office des professions du Québec for six years—where we met—I'm familiar with the reasons why we are reluctant here and I know where the stumbling blocks are.

Perhaps you could share your thoughts on the subject with us.

Dr. Robert Ouellet: I think we have to take every possible step to have as many physicians as possible, and here's one: we can help a physician who has been trained outside Canada, perhaps by means of a tax credit or something like that, so that he can more easily enter the medical system here. Obviously, if we ask someone to do, for example, a residency, a year of training or something like that, he'll have to do it by his own means. If we help him, that can be an incentive.

Understand that we agree on all the possible ways of increasing the number of physicians. We will be preparing a policy on this matter very soon; you'll be hearing about it.

Mr. Thomas Mulcair: Thank you very much, Dr. Ouellet.

Thank you, Mr. Chair.

[English]

The Chair: Thank you very much.

With the indulgence of the committee, I have a couple of quick questions before our time is gone. I'll just pick up where Mr. Mulcair left off with regard to the Canadian Medical Association.

It's interesting that you have what struck me as quite a social engineering proposal, which is to tax our burgers and our high-calorie foods. That's an interesting proposal. But who is going to determine what is a healthy food and what should be taxed and what shouldn't be taxed? I have all kinds of fears of opening that Pandora's box.

Nonetheless, the issue is to try to deal with the childhood obesity crisis, and I applaud the recommendation for that attempt. But in your own studies and in your own polling, you have identified that although 26% of those aged 2 to 17 are obese or overweight, only 9% of Canadians recognize it. So it's a recognition problem prior to the social engineering problem. I would think you would have to address the information side of it before you address the penalty side.

I just don't know if you've thought that through very clearly or how you would address that.

[Translation]

Dr. Robert Ouellet: When we ask parents if their children are obese, they don't usually see it that way. It's a perception problem, and you're entirely right in saying that you have to start by showing people what obesity is and what tendency their children are following.

I think a significant information campaign must be conducted on this. Surveys have been conducted on this subject and have shown that parents don't see their children accurately.

In addition, there is a tax on junk food in 16 American states. We wouldn't be reinventing the wheel, since this is done and has already been done outside Canada, in other countries.

[English]

The Chair: Although your proposal wasn't junk food; it was high-calorie foods. Nonetheless, that's okay.

• (1430)

[Translation]

Dr. Robert Ouellet: They're similar.

[English]

The Chair: That would pick on the fellow beside you, actually.

I want to talk to Mr. Clarke with regard to your issue, but I'll just correct Mr. Mulcair—it's not his fault; he's new to the House of Commons. Actually, the proposal of the government in power is to support supply management.

Nonetheless, your proposal is interesting, that the state look after the compensation of replacing those birds in the avian flu position. Is there private insurance that will deal with loss of income, such as every other business would have to buy? Is that available for the industry?

Mr. Peter Clarke: Not in its completeness yet. We are working on some of the areas where some insurance may lead to that, but in the interim there's nothing that's available off the shelf that would truly compensate our industry for the birds and for the loss of production. It is something we are working towards, but it isn't completely available yet.

The Chair: So there's no private insurance for that.

I have just one more quick question and we'll close this off.

With regard to Mr. Paton, you have suggested that we go from 28% to 17% on a tax reduction for corporations. You realize, of course, this committee just passed a piece of legislation that would move that from 15% in 2012. You never mentioned that at all. I was just wondering if that was going to bother you to go an extra 2% lower.

Mr. Richard Paton: No, Chair, unfortunately, our submission was sent in August, before your great decisions later on.

The Chair: I thought that wouldn't upset you too much.

I hesitate to allow Mr. Mulcair—

Some hon. members: Oh, oh!

The Chair: In fact, I don't think I'm going to because he is the one who started this by slapping us on the ignorant stuff.

With that, I want to thank the—

A voice: I would ask you to send a copy of the remarks to the Wheat Board.

The Chair: Okay.

Thank you very much for coming to testify before this committee. We'll take this into due consideration as we prepare our report to be tabled before Parliament.

Thank you. We will recess as we change panels.

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_____ (Pause) _____

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• (1440)

The Chair: We have enough people sitting at the table to start, so we will call this portion of the meeting to order.

This is actually our last panel session before our pre-budget hearings are over. So if you see members around the table smiling inappropriately, it's just because of that. It's been a very long week. We started, I believe, in Victoria and went right to Halifax and then back to Montreal. So it's been very aggressive. And we hit Calgary in between.

We will start. We have a full panel of seven before us. We will start with the Association of Canadian Airport Duty Free Operators. We have André Bergeron, the executive director.

The floor is yours.

• (1445)

Mr. André Bergeron (Executive Director, Association of Canadian Airport Duty Free Operators): Thank you, *monsieur le président*.

ACADFO stands for the Association of Canadian Airport Duty Free Operators. We represent the providers of duty free retail services to international travellers at Canadian airports. We're also working in concert with airport authorities to introduce arrivals duty free in Canada.

Our industry is highly regulated. We are legislated through an act of Parliament and are regulated by the duty free shop program under CBSA.

Our members provide retail services to international travellers. We represent sales of \$174 million, a source of employment for 1,000 Canadians, a source of promotion for Canadian-made products, an integral part of the tourist experience, and a significant part of the Canadian airport revenue stream, representing approximately \$60 million paid yearly.

Our customers are Canadian and foreign travellers. More than half our customers are visitors to Canada. The profile of an international traveller has changed substantially over time. It's no longer true to say that only the very affluent are travelling internationally. In fact, it's very much a middle-income-earner business, and in most markets it even includes some lower-income earners.

Our competitors are airport duty free shops located in foreign countries. These are retail organizations that do not benefit the Canadian government or its people through employment, investment, or tax revenues. Nor do they provide fees to Canadian airport authorities on duty free sales.

Our industry has encountered many difficult, externally driven challenges: 9/11 and its after-effects; export taxes on selected products; SARS; the war in Iraq; the rising Canadian dollar; and, one of our most difficult challenges, the ban on liquids, aerosols, and gels. This ban has dramatically affected two of our most important sales channels. In August of 2006, when the ban on LAG was implemented, overall sales decreased by 35.6%. During the course of the year, losses carried on at approximately 15%. Sixteen months later we have not recaptured this loss.

Lastly, the widespread expansion of arrival duty free across all continents has resulted in a significant change in the duty free market. Canadian rules related to duty free sales have not kept pace with these changes. One measure that would greatly contribute to our competitiveness would be the introduction of arrival duty free at Canadian international airports. Arrival duty free enables international travellers arriving or returning to Canada to purchase duty free goods other than strictly at departure time. These purchases would still be subject to the same overall personal exemption limit set by the Canadian government.

Arrival duty free expansion has gained significant momentum over the last five years. It is now available in 55 countries, and this list is expanding quickly. Now is the time to take action to assist the development of the Canadian airport duty free industry so that we are not last in line in the international market.

The benefits of arrival duty free are numerous. It promotes and retains expenditures in Canada rather than in foreign countries. We have estimated that after the first 12 months, the program would repatriate \$61 million in sales to Canada, would create 400 new jobs with \$12.7 million in wages, would add close to \$20 million to airport non-aeronautical revenues, and would generate \$3.7 million in revenue paid to the federal government through employment and corporate taxes.

It would increase investment in Canada for inventory, working capital, and the construction of new retail outlets. It would increase tourism expenditures, as it has in countries such as Australia, where it has been available since 1984, while not affecting negatively the domestic retail industry, as demonstrated in studies of countries as varied as Australia, New Zealand, Norway, and Hong Kong.

To the traveller it provides great convenience and reduces the risk of confiscation due to the ban on liquids and gels onboard aircraft. For the tourism industry, it will provide opportunities to promote to arriving foreign visitors Canadian themes and events such as the

upcoming Vancouver Winter Olympics or Montreal's numerous summer international festivals.

Finally, it provides a level playing field for Canadian airport duty free operators, as we are competing with duty free retailers at foreign airports.

To conclude, in our proposal we say that at a minimum, arrival duty free is revenue neutral to the government, as these purchases would have otherwise occurred in foreign airports. Arguably, arrivals duty free is a net revenue gain in terms of additional income and corporate taxes. It also has wide support, including the Retail Council of Canada, various boards of trade, and local chambers of commerce. In order to be successful, we need a business environment that is dynamic and enables us to compete with our foreign competitors. Enabling international travellers and Canadians to access duty free shops at departure and arrival would provide such an opportunity. Therefore, we ask your committee to recommend to the Minister of Finance that the government implement arrivals duty free in its next budget and effect the necessary changes to existing legislation by adding the words "and to enter Canada".

•(1450)

Thank you for the opportunity to appear. I would be happy to answer any questions.

The Chair: Thank you very much for your presentation.

The Canadian Federation of Agriculture is next. We have Ron Bonnett, the second vice-president.

The floor is yours.

Mr. Ron Bonnett (Second Vice-President, Canadian Federation of Agriculture): Thank you. I would like to thank you for the invitation to make a presentation.

As you just mentioned, my name is Ron Bonnett. I am a beef producer from northern Ontario, and I'm also second vice-president of the organization.

There's no doubt there are a number of issues facing the agricultural industry today. We could come with a huge shopping list of some of those issues that are facing us, whether it be the impact of regulations, the impact of the Canadian dollar, or something about the response of some of the farm programs, but the CFA and its membership have decided to focus on four key issues.

As a bit of background, so that you know, the Canadian Federation of Agriculture actually represents about 200,000 farmers across the country. We also have, as memberships, a number of different commodity organizations.

I believe you have a copy provided to you earlier with some of the details of things that we're putting forward, and you can refer to those at a later date. In order to give an overview, the four issues I guess could be divided into two separate categories. The first one would be dealing with support for the industry and the other two are more designed to help reposition the industry to take advantage of innovation coming forward.

First, on the support side, I don't think it's any secret that the hog industry is basically weathering a perfect storm at this time. With high feed prices and our Canadian dollar, it has basically undermined production, and many farmers are losing up to \$50 a hog on hogs shipped out of their barns.

The industry sat down and took a look at what would be needed to get them through this. They realize they're going to need a combination of stabilization, as well as some transition funds to assist some producers who do make the decision to get out of the industry.

I won't get into a lot of the technical terms about the types of programs that are available. There are two that are in existence right now: the AgriInvest program and the AgriStability program. The one request is that there's an ability to draw forward from future-year payments some of the funds that would be available. So that would assist with short-term cashflow. There's also a request that there be some backstop to some short-term loans to assist producers as they move forward. There's also a need to look at some of the payment caps that were put in place on the AgriInvest and the AgriStability program because of the fact that the losses are so deep it may go above the caps that have been put in place.

The final thing I should mention on the hog industry, too, is the fact that in some areas of the country they have come through some disease outbreaks in the last couple of years, and that has added another complication: the reference margins they have in existing programs are not as high as they could be, and there needs to be recognition of that.

The second point on support I wanted to make was to take a look at the suite of safety net programs that we have in place for farmers. They have AgriInvest, AgriStability, and two others—AgriRecovery and AgriInsurance. We're proposing another one, and it would be called AgriPlex.

I think there are a number of provinces and a number of commodities that have expressed concern about the fact that this is not a one-size-fits-all program across the country. There needs to be some flexibility so that provinces and producers within those provinces can put programs in place that work. Here in Quebec they have some production insurance programs that have worked really well. That could be money that would help assist in those programs. I know Ontario is developing some programs to work. In New Brunswick they want to make investments in some environmental things. But the concept would be to have a pool of money established to support those types of initiatives.

From a pragmatic point of view, if you look back at the history of agricultural spending over the years, there have been a number of ad hoc payments, and by putting a program like this in, it would provide stability I think to the Department of Finance, so there was money

set aside to cover off some of these unanticipated things, and at the same time it would give some stability to the farm community.

Now I would like to move in and talk about positioning. The first thing we want to look at is a "Grown in Canada" program. I think a number of people would have seen the coverage on *Marketplace* and *W-FIVE* about the concern consumers have about what it is they're buying. Are they buying Canadian product or not?

We're proposing a two-pronged program. We've already started talks with the retail and processing sector to establish a new category of product called the "Grown in Canada" product. We would still leave the existing "Product of Canada" that covers the processing, but there would be another specific category established with our own governance and supervision to make sure that the product was verified "Product of Canada". But tied to that there would have to be a marketing program, and that marketing program, we're suggesting, should be about \$20 million a year to help consumers in making the decision to move ahead.

• (1455)

The final point I want to make is on making investment. We've come out with a Canadian cooperative investment plan. This would be a tax incentive to encourage producers to invest, and we're suggesting a tax credit of up to 125% for co-op investment. These, in a package, I think would assist to help reposition the industry.

Thank you for your attention.

The Chair: Thank you very much for your presentation.

We'll now move on to the Fédération des femmes du Québec, Michèle Asselin. The floor is yours for five minutes.

[*Translation*]

Ms. Michèle Asselin (President, Fédération des femmes du Québec): Good afternoon, Mr. Chair.

Good afternoon, ladies and gentlemen.

For the Fédération des femmes du Québec, the next federal budget should give priority to measures to promote women's equality particularly for women who are victims of double discrimination in Quebec and Canada.

Our first recommendation more concerns our foreign policy. We propose a reduction in military spending and an increase in investments in development assistance programs, particularly programs that will help women and children. CIDA's programs should give priority to poverty reduction. That would be consistent with the commitments Canada has made to eliminate discrimination against women.

Among the measures that should promote fairness for immigrant women, there is one important measure: greater investment in integration programs, in particular for French-language instruction and occupational training programs.

As for the measures for Aboriginal women, we are very concerned by health care in the areas of the isolated communities in northern Quebec and northern Canada. The federal government has responsibilities. It must take the necessary measures to provide care that is comparable to that offered in southern Canada.

I would like to draw your attention to the fact that the shelters for Aboriginal women who are victims of violence on Aboriginal lands in Quebec—there are some 10 of them—receive 45% less funding than the other shelters in Quebec because the Quebec and federal governments pass the buck as a result of jurisdictions. It's quite shameful that Aboriginal women who need shelters where they live do not have the same services as other Quebec women. For us, this is an urgent priority.

Now let's consider the issue of women with a functional limitation. There should be more programs to support their full integration into society. They need services and equipment. However, we must also look at programs and services to protect them from physical, mental, sexual and other forms of abuse.

As regards other fairness measures for all Quebec women, I would like to draw your attention to the importance of reinstating the Court Challenges Program, which enables women's groups to bring important cases before the courts.

We should also eliminate those provisions of the employment insurance scheme that discriminate against women, particularly the setting of eligibility requirements expressed in hours. These are criteria—the statistics prove it—that discriminate against people who work part time. As women are unfortunately the champions of nonstandard and part-time work, they have much more limited access to the employment insurance program than men. The employment insurance system should also be significantly improved so that unemployed persons can maintain a decent standard of living.

The Fédération des femmes du Québec and many social movements have one very important concern. That is to give priority to social programs. Let us remember that Canada differs from the United States in its commitment to provide certain services and a basic income to all its citizens. For women who, on average, have incomes below those of men and who continue to be primarily responsible for children, these programs guarantee a certain security, particularly with regard to health, child care services, children's allowances and retirement incomes. However, we emphasize that Canada has previously done better in this regard and could do even more to improve the situation of all citizens.

• (1500)

I have a lot of things to say, so I'm going to say them very quickly.

In social programs, the agreement on child care must be complied with. It's quite embarrassing to think that most women in Canada do not have a child care service. We have one in Quebec. Under that agreement, we must continue to respect Quebec's independence, independence in a number of social programs which have proven themselves in terms of leadership, but as you will understand, we support all Canadian women and demand that they be able to enjoy child care programs as good as those of Quebec. That should be a priority in the next budget.

We should also look at improved “compassionate” care benefits. We must invest more in health; we must invest more in social assistance programs. We also have an entire series of measures to improve the tax system.

I therefore hope that you will ask me questions. I know I am out of time, but I hope to be able to talk with you during the question period. Thank you.

[English]

The Chair: Thank you very much.

Now we'll move to the Juvenile Diabetes Research Foundation. We have Bob Hindle, the director.

Bob, welcome.

[Translation]

Mr. Bob Hindle (Director, Juvenile Diabetes Research Foundation): Thank you, Mr. Chair and committee members.

[English]

On behalf of the Juvenile Diabetes Research Foundation, thank you again for the opportunity to speak with you. You have our written proposal, and this afternoon I will touch on some highlights to bring together the illustration of the vision that this proposal looks to.

By means of introduction, JDRF has long been known as the leading funder of type 1 diabetes research on a not-for-profit, non-government basis. Just to put that into context, the leading government funder of type 1 research in the world continues to be the United States, which over a five-year plan is contributing \$150 million a year in a dedicated fund to the National Institutes of Health for type 1 research.

JDRF is currently projecting, this year, \$137 million to research, and next year the budget calls for \$160 million. So very possibly next year we may change that sentence and leave out the non-government part.

JDRF has contributed a total of over \$1 billion already. JDRF, several years ago, changed their research funding style, and we are proposing in this project something unique to the Canadian government. It is not a fund-and-forget request; it is a proposal for a unique and strategic partnership with the Canadian government to create a clinical trial network.

The proposal breaks down into two parts. The project to create a clinical trial network is on a 10-year initial term, and the specific request is, for the first five years, funding of \$125 million. As I said, this is not on a fund-and-forget basis about which we'll get back to you in five years, at which point the researchers will tell you what happened.

JDRF's research management policies are founded on a business model. This implies and brings with it expertise that is not available elsewhere in the world. The business model calls for regular evaluations. There is a detailed proposal ready, which will show a tangible and measurable return on investment for this investment. That's the key word: we are looking for an investment in a partnership, not a handout that has no means of evaluation every six and 12 months.

We have had meetings with the Canadian Institutes of Health Research. In March, the CIHR announced the creation of a totally new element called their clinical research initiative. This is following up on Dr. Bernstein's open letter to researchers of January 6 of this year, which spoke of the need for CIHR, and in general for funding of health research in Canada, to move into what is called the transitional research stage.

How do you take basic discoveries and move them through this transitional gap to where venture capitalists and pharma companies find it in their commercial interests to take them the rest of the way towards commercialization?

This addresses existing Canadian strengths. Since 1921, and continuing right up to August 2007, Canada has had a particularly noted worldwide reputation as our researchers have led the world in significant achievements in type 1 diabetes. It also leverages existing Canadian research institutions, our leading hospitals and universities, because that is where the research is being done.

Such an initiative on a longer capital investment basis will allow them to leverage their own resources. Giving the universities and the hospitals a 10-year runway allows them to ramp up their own facilities and their own institutions as another form of leverage of this \$125 million.

It also provides regular reporting on the progress of the investment by the only research institution in the world that's capable of doing this. This has already been recognized.

• (1505)

We have an agreement in principle with the Canadian Institutes of Health Research. We've held meetings, received the approval of Dr. Bernstein and his successor, the interim CEO, Dr. Chartrand, and the head of the Institute for Diabetes who would be most directly involved, Dr. Bhagirath Singh.

With tangible, measurable ROI being provided by JDRF, the reliability of what we are proposing can be independently verified because JDRF has concluded a similar type of effort in the United States, which resulted in a clinical trial network called the Immune Tolerance Network. The drawback of that particular facility is that it is almost always used to capacity.

JDRF concluded a similar project with the Australian government 18 months ago, which is just getting up and running. With all due respect, even the Australians admit they do not have the background and expertise to grow this very quickly, which narrows us down to existing Canadian research availability, capacity, world-leading achievements, and expertise.

The final element I'd like to highlight is that this network will forever leave a legacy in Canada because it will not be used 24/7 by

type 1 research; it will then be available to research institutions for other disease research on an ongoing basis.

Merci.

• (1510)

The Chair: Thank you very much.

We'll now move on to the Canadian Ecumenical Justice Initiatives. We have Jean-Luc Djigo.

The floor is yours.

[*Translation*]

Mr. Jean-Luc Djigo (Representative, Quebec, KAIROS: Canadian Ecumenical Justice Initiatives): Thank you.

My name is Jean-Luc Djigo. I am the KAIROS representative in Montreal. It is a great pleasure for me to have this opportunity to briefly present to you, on behalf of KAIROS, the essential points that should be considered for the federal budget.

The following five points reflect the values in which we, as a coalition of churches, believe.

First, make a commitment in the 2008 budget to develop and implement a poverty reduction strategy in consultation with a broad range of citizens, men and women, particularly those living in poverty. That plan should define specific targets and a firm calendar and determine mechanisms for accountability to the Canadian public.

Second, develop a plan to increase the amount of foreign development aid to 0.7% of gross domestic product, GDP, by 2015, and thus rank poverty reduction number one among our foreign aid priorities.

Third, consider the introduction of a carbon tax on fossil fuels with rebates for low-income Canadians and residents of remote communities.

Fourth, implement the recommendations of the Senate report on specific claims, which includes creating, within two years, an independent body for land claim settlement, and adopting new guiding principles that recognize the claims.

Fifth, increase citizen deliberation and common ground building during this fall's consultations by organizing dialogues with various citizens groups across Canada.

We think the budget should contain principles that reflect our values, that is to say fairness, transparency, social responsibility, an adequate and prosperous economic framework for all and ecological sustainability. All these points have been detailed in the documents distributed to you.

In closing, I'll take the opportunity to ask a few questions. Has this consultation heard the voice of people living in poverty, that of Aboriginal people, and that of Canada's children? Have we heard the voice of people from the countries of the south who depend on and are waiting for our support?

These, briefly put, are a few points that KAIROS would like to submit for your consideration.

Thank you.

[English]

The Chair: Thank you very much for your presentation.

We'll now move to our last presenter. We have Mr. Pierre Morissette, executive director. I believe you introduced your group, so we'll allow you five minutes.

Mr. Pierre Morissette (Executive Director, Regroupement économique et social du Sud-Ouest): Thank you, *monsieur le président*.

The Lachine Canal celebrated its 180th birthday two years ago. It's a masterpiece of the federal waterway system that opened the route to the Great Lakes and the interior of the continent. The Lachine Canal is an important asset of the Canadian heritage. It was at the centre of the Canadian industrial revolution, and its surroundings and neighbourhoods were at the heart of Canadian industrial activity until the middle of the 20th century.

As it stands now, the Lachine Canal is a disgrace for the federal government. Parks Canada, the manager of the site, has barely the resources to maintain it properly. The furniture is old and deficient. The cycle path needs urgent repairs and probably a complete renovation. Light bulbs are not replaced, etc.

Given the national historical importance of the Lachine Canal, it is very difficult to understand why Parks Canada has so little resources to develop it. The interpretation programs are minimal. There are very few self-interpretation panels, and we are still waiting for the canal house and interpretation centre that were to be created for the reopening of the canal in 2002.

• (1515)

[Translation]

As I mentioned earlier, the Lachine Canal area was at the heart of the Canadian industrial sector for more than a century. The opening of the St. Lawrence Seaway in 1959 marked the beginning of the end for the Montreal SouthWest economic base.

This reorganization of the waterway system had a catastrophic impact on the SouthWest: a sharp decline of industrial jobs, a sharp decline of population. And all that of course resulted in massive unemployment and poverty, bringing the SouthWest Borough to one of the poorest urban areas in Canada at the beginning of the 1980s.

In 1984, RESO was founded at the initiative of a wide variety of community and economic partners and stakeholders to revitalize the socio-economic base and support its population to integrate the workforce and restore its dignity.

Very quickly, the Lachine Canal was recognized as the backbone of the SouthWest revitalization. After being completely closed to

navigation in 1970, the Canal became the symbol of the area's devastation. For most people, the Canal was an open wound that reflected the neglected state of its neighbourhoods and literally became Montreal's garbage can. Restoring and reopening the Canal was thus a major component of the SouthWest renaissance, and hopefully a strategy to bring back businesses and population based on 21st century economic perspectives: the new economy, the cultural industries and tourism.

One of the goals was to ensure jobs and proper living conditions for those who had been left behind. So far, 10 years after the announcement of the public investments to reopen the Canal in 1997, and five years after its reopening in 2002, even though we make a rather positive assessment of the impact of the project on the SouthWest's social and economic situation, we are forced to observe that the goal to improve the fate of the poorest in our neighbourhoods is, at best, partially achieved.

The Canal banks are rapidly developing with luxurious condos and other accommodations for middle and upper class households, which is not a bad thing for the demographic balance of the borough, as long as the poorer households feel that they won't be the victims of a gentrification process that would eventually push them away from their neighbourhood. This is why we think that this ambitious but necessary project must be completed to fulfil all of its expected benefits.

Among things that urgently need to be done, I will address two specific issues: the development of a multifunctional and multi-clientele project on the former Canada Post property on the banks of the Canal, a property now owned by Canada Lands Corporation, CLC; the announcement and realization of the second phase of public investments to complete the Canal's renovation and support its touristic and cultural development.

The Canada Post site offers a great opportunity to undertake a development that will be inclusive, sustainable and beneficial for all. The SouthWest community will be involved in defining a master plan for the site and we are very confident that the community's objectives and priorities will be taken into account.

However, we are faced with a major obstacle that could compromise the realization of community projects: the cost of site decontamination. Considering that this site has been the property of the federal government for over one and a half centuries, and in accordance with the polluter-pays principle, we think that the federal government has a responsibility to take care of the decontamination costs and give back a clean piece of land to the community. It appears that the federal government has put aside \$4.5 billion for the next 10 years to decontaminate federal properties. For some technical reasons, it seems that CLC doesn't have access to these funds that would really help to make the difference and facilitate a more inclusive and affordable project on this property.

We respectfully ask you to change whatever regulation needs to be changed to make these funds available to the Canada Post site project.

Thank you, Mr. Chair.

[English]

The Chair: Thank you very much.

We'll now move to the question and answer period.

We will start with Mr. Pacetti. The floor is yours. I think we'll try for two rounds of four minutes.

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

[*Translation*]

Welcome to all the witnesses. We appreciate your comments. It's always interesting to have witnesses who represent organizations with various interests. That makes our debates a little more interesting, even though it sometimes makes our lives a little more difficult.

Mr. Morrissette, I know that the canal is located in the SouthWest. I also know that my friend Mr. St-Cyr is concerned about it, even though he represents another political party. I represent a Montreal Island riding. This is something that affects all citizens of Montreal Island and the surrounding areas.

Is your organization subsidized? Does it receive funding?

• (1520)

Mr. Pierre Morrissette: The Regroupement économique et social du Sud-Ouest is supported by the three levels of government, the federal government, the Government of Quebec and the City of Montreal.

Mr. Massimo Pacetti: Have studies previously been done on the canal and the clean-up of that entire area?

Mr. Pierre Morrissette: Yes, studies were conducted in the 1980s to determine whether the canal itself should be decontaminated or simply reopened without being decontaminated.

The decision was to stand pat, not to stir up the sediments on the bottom of the canal, but to be watchful so as not to put them back into suspension in the water. That permitted a first phase of investment in order to reopen the canal to navigation in 2002.

Here's the gist of my remarks today: the work isn't finished.

Mr. Massimo Pacetti: Wasn't there a proposal to do work two years ago, under the former Liberal government? Wasn't the project filed with the city?

Mr. Pierre Morrissette: There was a project filing for the Canada Post site, which covers part of the area around the Lachine Canal.

Mr. Massimo Pacetti: I'm just talking about the canal.

Mr. Pierre Morrissette: For the moment, we're still waiting for a second phase in order to complete renovation work on the canal itself. There have been no other filings since it was reopened.

Mr. Massimo Pacetti: All right.

Ms. Asselin, you said a lot about the issues and the fact that the present government has cut a number of programs and isn't taking the status of women seriously.

You also talked about employment insurance and discrimination against women, but there is one thing that I didn't understand. You said that, to receive employment insurance benefits, there are hours that should not be—

Ms. Michèle Asselin: In fact, we know that since a significant change was made in employment insurance eligibility criteria,

expressed in numbers of hours, women, who are the champions of part-time work, are no longer accumulating enough hours to receive benefits when they are unemployed. This creates systemic discrimination.

And when you compare men's and women's access to employment insurance, you realize that there is a significant gap. Unfortunately, I don't have all the tables, but you can—

Mr. Massimo Pacetti: So what would be the solution?

Ms. Michèle Asselin: The employment insurance criteria should be reviewed, particularly since there are large surpluses. This is a major social program which should not be discriminatory towards women.

The calculation expressed in numbers of hours is discriminatory against women. That's statistically proven.

[*English*]

Mr. Massimo Pacetti: Is that it?

The Chair: Yes, that's it.

Monsieur St-Cyr.

[*Translation*]

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

Thank you everyone for being here.

Mr. Morrissette, you said in your statement that you would like to move forward with the postal sorting station site rehabilitation project. You explained a little what it was about. However, you seemed to lack the time to tell us about the second phase of the Lachine Canal development.

I'd like to know whether the community has expressed its views on a development plan? What is its content? What's planned in that second phase?

Mr. Pierre Morrissette: There is indeed a second phase of the Lachine Canal project. You should know that the project was originally divided into two parts over a matter of budgetary resources. That second phase consists essentially in completing renovation of the canal's physical infrastructure, which was the object of the first phase. It's also designed to give the organizations and businesses of the SouthWest the resources to animate the canal. It's been restored, and the SouthWest neighbourhoods obviously went into a fairly disastrous decline in the years after the seaway was opened.

We need a hand to restart activities, to animate the canal, to organize events and develop the heritage. There are historic buildings of national heritage importance that have been abandoned. If significant funding is not allocated by both Parks Canada and the public, businesses and organizations of the SouthWest, the canal will remain what it is now, a kind of bicycle path not particularly well maintained in the heart of the city. As citizens settle in the area around the canal, they're becoming increasingly demanding about adequate maintenance of this space. Unfortunately, it's not being well maintained.

• (1525)

Mr. Thierry St-Cyr: Projects of all kinds are currently being discussed in Montreal and elsewhere in Canada. A number are being criticized and meeting with opposition. Is there a consensus in the community on the two components of the project you're presenting to us today? What is RESO's role in establishing and maintaining that consensus?

Mr. Pierre Morrisette: I can say without being too mistaken that the unanimous view in the SouthWest is that it is the right time both to carry out a multifunctional and socially mixed project on the Canada Post Corporation site and to move on to the second phase of investment on the canal. RESO's role, by its very nature, is to cooperate and bring together all the various socio-economic players in the SouthWest in order to move the various projects forward.

Mr. Thierry St-Cyr: You say there is a consensus that this project is relevant and important, but, in a more detailed way, is there agreement on terms and conditions?

Mr. Pierre Morrisette: There is a consensus on a very specific project that has been presented by RESO and other SouthWest partners, for which planning will begin with the Canada Lands Company. Decontamination is a central element as regards the Canada Post Corporation site, but it is for the SouthWest as well. This is a contaminated site that has been left behind by the industries that were there for 100 or 150 years.

The characteristic of this site is that it was federal government property. We think it is entirely legitimate to think that the government should clean the site up before handing it over so that a project that meets the needs of the SouthWest community is carried out.

[English]

The Chair: Thank you very much.

We'll now move on to Monsieur Harvey.

[Translation]

Mr. Luc Harvey: Mr. Bergeron, you're asking that there be no tax on consumer goods purchased in Canada by a person returning to Canada, whereas we know perfectly well that duty free applies to consumer goods purchased outside Canada.

From what point are goods duty free? When do they cease to be duty free?

Mr. André Bergeron: The two points of my presentation that must be kept in mind are as follows.

First, the market in general is changing. Many people who come to visit Canada will return to their countries and will buy goods at the duty free store when they arrive. So sales are being shifted. There are already 55 countries. People from those of those countries, such as Australia, New Zealand and Switzerland come to visit Canada. So if we introduce the same principle, we'll repatriate those sales.

Second, we're not asking for an increase in the value of exemptions currently granted to Canadian residents or visitors entering the country. The idea instead is to give consumers, for reasons of convenience, the choice of place where they purchase their products. We're not asking for an increase in the exemptions to which they're already entitled.

Mr. Luc Harvey: I understand. If I go to Future Shop, the first \$750 that I spend will be tax exempt.

Mr. André Bergeron: Yes.

Mr. Luc Harvey: The question is from what point products are no longer exempt from customs duties. Is it at the airport, in the airport parking lot, when you cross the airport limits or leave the country you come from?

Mr. André Bergeron: In any case, it isn't just the moment you leave the country. We have duty free products on board aircraft that haven't passed the customs post of the foreign country to any greater or lesser degree. Perhaps you can ask the question differently.

• (1530)

Mr. Luc Harvey: Yes, but that's in the international zone.

Mr. André Bergeron: Indeed. So we're talking about a difference of an hour or two. Will that be the decisive factor? We're asking that what is duty free remain duty free until you pass through Canadian customs. Purchases are therefore made until you can buy at Canadian customs. In fact, it's appreciably the same principle at the border. Stores at the U.S. border are a few 100 metres—

Mr. Luc Harvey: Don't try to turn around once you've entered the United States. It's like a one-way street. Once you've crossed the border, you can't come back. There are even cameras monitoring that.

Mr. André Bergeron: In fact, it's the same thing in airports. When you return from an international trip, you have to go through customs. You mustn't try to avoid it. There's no favouritism. These purchases are made as you arrive in the country, but before the customs inspection is completed.

Mr. Luc Harvey: Why should we grant you this competitive advantage? Because your activities are carried on in airports? You are the fourth group we've met today, and those groups, on average, comprise six or seven entities. Thus far, however, no one has proposed an increase in taxes or a reduction in spending. Everyone has suggested increases. Several tens of billions of dollars must have been committed since this morning.

You must understand that our role is to engage in public administration. Everyone has paid sales and income taxes. You must ensure that fiscal justice is explicable and logical, and that the entire population is able to appreciate it.

Mr. André Bergeron: In fact, if you look at the question from a tax standpoint, I would say that the increased revenues of duty free operators, the payroll increase, will enable the federal government to make a net gain through the taxation of corporate and personal earnings.

Furthermore, we're not talking about additional earnings. The idea is really to recover sales that have already been made in foreign countries. Currently, that money is subject to no tax. Consequently, this is revenue to which the government does not have access. By repatriating those sales, we would be increasing turnover. Then we would make our business more competitive. Our competitors are not the domestic markets: they are the duty free stores of foreign airports.

[English]

The Chair: Thank you very much. The time has gone.

We'll now move over to Monsieur Mulcair.

[Translation]

Mr. Thomas Mulcair: First, I want to invite Mr. Morrisette to do some research in order to support his position that governments must absolutely be involved. That would be beneficial for him. I am somewhat familiar with the program that was implemented in Quebec to decontaminate the land. Many promoters benefited from it extensively for their lands. It seems to me the community could have the same right. I invite you to look at the amounts that were paid. I'm talking about public information here.

Mr. Djigo, I simply want to tell you, as regards KAIROS, that, if you visit the NDP site, you will be very pleased to see that our tax policies include virtually all your proposals. It's a pleasure to have you with us today.

I would like to ask Mr. Hindle whether he has had an opportunity to see the proposal of my colleague Brian Masse, who is the NDP member for the riding of Windsor West. In the current session, Mr. Masse introduced a private bill designed to have charitable donations receive the same tax treatment as contributions to political parties.

I'll explain. If you give \$400 to a political party, you recover \$300 after tax. It must be admitted that the degree of monitoring is much higher in the case of political parties. Studies tend to show that the rules imposed in the case of charitable donations are unfair compared to those applied in the case of contributions to political parties. Perhaps we should agree that, on the other hand, people with access to that should be subject to more extensive monitoring.

What would you think of that idea, if it were refined somewhat? Do you believe that it might help foundations such as yours?

• (1535)

Mr. Bob Hindle: Without a doubt. I must admit I am aware that bill was introduced. Personally, I am not very familiar with the content, but the principle will not only give our donors an additional tax benefit, it will also be an enormous help by recognizing charitable donations.

Mr. Thomas Mulcair: Excellent.

Mr. Bergeron, may I ask you a brief question? You discussed the problem of liquids and all that. When I think of security, I think there's going to be a lot of maple syrup and things like that in the blue tubs that the public will have bought before going through security. Now you can't carry these things in your bag any more. So I find it hard to understand the meaning of your presentation because it seems to be that, in general, at the outset, people will be more inclined than ever to make a stop at the duty free store. I can't understand your complaint about liquids and gels.

The owner of a non-duty free store in the general part of the airport has a very big problem. At least I can understand him. But I find it hard to understand the problem of the members of your association, since they are duty free operators.

Mr. André Bergeron: The members of our association have duty free stores, but, when someone arrives at an airport from Canada or a foreign country and must transit, that person has to go through a public area before returning to the secure area in a "domestic"

section. That's when containers of more than 100 ml of liquid are confiscated.

Mr. Thomas Mulcair: I'm trying to understand. Let's say I leave Paris for a secondary location in the United States, but that I have to stop in Montreal and that I bought products at the duty free store in Paris.

Do you mean that I won't be able to leave for the United States with my products because they will be confiscated?

Mr. André Bergeron: Exactly.

Mr. Thomas Mulcair: Thank you.

[English]

The Chair: Thank you very much.

Madame Thi Lac, the floor is yours.

[Translation]

Mrs. Ève-Mary Thāï Thi Lac: Thank you all for your presentations today. My questions will be brief. I'll share my speaking time with Mr. Saint-Cyr.

I have three questions, and they are all for Ms. Asselin.

To help women with accessibility, the Bloc Québécois tabled a bill designed to relax the eligibility rules of the Employment Insurance Act and to create an employment insurance fund. We are now awaiting Royal Assent for that bill. It is workers and employers who pay these amounts.

I wanted to hear your comments about the Guaranteed Income Supplement because it's often women who receive the GIS. You have to have modest incomes to have access to it.

Lastly, the cases handled under the Court Challenges Program were often individual cases that became collective cases.

I wanted to hear your comments briefly on those three points.

Ms. Michèle Asselin: Employment insurance is an important program. It's very important to review it in order to improve its accessibility and also to protect its fund. In fact, we contribute to it, and that program should support all workers who contribute to it.

I went to the Magdalen Islands a few weeks ago. The women who live there showed me another adverse consequence. For example, there are a lot of seasonal workers there. If a woman can't plan her pregnancy in accordance with seasonal employment, she is not hired because her pregnancy is too advanced when the seasonal employment begins. She is out of the employment market for at least a year and a half and thus no longer has access to parental insurance benefits. There's really a big problem.

You have to sit down, review this program and protect this fund, which should belong to workers. The Guaranteed Income Supplement is one of the measures that enable us to sleep soundly at night, in Canada and in Quebec. That way, we ensure that no seniors die of hunger. I think we agree with KAIROS on this subject.

The fight against poverty should be a priority. It is unacceptable for these programs to be so complex that people, mostly women, can't access them. If I owe money because I made a mistake on my income tax return, that money is claimed from me. It should be the same when the government has not granted access to information to people who are often disadvantaged. We should make every effort to ensure that every elderly woman and man who is entitled to this supplement receives it. That should be a priority.

• (1540)

Mrs. Ève-Mary Thaï Thi Lac: Are you in favour of full retroactivity?

Ms. Michèle Asselin: Absolutely, obviously.

The Court Challenges Program enabled the Centre d'aide et de lutte contre les agressions à caractère sexuel to ensure that the files of women, complainants, were not made public, which means protecting their testimony and also favouring it. That's one of the examples of the necessary... In a democratic society, groups that advocate women's rights do not have access to a legal system because you have to have major funding to be able to address that system.

[English]

The Chair: Thank you very much.

Mr. Pacetti.

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

Mr. Bonnett, this question is from an urban chap, as they say. The farmers' groups come before committees quite often. We had a crisis four or five years ago with mad cow disease, and then there was a bit of a problem with the corn and the wheat.

I know your presentation was based on the pork industry, but aren't your corn and your wheat farmers doing well? Hasn't that part of the agricultural sector done well in terms of return and prices going up?

Mr. Ron Bonnett: Yes, there has been a recovery in the grains and oilseeds sector. But one of the unfortunate things with the agricultural industry is that sometimes when one sector does well, the other sector does badly.

You have to recognize that the livestock sector depends on the feed from the grain and the oilseeds producers. So all of a sudden, now that their revenues are getting up to a level that's somewhat more respectable—and you should caution that because prices have fallen off a little bit—it does put pressure on the other industries.

But I think one of the key factors that is affecting us now—and it's affecting a lot of other sectors—is the change in the Canadian dollar. And with that change coming so rapidly, it's taken time to adjust.

On the other part of the presentation, too, I wouldn't want you to think it's just coming in looking for support. We've put a lot of thought into things like the “Grown in Canada” program and the cooperative investment plan to take a look at how we can reposition the industry and grow the industry so that it's at a profitable level. Frankly, from the farm perspective, the last thing we want is to be relying on safety nets and supports. We want to transform the industry so there is a reasonable expectation of profit.

Mr. Massimo Pacetti: I'm sorry, I don't mean to interrupt you, but when you say “transform the industry”, is it all industries—it doesn't matter what you cultivate or what you grow?

Mr. Ron Bonnett: It's a combination. If you take the grains industry, even if they have short-term profitability, if that profitability causes another sector to collapse, then they've lost the market.

So you have to take a look at it in a broader view; you have to grow the end-use markets and high-end-use markets for those products. By doing that, then you build the capacity so that you have a sustainable agriculture, rather than the one that keeps going through these humps and hollows.

I think there are other countries that have been very strategic in their agricultural investment. The one that comes to mind is Denmark, where they've put a lot of investment into the development of co-ops and looking at high-value markets, and that's had a tendency to stabilize that market.

That is why we're suggesting a more strategic approach, taking a look at tax policy and marketing initiatives to really target some of those higher-value markets that we have close to home, and build the industry from that.

Mr. Massimo Pacetti: Thank you.

I just want to get in two other quick questions.

Mr. Hindle, I think you answered it later, but I had this question that was from the beginning. You're asking for research money over a five-year period, and then another five-year period, so that means you don't expect any cure before 10 years. Why not just wait for somebody else to do it? That's a very simplistic question, and I think you answered it later. Could give me a quick answer?

• (1545)

Mr. Bob Hindle: I believe the part you're referring to about what I said later was that this isn't simply research money, first of all. It is to create a clinical trial network—

Mr. Massimo Pacetti: That's right, yes.

Mr. Bob Hindle: —which is not bricks and mortar, but it's infrastructure in the industry. And yes, that will then be—

Mr. Massimo Pacetti: And it's something that doesn't exist presently.

Mr. Bob Hindle: It definitely does not.

[Translation]

Mr. Massimo Pacetti: Mr. Djigo, your brief contains a lot of things. With respect to tax cuts, I think that everybody was in agreement that taxes should be reduced at least to the rate that was in effect when the Conservatives entered power, so that it's stable for everyone. The Conservatives are currently studying the possibility of cutting taxes for high wage earners.

What are your comments on that subject?

Mr. Jean-Luc Djigo: In fact, I don't think we'll get into a political debate on that subject. We—

Mr. Massimo Pacetti: I just want to know your opinion.

Mr. Jean-Luc Djigo: We're calling on the government—
[English]

The Chair: A very short answer. I'm not worried about the partisanship; I'm worried about the time.

[Translation]

Mr. Jean-Luc Djigo: We're asking that taxes be cut and that it really be for the benefit of those who need it. That's all we're asking to date. If by chance a policy were designed to further favour those who already have more, that would be unfortunate. We're asking that the government always think of those in the greatest need.

[English]

The Chair: Thank you.

Monsieur St-Cyr.

[Translation]

Mr. Thierry St-Cyr: Thank you.

Mr. Morrisette, in talking about the polluter-pays principle in your presentation, you clearly illustrated the reasons why you believe that the federal government has a responsibility. These lands have always belonged to the federal government. They were contaminated during that period.

You also talked about the history of the Lachine Canal, which is quite simply the cradle of industrial Canada. So it's normal for the government to contribute to it today, when the site must be redeveloped. The central government's responsibility seems clear to me.

Are there any other organizations, other governments—I'm thinking of the City of Montreal in particular—that have shown an interest in taking part in the funding of phase II of the revitalization project for the Lachine Canal and the postal sorting station, if that were to go ahead?

Mr. Pierre Morrisette: As regards phase II, the City of Montreal has already set aside funds in its three-year capital spending program to continue development of the area surrounding the canal off the federal property, of course.

I would like to go back to the decontamination issue because I wouldn't want to leave the impression that we're asking the federal government for more money. Ultimately, that money is there and has previously been set aside to decontaminate federal lands. I must admit that we are very frustrated to see that, for technical reasons—I don't want to dwell on the technicalities of the matter—the Canada Post site is not entitled to that funding. Only \$15 million is needed, which is a relatively modest amount compared to a \$4.5 billion fund. That's what it would take to clean up this land and restore it to a state that would make it possible to build affordable housing, social housing and community projects, but also, in a mixed-use spirit, other types of housing as well.

Mr. Thierry St-Cyr: If the owner of that land were the federal government or a private promoter, rather than the Canada Lands Company, would it have access to that funding?

Mr. Pierre Morrisette: If it was the property of a federal department or agency, which was the case for virtually 180 years...

Ultimately, it has only belonged to a Crown corporation for about 20 years. In our opinion, the federal government's responsibility should not be extinguished because it was transferred to a Crown corporation.

Mr. Thierry St-Cyr: In your opinion, is the federal government responsible for developing these lands? You didn't address that question in your brief, but I know you're thinking of excavating a portion of old historic basins. Are you expecting federal government assistance?

Mr. Pierre Morrisette: That's what's expected in the context of phase II of investments intended for the canal. There were four basins on the Canada Post Corporation site. I repeat: this is a place of national historic importance. The Rideau Canal in Ottawa receives extraordinary federal support, and we see the results. There's no reason why the Lachine Canal in Montreal shouldn't enjoy at least equivalent support.

● (1550)

[English]

The Chair: Thank you very much.

Monsieur Harvey.

[Translation]

Mr. Luc Harvey: Ms. Asselin, you've done a number of things, and my sheet is full of notes. I'm pleased to see that, finally, the decisions we've made concerning Status of Women Canada were not on your list, which I could practically call your grocery list. I wanted to know your opinion.

Ms. Michèle Asselin: It seems a long list, but when you defend women's living and working conditions, you can't stick to just one aspect. The fact that there has been a 50% increase in the Status of Women Canada budget for projects that women's groups may present could meet some requests.

The central criticism—and you'll read it in our brief—is that that money can no longer be used in the defence of women's rights. In our view, that calls into question the very principles of our democracy.

I'll give you an example. With respect to contraception, you know that there are groups in Canada that question the existence of abortion services in Canada. Groups like Focus on the Family Canada, which can have budgets of up to \$1 million, will be able to lobby governments. If women's groups don't have any funding to advocate their rights, how can the government say there is a democracy?

How can they cut funding that helps us join forces across Canada to defend a point of view? We do miracles with what little funding we have to examine the situation of women together, the differences between the women of different regions of the country and to make submissions to governments so that the laws are amended.

This is a democracy that we must be very proud of and that we must protect. We maintain our criticism, and I want to repeat it.

Mr. Luc Harvey: Ms. Asselin, you know that Status of Women Canada has never had as much money for the Women's Program as it does now.

Ms. Michèle Asselin: Yes.

Mr. Luc Harvey: Moreover, the main change was to reduce the number of public servants from 131 to about 73. The rest of the funding allocated was also used for services intended for women directly in the field.

Ms. Michèle Asselin: But by closing how many offices across Canada?

Mr. Luc Harvey: How many offices were opened in order to provide services to women? I can tell you about my riding, where Nouveau départ national closed the moment we telephoned. Ms. Bertrand was unplugging the telephone. She took her last call when she answered me. Her organization was closing, and now there are 250 women receiving services.

Do you consider that good or bad?

Ms. Michèle Asselin: That's very good. Services are always important. But you'll understand that you also have to go to the source of problems and see whether collectively we can make decisions, amend legislation and change criteria. We said that employment insurance is discriminatory. You have to be able to do research and intervene with all the governments in order to ensure that we will finally achieve equality between men and women. It's not a question of money, but of orientation.

[English]

The Chair: Thank you.

[Translation]

Ms. Michèle Asselin: That will be my pleasure.

[English]

The Chair: We'll now move on to our second last questioner, Monsieur Mulcair, and I'll take the last one.

[Translation]

Mr. Thomas Mulcair: Thank you, Mr. Chairman. I'm going to continue asking Ms. Asselin questions because there are a number of very important points in her presentation.

Ms. Asselin, were you here when I spoke with the FEUQ representative?

Ms. Michèle Asselin: No, but I was told about it.

Mr. Thomas Mulcair: This is a question that applies somewhat in both cases. Obviously, we are elected members of four federal political parties who are hearing ideas and suggestions here about what should be done in the next budget.

Some things in your presentation are federal responsibilities in that you talk about transfers.

I don't know whether you remember the history. Two or three years ago, when the Liberals were still in power, we demanded that Paul Martin, instead of giving tax breaks to his buddies in the big corporations, transfer \$4.5 billion to three areas: social housing, public transit and postsecondary education.

We have a little challenge: to ensure that the funding flows to the right place, that the appropriation for that area, since it is an area of provincial jurisdiction, is actually allocated to the area in question.

Have you considered that? I'm considering the themes you talked about. A number of things, even social housing, are now managed to

a large degree by the province under various agreements. If \$2 billion more were invested in social housing, would it be normal for us to be able to ensure that it was really set aside for that purpose?

• (1555)

Ms. Michèle Asselin: Yes. Obviously, we wouldn't want the money paid for social housing to go into Quebec's Consolidated Revenue Fund.

Our movement, which is a social movement, works with groups that work for the development of social housing. Consequently, when, in our brief, we request \$2 billion more a year for that purpose, we agree that it's for social housing.

The same is true for postsecondary education and all social programs. If the contribution to a national child care program is increased, it must be ensured that Quebec has its share and that it will enable us to develop and maintain a network of accessible child care services. It's always done in that spirit.

However, we want Quebec to retain all its jurisdictions in these matters and to be able to develop its own programs. That's fundamentally important for us, and that has proven itself. I'm thinking of child care services and the Quebec parental insurance plan program. We know that women in the country are examining these programs and would like them to serve as examples. The whole question of parental insurance could serve as an example, and we could modify employment insurance leave to copy that of Quebec.

So, yes.

[English]

The Chair: Thank you very much.

I just have a couple of quick questions I'd like to address.

First of all, just to clarify something from Mr. Bonnett, you advocated a made-in-Canada or Canadian product, as far as the hog market goes, which is interesting. The United States has a fairly aggressive farm bill, and part of that farm bill includes country-of-origin labelling, which I believe your federation would oppose.

So how do you square that?

Mr. Ron Bonnett: I can clarify that.

What we're talking about is a voluntary "Grown in Canada" program. It's broader than just hogs; it's about vegetables, it's about beef, it's about meat.

The Chair: So would you advocate that for the United States?

Mr. Ron Bonnett: We would advocate that it be a voluntary system. I think there's an opportunity to get a marketing advantage from it. The difference between what we're proposing and what they're proposing in the States with country-of-origin labelling is that the latter is mandatory in nature, and that drives costs into the system that would otherwise not be there. Actually, we would not support it, because it's an additional layer of regulation and complexity, which is just going to drag down the prices to producers.

What we're talking about is a voluntary program that's clear and transparent, so that when consumers do buy product, they do have a choice, and they can understand whether they want to choose something grown in Canada or something grown elsewhere.

The Chair: Okay. Thanks for that explanation, because it really is quite hypocritical to suggest we would do something different from what we're advocating for another country.

Mr. Ron Bonnett: No, and we would actually encourage other countries who want to do their own local marketing—but it has to be voluntary.

The Chair: Fair enough.

I just have one last question with regard to Bob Hindle. How much synergy is there between what you're advocating with the funds and the research we're doing in Canada and the United States, Australia, Europe, and other places that are doing the same thing? I say this because it becomes absolutely critical that we put our heads together on this one.

Mr. Bob Hindle: My honest answer is there's an incredible amount of potential synergy, and I mean true synergy, where one plus one equals three—funding the gap in transitional research. Now

people are focusing on that, and the biggest problem is that you can't go from all of the great basic research to commercialization unless we let the scientists go through that.

The Chair: Are you working with type 1 and type 2, or just type 1?

Mr. Bob Hindle: We're working with type 1 and type 2.

Maybe I could involve Mr. Pacetti in an answer about expecting a cure in five or 10 years. Complications, prevention—the key is a cure. But JDRF will be around funding research for a long time yet.

● (1600)

The Chair: Thank you very much.

This is our last panel. It concludes our pre-budget consultations, as far as the hearings go.

I want to thank not only the witnesses for coming on this panel, but also the committee for the good questions.

We wish everyone a Merry Christmas.

The meeting is adjourned.

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

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

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