



House of Commons
CANADA

Standing Committee on Finance

FINA • NUMBER 041 • 2nd SESSION • 40th PARLIAMENT

EVIDENCE

Wednesday, September 16, 2009

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Chair

Mr. James Rajotte

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• (1550)

[English]

The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)): I call the 41st meeting of the Standing Committee on Finance to order.

I want to apologize to members and witnesses for the delay due to technical difficulties, but I understand from Mr. McKay that the Liberal caucus had a very boisterous meeting this morning and, I understand, put the mikes to full use.

We have with us here, for the first hour and a half, six organizations. I will list them in order of presentation: the Canadian Co-operative Association; the Canadian Union of Public Employees; the Canadian Olympic Committee; the Canadian Natural Gas Vehicle Alliance; Canada's Research-Based Pharmaceutical Companies; and the Partnership Group for Science and Engineering.

If we could ask each of you to have a maximum opening statement of five minutes, we'll go down the line and then go immediately to questions from members.

We'll start with you, Mr. Anderson.

Mr. John Anderson (Director, Government Affairs and Public Policy, Canadian Co-operative Association): Thank you very much. My name is John Anderson. I'm director of government affairs and public policy for the Canadian Co-operative Association. I have with me John Julian, who is the director for international communications for our organization, as we also do a lot of international development work.

The year 2009 marks the Canadian Co-operative Association's 100th birthday. Co-operatives have been an important part of our economy for more than a century and today are more relevant than ever. The co-operative sector in Canada has over 8,800 co-operatives and over 17 million memberships, and it is one of the largest in the world on a per capita basis. It has about \$275 billion in assets and employs some 150,000 people.

Our CCA is one of the two national organizations. There is also the Conseil canadien de la coopération et de la mutualité, our francophone sister organization. Together we have 17 million memberships. Our organization represents 9 million co-operative memberships.

What I would like to do today in the short time I have is really concentrate on a couple of issues. Those are ones that we think are related to the economic crisis in the following way, in the sense that we, first of all, believe that there are two kinds of stimulus measures that are needed to ensure prosperity in a sustainable future, which is

the question that you ask. The first kind is tied to the need to improve our social safety net. We're not going to deal with those, although we think those are very important, simply because we only have three recommendations that we can put forward. But we are certainly in favour of such issues as a national anti-poverty strategy.

The second kind of measures are those dealing with establishing and enhancing programs designed to create and maintain jobs at the local community level. We're going to concentrate on those.

As well, we think that we cannot turn the Canadian world economy around by concentrating solely on our own economy. As citizens of one of the world's richest countries, we have a duty and an obligation to help those in developing countries. That's why one of our recommendations touches on international development.

The first of our recommendations is to help create more jobs at the community level by establishing a co-operative investment strategy. We're very pleased that the government renewed our co-operative development initiative, which is a program designed to help new and emerging co-operatives as well as innovative co-operative projects. That is now managed by the co-operative sector, but we also think more has to be done.

One of the problems that co-operatives have because they're differently organized is that they do not have the same access to traditional sources of investment capital. That's why what we're proposing is a co-operative investment strategy, consisting of a co-operative investment plan, which is a tax credit for members and employees of agricultural and employee-owned co-operatives. This is based on a program that has existed in Quebec since 1985 and still exists at the provincial level. In French, it's called a *régime d'investissement coopératif*, and it has been a very successful program in Quebec.

What's important about this ask is that it is not simply an ask for government funds. This is a partnership between co-operative members and the government in the sense that the government benefits from the investment of co-operative members and their employees in co-operatives, which helps create jobs.

As well, we are calling for a co-operative development fund, which would be a repayable loan fund rather than a source of grant funding and which also would involve credit union and co-operative involvement in the fund.

Our second ask is around expanding the community adjustment fund. We think this is an excellent program, but it's not enough. We're saying it should be doubled to \$2 billion over the two years. We also think there should be a dedicated part of it that would touch on co-operatives and social enterprises.

Thirdly, very quickly, we're calling on government to increase our international aid spending and promote a greater role for civil society. We're asking the federal government to increase our international development aid spending by an average of 15% a year for the next 10 years in order to reach the internationally agreed upon target for aid spending of 0.7% of gross national income. We also want Canada to continue its leadership role in promoting a greater role for civil society, including co-operatives, in the delivery of development assistance.

I'm going to stop there, and I'll be happy to answer questions.

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

We'll now go to the Canadian Union of Public Employees.

Mr. Toby Sanger (Senior Economist, Canadian Union of Public Employees): Thank you very much. My name is Toby Sanger. I'm a senior economist for the Canadian Union of Public Employees.

Thank you very much to the committee for the opportunity to present our recommendations for the upcoming federal budget.

I just want to say at the outset that I think this is a really important exercise. I think we all appreciate it, and it is really great that the pre-budget consultations are going ahead this year. I believe there should be more public participation in the budget-making process; it's the most important thing that government does. I think we all appreciate that. So I'm really glad it's happening this year, instead of necessarily going to the polls at this time.

Some hon. members: Oh, oh!

Mr. Toby Sanger: CUPE, the Canadian Union of Public Employees, is Canada's largest and most diverse union. We represent approximately 600,000 people who work and live in communities all across the country, who work in hospitals, schools, municipalities, universities, libraries, seniors' homes, child care centres, electric and water utilities, the transportation sector, and in many private businesses as well. Every day, we depend on and benefit from the work our members do.

As we all know, this past year has been an extraordinary year for the economy. For the first time in over 60 years, overall global economic output has fallen. Worldwide, this recession is expected to put 50 million people out of work by the end of this year, including an additional 500,000 in Canada. Just this morning, an OECD report came out that said unemployment is expected to rise to 10%. Just a week ago, the head of the IMF said that the unemployment problem is likely to be the third wave of this economic crisis.

The situation would be much worse if governments around the world had not taken unprecedented action to stimulate the economy. I think we really need to take this lesson to heart, as people are getting concerned about the deficit. There would not be growth in the economy now if governments had not taken this action. I commend you and government officials for recognizing the severity

of this crisis and taking strong action. As a result, we are starting to see signs of growth in the economy and GDP.

Still, we are not out of this. While GDP and the stock markets may be rising, people are still unemployed, and unemployment is likely to keep rising through next year. Most economists expect this recovery to be relatively slow, sluggish, and fragile. There would be no economic growth without these stimulus actions, and withdrawing them too soon could plunge the economy back into recession.

For these pre-budget consultations, the committee asked two questions and requested no more than three specific recommendations. We have a lot more priorities than that, but we tried to stick to three.

The first question is what stimulus measures have been effective and how could they be improved? Our submission attempts to answer these broad questions, but I'd like to emphasize a few key points.

Public investment and spending and support for the unemployed and people with low income provides much more bang for the buck and generates many more jobs than tax cuts do.

Infrastructure and construction stimulus spending could be improved by focusing it on areas that would provide greater long-term benefits, for instance, as part of a national green investment plan.

Going forward, the federal government needs to reinvest more in public services and not use the deficit as an excuse to cut. Working families did not cause this recession and should not be forced to pay for it through reduced public services.

Even if GDP starts to grow this year, job markets and working Canadians will still be in recession through next year. That's why our three specific recommendations deal with immediate needs.

Our first recommendation is that the federal government create an economic recovery fund to provide funding for pressing social and economic needs, to be cost-shared with other levels of government. The recession has meant a big increase in the need and demand for social services and training and education, while the agencies and institutions providing these services are facing shortfalls in their revenue. As a result, we are seeing cuts in programs just when they should be expanding.

Our second recommendation is that the employment insurance system be improved. We have a number of recommendations on this. Extending the duration of benefits is a positive step, but we've also called for a uniform entrance requirement of 360 hours for access to regular benefits. Too many people, and especially women, who pay into this system are denied benefits when they become unemployed through no fault of their own.

Our third recommendation is that our public pension system be improved. We have a number of recommendations on this. We've called for a national pension summit and a phased-in doubling of CPP benefits, but neither of these is really a budgetary matter. Our priority recommendation in this area for the budget is that the federal government increase the guaranteed income supplement for seniors by at least 15%. This would help lift almost all seniors out of poverty and would cost approximately \$1 billion per year. The cost of either of these measures for one year could be paid for by cancelling what we consider the wasteful billion dollar P3 fund that uses the public's money to subsidize privatization and private profits.

• (1555)

Thank you for inviting us to present this morning. I welcome any questions that members of the committee may have.

The Chair: Thank you very much.

We'll now go to the Canadian Olympic Committee, please.

Ms. Thérèse Brisson (Director, Toronto Office, Canadian Olympic Committee): Thank you, Mr. Chair.

Let me just take a moment to introduce myself and tell you a little bit about why I'm here.

[*Translation*]

My name is Thérèse Brisson. I was a member of the Canadian hockey team for many years. I was also captain of that team for three years. That team won six world championships as well as the gold medal at the 2002 Winter Olympic Games and a silver medal in 1998. Sport inspired me to pursue excellence and be the very best I could be as I moved on to build my business career.

[*English*]

What you might not know about me is that I actually trained as a scientist. I did a Ph.D. before going on to a first career as a professor and researcher. After leaving my job in academia to train and compete at the Salt Lake City games, I went back to school, did an MBA, and joined Procter & Gamble shortly thereafter in Ms. Finley's riding, where today I run the largest business in our home care division.

I'm a member of the COC board of directors, and accompanying me here today is Chris Rudge, who's our CEO and secretary general, as well as Alex Baumann, our chief technical officer for Own the Podium. He is, of course, a multiple Olympic gold medallist and a world record holder in swimming, and one of my personal Olympic heroes.

I first experienced the power of sport to inspire the hopes and dreams of the nation as a child at the Montreal games. Yet even as a very little girl of nine years old, I wondered why we weren't doing better. It really challenged my view—a youthful and inspired one—that Canada was the best country in the world to live in, and even my own potential as a Canadian.

With Own the Podium, we have been doing better, a lot better. I'm here today because of my deep pride in Canada, my passion for winning, and a vision to inspire Canadian excellence in sport and through sport. It's a vision that I know you share and one that you

can really help achieve with the \$22 million investment in Own the Podium that I'm here to ask you for today.

What is Own the Podium? It provides enhanced high-performance sport programming to Canadian athletes and teens with medal potential.

Let me give you a personal example. With Podium 2002, which was a precursor to Own the Podium, our women's hockey team had a month-long summer training camp at the military reserve in Valcartier, Quebec. We had a full-time massage therapist who travelled with the team, and a sport psychologist. For the first time, we had a goalie coach—and we all know how important that is in hockey. We had a lunch meal plan right on campus at the University of Calgary where we trained, which cut down on all the running around and allowed a real 100% focus on the training. These are things we didn't have in 1998, and they're the little things that make the big difference. That's what Own the Podium does.

What are the results? That's what we're all about in sport, and I know that here we're all about results. Let me tell you a little bit about that.

Own the Podium has delivered outstanding results. In winter sport, we've moved from fourth in 2002 to first in the world rankings in 2009. That makes our goal of being first overall in the medal count in Vancouver within reach.

In summer sport, we tied for 13th in 2008 in Beijing. That's up from 19th spot in 2004 in Athens. That's a key result.

Another important thing is that athletes believe in Own the Podium. For the first time, we believe we're on a level playing field with all our competitors. Our competitors actually now believe we have something they don't, and that gives us a competitive edge.

Finally, and I think most importantly, Canadians believe. They see the leadership and they see smart government investment that delivers results for Canadians. And all Canadians will share in the success and celebration of sport in Vancouver.

One of the best things about being an athlete is sharing the Olympic experience with Canadians. I actually brought my medal here today and I'd love to be able to share that with you. Please feel free to pass it around the room.

I have learned two things. First of all, Canadians really care. In Salt Lake City, one in five Canadians watched the gold medal game, something that blew me away. That's how much it engages Canadians. The second thing is that Canadians were really inspired by our win versus the U.S. home team favourites, facing the adversity of nine penalties in a row from the American referees. I think it's because Canadians identified with us. We were the girls next door and we reacted to adversity in a way they'd like to react when faced with the same. That's what Canadians tell me, that our win has helped them face challenges, whether it be starting exercise programs or dealing with illness, family breakups, or job losses.

The challenge we face today is that \$22 million of the \$70 million in Own the Podium annual funding will not be available after 2010. That's the investment we're looking for from you today. Why should you invest in Own the Podium? Because a small investment makes a big difference. It allows our best young athletes to reach their potential. International success unites and excites Canadians from all regions, unlike anything else. Striving for excellence and achieving it sets an example. It inspires Canadians in all walks of life, whether in sport, the arts, education, or business.

• (1600)

Now is the right time to invest in Own The Podium. During these challenging times, as we climb out of this recession, Canadians need their heroes more than ever. Don't put ceilings on those young hopes and dreams.

Thank you for your attention and for your support of this recommendation to provide \$22 million a year for support for Own The Podium.

The Chair: Thank you very much for your presentation. I think all the committee members would like to thank you for representing Canada so well.

Some hon. members: Hear, hear!

The Chair: I know there are a few hockey players around the table here, so you'll probably get some very good questions later.

Next we'll go to the Canadian Natural Gas Vehicle Alliance, please.

Mr. Peter Valiquet (Treasurer, Canadian Natural Gas Vehicle Alliance): Thank you very much. My name is Peter Valiquet. I'm here on behalf of the Canadian Natural Gas Vehicle Alliance. Once again, thank you for the opportunity to appear here today as a representative of that association.

Heavy natural gas vehicles provide a proven cost-effective way to reduce carbon emissions and improve local air quality using Canadian technology. Greenhouse gas emissions from on-road heavy diesel vehicles are a growing problem in Canada. Heavy diesel vehicles include trucks, buses, and heavy work vehicles.

Emissions from heavy diesel vehicles have increased by 19 megatonnes since 1990. This represents about half of the growth in carbon emissions from on-road vehicles since 1990. Heavy diesel vehicles are also expected to be one of the fastest-growing areas of energy use through 2020. Natural Resources Canada expects that efficiency gains will only partly offset the projected growth in emissions from heavy diesel vehicles. Existing federal policy

measures and changes to diesel vehicle technology will have little impact on emissions from heavy diesel vehicles.

There are proven lower emission technologies that can reduce emissions. Compared to heavy diesel vehicles, heavy natural gas vehicles from original equipment manufacturers are a leading green technology solution. Canadian companies are world leaders in the area of lower emission natural gas engine technologies. Westport Innovations and its joint venture company, Cummins-Westport, produce the lowest emission internal combustion engines available for heavy vehicles. These engines are available in a range of heavy trucks and buses that are sold by original equipment manufacturers.

The Government of Canada needs to encourage the use of best available commercial technology if current heavy diesel vehicle greenhouse gas trends are to be slowed and ultimately reversed. Canada's natural gas vehicle industry has three recommendations to reduce the harmful environmental impact of heavy vehicles.

One, invest \$1.5 billion in sustaining long-term fiscal measures to lower the capital barrier to adoption for commercial fleets that purchase lower emission vehicles, including heavy natural gas vehicles. This funding would target 10% of heavy vehicles used in Canada. It would accelerate the replacement of older higher emission diesel vehicles. There would be a 7.5 megatonne carbon benefit over the life of the vehicles as a result of implementing this recommendation.

Two, tie fiscal measures to emissions reduction effectiveness, as measured on a well-to-wheel life cycle basis. For example, heavy natural gas vehicles reduce carbon emissions by 20% to 25%. If renewable natural gas or bio-methane produced from waste sources is used, the carbon benefit increases to 85% to 90% on a life cycle basis.

Three, support early stage market development activities, including vehicle demonstrations and education and outreach efforts so as to build awareness, reduce perceived risk, and engage heavy vehicle commercial fleet owners. Fleet owners want to reduce their fuel costs and green their fleets. Heavy natural gas vehicles have a lower cost per kilometre and can reduce the environmental impact of fleet operations. Encouraging the use of heavy natural gas vehicles also means more green collar jobs for Canadians in vehicle, component, and refuelling station manufacturing.

The Government of Canada can act to reduce greenhouse gas emissions from heavy diesel vehicles. Heavy natural gas vehicles provide a cost-effective lower emission solution using made-in-Canada technology. This means cleaner air for Canadians, more jobs for Canadians, and increased Canadian competitiveness, all while, one, capitalizing on Canadian technology and, two, with little to no lifestyle impact.

Thank you for your interest in this issue. I would be pleased to answer any questions.

• (1605)

The Chair: Thank you very much for your presentation.

We'll now go to Rx&D, with Mr. Williams, please.

[Translation]

Mr. Russell Williams (President, Canada's Research-Based Pharmaceutical Companies (Rx&D)): Thank you very much.

My name is Russell Williams, I am President of Canada's Research-Based Pharmaceutical Companies.

[English]

I'm with Debbie Murray, director of policy development of Rx&D.

[Translation]

I appreciate this opportunity to appear before the committee and discuss this important issue with you. You have our written submission and my comments will focus primarily on the three recommendations.

Our company is comprised of 50 Canadian pharmaceutical research companies that employ more than 20 000 employees. Our goal is to develop medicines and vaccines that can help save lives.

[English]

We're dedicated to health outcomes and knowledge-based economy in this country.

Let me give you a couple of figures here. We are the largest single source of health R and D from the business enterprise sector. We invest well over \$1 billion in research and development in new medicines and vaccines in Canada, and this has been maintained over a number of years. Almost \$150 million of that goes directly into our Canadian universities. Access to new medicines for patients, as well as stability, sustainability, and predictability are very important to us if we are going to maintain the presence we have and in fact grow our presence in this country.

Our industry has a number of challenges that we hope to be able to address soon. One is difficult access and a reimbursement environment that is more and more stringent. Another is increased global competition for research and development dollars. Still another is expiration of patents. Over the next few years—2011, 2012, and 2013—you'll see a number of patents terminate in something we call "the patent cliff". It's a huge challenge for us. Another challenge is a great risk and a lot of cost in the whole development of new medicines.

• (1610)

[Translation]

If we want to remain competitive with the rest of the world, we must ensure that we have an environment that can help the presidents of each company obtain mandates on the international market for making investments.

Approximately 1% of our investment is in research, but we account for 3% of the market. We are not asking for money, but we do want to be able to create an environment for investment in Canada. We want to increase the size of our investment. We do not want to stay at 1%.

[English]

As you do your budget preparation, our first comment would be to look to the future. Be focused on the future, and look at the long-term policies and investments that will build on our health care system and strategically place Canada in a position where we can compete for those global mandates.

To develop a sustainable world-class innovative pharmaceutical sector in Canada and build a continued investment into life science research, the federal government should look at the following areas. I'll focus on three.

One is an expanded scientific research and experimental development, or SR and ED, definition. Right now, in the OECD countries, Canada has a very limited definition of what is considered an acceptable tax credit in terms of SR and ED. It doesn't include some of the epidemiology studies or some of the post-surveillance marketing studies we're doing. They'll be working with Health Canada. It doesn't include social services. So we'd like to see an expanded definition of that. If the government can move forward to not more than the OECD countries but to that same level, it would make a huge difference.

[Translation]

Secondly, stability and predictability with respect to the protection of intellectual property are very important. We are struggling... we are wondering whether or not we should increase funds at the international level.

[English]

Third, we have to come up with appropriate budget adjustments to the various regulatory and policy environments in Canada. To cut through, there's a lot of jargon there, but put the money in a good place where there's good compliance and it doesn't need increased funds, where there are growing challenges and expectations, like in Health Canada. Adjust those funds to be appropriate. Change the business model. Work with them and build partnerships with the industries. Strategically use the limited dollars.

Just to highlight at the end—and let's not forget the value of medicines—we do save lives. We now have people living with cancer much longer than they ever did. We've reduced hospitalization and mortality in cardiovascular illness by almost 60%.

We are a health care partner. If we can build that innovation agenda so that there is a strong partnership in health care and the economic incentives that I've mentioned, then I think we could move towards what the Council of Canadian Academies has suggested, that we could play a leading role in health innovation as we are improving the productivity in our health care system.

Time doesn't permit going further, but thank you very much for this opportunity to give you our three recommendations.

Merci beaucoup.

The Chair: Thank you, Mr. Williams.

We'll now go to the Partnership Group for Science and Engineering.

Mr. Rees Kassen (Chair, Partnership Group for Science and Engineering): Thank you very much.

Honourable members of the committee, my name is Rees Kassen. I'm the chair of PAGSE. With me is Denis St-Onge.

There's a natural tendency during times of crisis to retrench and wait out the storm. But taking this approach to the current global recession will not promote sustained economic recovery, largely because the nature of the global economy will change in the meantime. The Canadian science and engineering community feels that Canada must not only be ready to accommodate these changes but lead them as well.

How do we do this? Canada must nurture and promote a culture of discovery and innovation. It is only through new ideas and new ways of seeing the world that we will be able to identify opportunities and ensure economic prosperity for the future. Just like Wayne Gretzky did for hockey, we will lead by being the ones to change the way the game is played.

Economic recovery therefore requires a toolbox of sorts that contains, on the one hand, a mixture of short-term stimulus measures and, on the other, longer-term investments to support and promote a culture of discovery and innovation. In this light, PAGSE makes three recommendations.

The first is that government increase productivity by improving Canada's research and technical capacity. The simplest way of doing this is through a strong federal commitment to funding basic and applied research. Investments made now will translate into economic productivity in the future.

President Obama, for example, recently committed the United States to investing 3% of GDP for research, an amount that exceeds that spent during the golden years of scientific and engineering research during the space race. By contrast, Canada invests just 1.9% of GDP.

This, taken together with the increase in competition for talent from abroad, means that Canada is in danger of reversing the gains in our capacity for research and innovation that we've made in recent years. Indeed, there's some evidence that this reversal may have already started. Star young researchers have recently left Canadian universities for academic positions in Australia and the United States. They've cited the loss of funding for key climate change research programs as a major reason.

Stemming this impending tide requires increased federal investments in research, ideally to at least the level committed by President Obama. This can be accomplished through support for the federal granting councils, key agencies, and government labs.

Our second recommendation is that the government provide long-term support for major research facilities and collaborations. These initiatives play a vital role in generating knowledge and training students. This knowledge is crucial to well-informed policy and regulatory decisions.

We can take as an example the experimental lakes area, or ELA for short, in western Ontario. Since the 1960s, this facility has been playing the role of laboratory mouse, if you like, allowing us to study the health of our freshwater resources directly through

experiments. This work at the ELA has led to regulations that have helped stave off the massive die-offs in fish populations in the Great Lakes that were due to acid rain and phosphorous coming from detergents and sewage. Continued support for this and comparable facilities across the country, especially in the Arctic, is essential to sustaining both a healthy environment and a vigorous economy.

Our third recommendation is that the government create a prestigious research fellows program for post-doctoral researchers. Canada continues to export its best and brightest Ph.D. students abroad to complete their training post-Ph.D. Let me share with you an experience of my own in this regard.

I recently lost a star student, one who had published a paper in *Nature* after completing just one year of his degree. To put that into context, that's probably the equivalent of winning the Stanley Cup or a gold medal as a 15-year-old in hockey. I lost him to a major U.S. school simply because I lacked sufficient funds to keep him here in Canada.

Furthermore, Canada is not looked upon internationally as an attractive place for post-doctoral studies, especially next to competitor countries such as the U.K., the United States, and Australia, which all have prestigious post-doctoral programs designed to help young researchers establish their careers.

We therefore strongly urge the government to create a premier post-doctoral fellowship program aimed at young Ph.D. graduates. This program would fill the gap in training for Canadian students and attract outstanding international graduates to Canada. It would also constitute a major injection of intellectual capital into our system—if you like, an ideas-ready program that would complement and capitalize on the investments created by the shovel-ready stimulus projects of last year.

To sum up, let me reiterate our three recommendations. One, increase federal investments in research. Two, ensure long-term support for major research projects. And three, establish a premier post-doctoral research fellows program.

These recommendations provide the tools necessary for economic recovery. They would constitute a strong federal commitment to discovery-driven research and the people who do it.

Finally, I would like to add that one of the activities of PAGSE is the Bacon and Eggheads breakfast series. Our first one for the new session is September 29. Frank Plummer is coming, and we hope to see you there.

•(1615)

Thank you very much for the opportunity to speak.

The Chair: Thank you for your presentation. I was going to thank you for your role in that. Obviously, H1N1 will be a very topical issue with Dr. Plummer.

We'll start with questions from members.

Mr. McKay please, for seven minutes.

Hon. John McKay (Scarborough—Guildwood, Lib.): Thank you, Chair, and thank you witnesses.

My first question is to Mr. Anderson, and it's with respect to recommendation 3, to increase our international aid spending and promote a greater role for civil society. You and your organization were very helpful with respect to Bill C-293, the "better aid" bill. It received royal assent in May 2008. The first reporting period is at the end of this month. The government has had a year and a half to improve its delivery of aid, focus on poverty alleviation and human rights, and take into account the perspectives of the poor. Over that period of time, have you seen any change in the government's approach to aid?

•(1620)

Mr. John Anderson: Thank you very much. I'm going to turn the answer to that question over to my colleague, John Julian, who works specifically on the international development front.

Mr. John Julian (Director, International Communication and Policy, Canadian Co-operative Association): At this point, it's difficult to comment on that. Our programming is mostly long-term and multi-year. We haven't seen any immediate changes. However, I would say that we, like you, are very much looking forward to the end of this reporting period and the first report back from CIDA and the government on Canada's development assistance program. As the Official Development Assistance Accountability Act enshrines, our organization is very much committed to the idea that Canada's official development assistance should be about poverty alleviation first and foremost. We're anxious to see the proof that in fact that's been enshrined and that we're moving in that direction.

Hon. John McKay: Thank you.

Do you have any comment with respect to the minister's announcement of the reprofiling of our aid recipients, where they move from the "desperately poor" to the "less desperately poor"? In both the minister's speech and the press release and announcements to follow, none of those items mentioned poverty alleviation or anything to do with that bill.

Mr. John Julian: We certainly are somewhat concerned about the reprofiling and the change in country focuses. Our organization, like many others, works in all of the regions of the world. We work in Asia, Africa, and Latin America. But again, the "desperately poor" are primarily in Africa. We are certainly concerned by any sense that we're backing away from Africa. We have excellent partners there, incredible capabilities, human resources to work with, and they just need the assistance of organizations like ours and for the Canadian International Development Agency and Canadian government to move ahead.

So we certainly would encourage the government to look again at that list of countries, to look again at Rwanda and Sierra Leone and some of the other countries that seem to have fallen off the map—places that are on their knees but able to stand if we give them a bit of a hand up.

Hon. John McKay: Thank you for that, Mr. Julian. Unfortunately, I have a limited amount of time, so I have to move on to Mr. Sanger.

With respect to your second proposal of making it 360 hours for access to regular employment insurance benefits, it appears that one party in particular would prefer a long-tenured extension as opposed to more equity in the system, shall we say.

If you had a choice between 360 hours and the long-tenured extension, what would you choose?

Second, do you prefer the government's analysis of the cost or the Parliamentary Budget Officer's cost analysis, which seems remarkably parallel to your own?

Mr. Toby Sanger: Thank you for the question. Yes, I did notice earlier this week that the Parliamentary Budget Officer had come up with estimates that were fairly similar to the ones we used in terms of the 360 hours.

We were restricted to three recommendations, unfortunately. We think the employment insurance system needs to be improved in a number of different ways, in terms of duration, in terms of access, and in terms of benefits. The one we have in this submission is 360 hours, in terms of having access to regular EI benefits. I think the changes that were announced—I understand there was some legislation introduced—are a positive step, but they're one step. I think further steps need to be made.

I also just want to use this opportunity to talk about other problems. At the same time that we're talking about improving the employment insurance system, we also need to be concerned about the number of people who are becoming increasingly unemployed. Half of the increase in unemployment has been among youth. It was interesting hearing from Mr. Kassen. We're starting to see universities lay off or not renew students as teaching assistants. At this time, the public sector should not be cutting jobs in this way. There should be more funding in these areas.

Hon. John McKay: Thank you for that, Mr. Sanger. Indeed I would like to carry on with that line of questioning.

I just want to say to Ms. Brisson that for those of us who pretend to be hockey players, you make us all proud. I can't imagine any party that wouldn't support your proposal, so thank you for making the effort to come here to make that excellent presentation. Unfortunately, I have a limited amount of time, so I'm going to move on to Dr. Kassen.

On recommendation 3, that the government create a prestigious and competitive research fellows program post-doctorate, I have a personal bias on that point. I have a son in a program such as that, but he is not in this country. A lot of those programs seem to get sucked up for people who do financing. They just seem to die on the ground with lawyers, MBA people, etc., and all of the money seems to end up in that kind of research. I see that you are even concerned about social sciences here. Is your idea here hard-core engineering, medical research, that kind of post-doctoral...?

• (1625)

The Chair: Mr. Kassen, you have about 30 seconds.

Mr. Rees Kassen: My group is the Partnership Group for Science and Engineering, so that would be the answer. Of course I'd be supportive of post-doctoral funding across the board. Right now the Canadian post-doctoral funding landscape is very limited, particularly relative to our competitor countries, so we'd like to see that expanded and opportunities given.

The Chair: Thank you.

Thank you, Mr. McKay.

We'll go to Mr. Laforest.

[Translation]

Mr. Jean-Yves Laforest (Saint-Maurice—Champlain, BQ): Thank you, Mr. Chairman.

Good afternoon to all the witnesses. My first question is for Mr. Sanger.

Today, you're asking the government to establish a uniform entrance requirement of 360 hours for access to employment insurance benefits. I would presume that some members of the Canadian Union of Public Employees would be hurt by this because certain standards are different across Canada.

Could you provide us with an example? I am assuming that there are some people who do the same work in British Columbia, Quebec, Ontario or the Maritimes. When they receive their severance, they are not given the same treatment. Can you think of any examples that reflect this?

[English]

Mr. Toby Sanger: Thank you very much for that question.

Our membership is about 60% to 70% women, and a lot of them are not very well paid. A lot of people work in part-time jobs in long-term care facilities and other facilities. Certainly a number of them might not qualify if they were laid off in various ways in different parts of the country. I cannot give you specific names, but there would certainly be an impact on some of our members.

[Translation]

Mr. Jean-Yves Laforest: Thank you.

Ms. Brisson, you mentioned a \$22 million shortfall in the Canadian government's contributions for Olympic athletes in the years following 2010.

Do you have any comparisons with other countries? In order to be fair, we perhaps need to draw comparisons on a per capita basis.

What is the percentage? Do other countries give more or less? Where does Canada fit in?

Ms. Thérèse Brisson: Thank you for your question.

I am currently working in Toronto and I have got out of the habit of speaking French. I apologize.

Mr. Jean-Yves Laforest: Your French is already very good.

[English]

Ms. Thérèse Brisson: With the Own the Podium program we've done things a little bit differently, and we have brought all the funding partners to invest in one pool. That's very important and very different from what we've done in the past. We have actually increased the investment through federal government support as well as through VANOC sponsors, or Vancouver Olympic sponsors, so that has made a big difference. We've had a lot of results.

When we compare ourselves to other G-8 nations—and these are the countries that are aiming to be first in Vancouver and are among the top countries in the world—we are at the bottom of the list. Certainly when we look at countries like Australia—a very small country with extraordinary performances and very focused on summer games—we are at the bottom of that pack.

• (1630)

[Translation]

Mr. Jean-Yves Laforest: I do not often have an opportunity to speak to athletes who have won Olympic medals. So I would like to give you my hearty congratulations.

My question is for Mr. Williams. I know that several pharmaceutical research companies have set up shop in Quebec. During the 80s and 90s, the Government of Quebec adopted measures that resulted in a significant number of pharmaceutical companies setting up in Quebec in order to do research.

What type of measure should the federal government be implementing to achieve some equivalency?

Mr. Russell Williams: Thank you for your question.

Indeed, Quebec continues to work in partnership with the pharmaceutical industry. It is precisely why slightly less than 50% of all Canadian research is done in the province of Quebec.

With respect to what the federal government can do, I believe that there are three factors that can encourage company heads to invest. Firstly, market access can be facilitated as to ensure that drugs are made available quickly. Secondly, the tax credit regime for research can be modernized. In addition, there is the matter of intellectual property, which definitely falls under federal jurisdiction. As an example, we are the only country to not have the right to appeal decisions.

So those are the three things that Canada could address to improve our international standing.

Mr. Jean-Yves Laforest: As far as the intellectual property regime is concerned, you are making a presentation about fiscal measures before the Standing Committee on Finance.

Have you made similar requests before any other committee at the federal level? I think that would be important because the issue does not concern just financial measures, but rather, incentive measures. A different piece of legislation must be adopted to help your sector.

Mr. Russell Williams: Indeed, we have made presentations in many fora. We try to convince our audiences that now is the time to act. We have also talked about tax credits for research.

Let us now talk about the long term. Merck Frosst maintained its operations in Quebec because we have a favourable system there, at a time when other research centres in the United States were being shut down. It is a combination of intellectual property, market access, and tax credits.

This is why we are making these three recommendations. We will certainly continue to take our message to other places.

[English]

The Chair: *Merci, monsieur Laforest.*

Mr. Dechert, please.

Mr. Bob Dechert (Mississauga—Erindale, CPC): Thank you, Mr. Chair.

Thank you all, ladies and gentlemen, for your presentations today.

To Ms. Brisson, I want to welcome you as a fellow resident of Mississauga, a town that creates and is responsible for many great Canadian hockey stars, including yourself and Johnny Bower. I'm very pleased to see you here, and thank you for your presentation.

I have a question for Mr. Sanger of CUPE. I want to thank you for your presentation as well. You pointed out the positive impact that infrastructure stimulus spending by our government has had on our economy so far.

Earlier today I noted that the current chief economist of the Royal Bank of Canada, Craig Wright, says the economy is advancing because aggressive policy actions are taking effect; "We expect that Canada's recession will turn out to be the least severe of the past three." I think that is good news for everyone.

I was interested in your proposal about green infrastructure investments. As you know, in our budget of 2009 the government launched the green infrastructure fund that committed over \$1 billion to support sustainable energy and municipal waste water management infrastructure investments. I wonder if you can comment on the impact of the green infrastructure fund and what you suggest should be done in the future to enhance that program.

• (1635)

Mr. Toby Sanger: I don't have all the details on the impact of the green infrastructure fund. I frankly think that a much higher share of the infrastructure spending should have been connected to various environmental objectives in various ways. I think there was a requirement previously to have some sustainability planning in place for communities that received infrastructure spending. I think that was a positive move and more of that should be done.

There is a problem in that you're trying to get the money out quickly, but at the same time you need to look toward long-term productivity and benefits.

On this recession, the GDP may start to increase, but unemployment is expected to keep on rising. When most people experience a recession it's through their jobs and their income, not through measures such as the stock market or GDP.

Mr. Bob Dechert: What would you suggest in terms of dollar amounts that the government should be investing in green infrastructure? I note, for example, that in my area the government, jointly with the Government of Ontario, is investing \$500 million in GO Transit, which will help people leave their cars at home and take transit. Obviously that has great benefits for our environment. There is also a lot of money being spent on waste water treatment and new water supply management infrastructure investments. Just in my riding alone there are 2,000 new parking spaces being created at GO train stations to take 2,000 more cars off the road every day.

Is that the kind of thing you'd like to see more of? Could you give us an idea of what dollar amount you think should be spent?

Mr. Toby Sanger: We included some dollar amounts in terms of an additional green collar jobs program as part of this, as a recession recovery fund, but as I said before, a key thing is to tie more of the infrastructure spending that is going out right now—which should be increased—to further environmental objectives. It is not just the dollar amount but tying it to those things.

There also needs to be a focus in terms of the jobs in that area. There is a great opportunity. We are really missing out on it.

This is a really serious point. The infrastructure we're putting in place right now is going to last for decades. We've been told that we need to reduce our emissions by 80% by 2050. If we're putting in infrastructure now that is going to last four decades, until that time, let's get it right now.

Mr. Bob Dechert: Thank you. I appreciate that.

I have a further question for Dr. Kassen.

I was very interested in your presentation as well, Dr. Kassen. You mentioned that you would recommend that the government increase federal funding for research. You probably know a fair amount was done in that regard in our most recent budget, including \$200 million for industrial research assistance, \$87.5 million for the Canada graduate scholarships program, \$750 million for research infrastructure through the Canada Foundation for Innovation, \$120.4 million to fund 134 new or renewed Canada research chairs in 37 Canadian universities, and \$48 million to expand the new college and community innovation program to establish research partnerships between colleges and local businesses across Canada. Of course, there was the \$2 billion knowledge infrastructure program, which is creating in Mississauga a new \$70 million building at the University of Toronto, Mississauga, to create laboratories and classroom space for 700 new students a year, and a new campus of Sheridan College in Mississauga.

I wonder if you could give us a sense of what, in addition to those investments, additional investments you would suggest, and again, how much would you suggest the government spend in this regard?

Mr. Rees Kassen: Invest in people, quite simply.

Certainly the infrastructure investments have been welcomed and they have added immensely to university centres and research institutes across the country, but they will be hollow investments unless you also invest in the people who do the research.

That's as much as I have to say.

•(1640)

Mr. Bob Dechert: For example, there is an investment of \$50 million in quantum computing. I believe that is for people. There is \$136 million in university-based social science and humanities research to support 2,500 of Canada's best researchers. That's more of that sort of thing—

The Chair: Very briefly, Mr. Kassen.

Mr. Rees Kassen: I would emphasize that it's through basic research and discovery-driven research, for example, through the funding councils, the tri-councils, CIHR, NSERC, and SSHRC, that—

Mr. Bob Dechert: For example, we announced \$250 million to upgrade federal labs, including the National Research Council—

The Chair: Thank you, Mr. Dechert.

Do you have a final two seconds, Mr. Kassen?

No. Then we'll go to Mr. Mulcair.

[*Translation*]

Mr. Thomas Mulcair (Outremont, NDP): Thank you, Mr. Chair.

Like all other colleagues, I wish to welcome everyone who has appeared today.

Ms. Brisson, you in particular made a presentation on the Olympic movement which was indeed quite moving.

As the chairman pointed out, there are hockey players sitting around this table. We should therefore disclose our conflicts of interest: Mr. Williams and I played on the same hockey team against Ontario members of Parliament, including Minister Flaherty. We remain the reigning champions because we refused to play again. The good news for Russ and me is that all of this happened before YouTube, and there is no record of our last game.

I would like to address the representatives from the Canadian Co-operative Association. I wish to thank them very much for their presentation. I have a semi-technical question about terminology.

In Quebec, every time there is talk about the pressing need for greater federal government investment in housing, one tends to avoid the term “affordable housing”. In fact, the fear is that the term “affordable” is synonymous with “private”, and that the project will somehow find its way onto the market and perhaps receive subsidies. Actually, people are more inclined to use the term “social housing”.

I would like you to elaborate on one of your first recommendations calling for the construction of new affordable housing that promotes the use of cooperatives and social enterprises. If I

understand you correctly, we are in fact in agreement. For you, affordable housing comes as either one of those two structures. Am I understanding you correctly?

Mr. John Anderson: Yes, certainly. We use these two terms interchangeably.

[*English*]

I'll say this in English.

The Co-operative Housing Federation of Canada, which is one of our members, has approximately 95,000 co-operative housing units in Canada, and those are geared to middle- and lower-income families. You could look at them all as affordable housing, or *logement abordable*, but also as social housing, because they all have a component in them for low-income citizens to get access to housing.

We think the co-operative model, because it is a model where the citizens themselves control and manage that housing, because it's based on one member, one vote, is a very good model in the ways of delivering affordable housing.

Mr. Thomas Mulcair: We share your view, and we're also quite concerned that a lot of co-ops that have existed for a certain number of years and had long-term agreements with the federal government might be lost if those agreements are not renewed.

Mr. John Anderson: That's certainly one of our concerns, and we hope this situation will be looked at in the near future, because it certainly is coming to an end.

Mr. Thomas Mulcair: Thank you very much.

[*Translation*]

Mr. Williams, now that I have disclosed my conflict of interests... You mentioned that making innovative medicines available in Canada raises a specific problem.

What concrete measures can the federal government take to improve the situation?

Mr. Russell Williams: Thank you for that question and for rekindling our hockey memories.

I think the federal government can make sure that public money is spent appropriately. In fact, in departments such as Health Canada, there is an increasing number of requirements and challenges. We must make sure that we are properly equipped to address needs and to understand the beneficial effects of drugs, etc., and by doing so, make sure that there are no delays. As well, other federal agencies such as the PMPRB, the Patented Medicine Prices Review Board, work well, and perhaps do not need to continue receiving the same investment amounts.

Allow me to answer your question in broad terms: this will depend on the decision-making process, licences, and notices of compliance. The government must be more strategic in how public money is spent. Then, as you rightly point out, it falls to the CDR, the Common Drug Review, and the provinces.

One other thing: we can insist that the government no longer allow artificial delays. We must put ourselves in the shoes of patients. Nobody wants to see delays in access to life-saving medicines.

•(1645)

Mr. Thomas Mulcair: Thank you very much.

I would like now to turn to Mr. Sanger and ask him specifically what his thoughts are about the possibility that the next wave of layoffs could occur in the service sector and what information he is hearing on the ground.

We also fear that cutbacks in the public sector will be society's next subject of major debate. Since the current and precarious economic situation was created by the state and its bad decisions, there is a real fear that the next wave of hardship will result from state cutbacks.

I would like to hear Mr. Sanger's thoughts on that.

[English]

Mr. Toby Sanger: Yes, we're very concerned about this. Most of the job loss so far has been in the private sector, but it's just recently that we're starting to see some public sector job losses. I'm not saying this just because we represent public employees, but during a recession public sector employees should not be laid off. I mean, the government should be trying to stimulate the economy. And it was very refreshing to see a change in economic philosophy over the past year on this.

We're very concerned that governments have now become fixated on reducing deficits. All of a sudden there was a change in perspective, and people recognize that we need spending in this area. We're seeing some layoffs—more in the educational sector just recently—and we're very concerned about that expanding later. If there is rising unemployment, there is a possibility that we may have a double-dip recession in this way.

In the past two recessions, governments essentially caused the recessions by hiking up interest rates. That, to a certain extent, is a fact. So they were able to get the economy going by lowering interest rates. Now we can't get interest rates any lower, so we have to have fiscal policy and we have to have a strong public sector to keep the economy going—not just to provide public services, but to keep the economy going so we don't have a double-dip recession.

[Translation]

Mr. Thomas Mulcair: Thank you.

Do I have time for another question?

The Chair: Is your question brief?

Mr. Thomas Mulcair: I will make one single remark to thank Mr. Kassen for his excellent presentation, and Mr. St-Onge for being here.

[English]

I loved your expression that they will be hollow investments unless we invest in people. We're going to remember that one and we're going to keep pushing. And in your presentation at these hearings, it is very helpful to remind us that you're the upstream part of Mr. Williams' downstream equation with regard to the importance of research and development in our country.

Thank you.

The Chair: Thank you.

Thank you, Mr. Mulcair.

We'll go to Ms. Hall Findlay, please.

Ms. Martha Hall Findlay (Willowdale, Lib.): Thank you, Mr. Chair, and thank you very much, everyone, for being here.

Ms. Brisson, I may be the only one around the table who is not a hockey player, but having been a competitive skier, I do appreciate everything you do. And I think, Mr. Rudge, we've encountered each other a couple of times at the bottom of Ski Canada and Alpine Ontario events, so it's good to see you again.

I want to just add briefly a thought on what you have proposed. Maybe my bias is showing, but I do appreciate your effort to continue the funding beyond the Olympics. In addition to your excellent presentation, on the value I will add that from an athlete's perspective we do understand that development of an athlete isn't something you can do just a year or two ahead of the Olympics; it is long-term.

And I will add also that the success of athletes raises our collective level of confidence for everything that Canada and Canadians can achieve. So I just want to thank you very much for being here, and of course I congratulate you for your successes. Thank you for being here today and for your presentation.

My question is for Dr. Kassen. We've had a number of really interesting presentations on a number of issues already, but we heard representatives from the polytechnics a few days ago. They raised a very important point and a question to be addressed, and maybe you can shed some light on it. It may put you on the spot a little bit, but it was the fact that money—as it is from governments in this country—really focuses still to a much larger extent on pure research as opposed to applied research. They had a number of examples of the work of the polytechnics in terms of applied research, both within the institutions themselves but also in cooperation with businesses and other participants. There are some really wonderful success stories for them and for the country, ultimately. But their point was that the level is out of proportion.

I appreciate your effort here in asking for more support for post-doctorate research fellows, and I don't disagree with that. I think we're all very supportive of seeing increased investment, and I share the point of my colleague, Mr. Mulcair, about it's being empty if it doesn't support the people. But can you shed a little bit of light on the differences, and where we can see improvements or benefits from investment in pure research, basic research, as opposed to applied research?

•(1650)

Mr. Rees Kassen: Well, I'll give it a shot.

Basic research is where new ideas and new knowledge come from. It depends on how you define applied research. There are no agreements on what applied research actually is. One could say that all basic research is applied research or you could say the reverse.

If applied research is directed research to solve a particular problem, we support that, absolutely. We would support investment in that. Certainly, our granting councils—NSERC, for example—do support that as well.

The important thing is to recognize that we don't want to restrict the focus of our researchers unnecessarily. If they choose to work on applied problems, that is appropriate; it's their decision. But we don't want the funds available to be narrowed in any way.

Dr. Denis St-Onge (Past Chair, Partnership Group for Science and Engineering): If I could add to that, it's important to understand that applied research is impossible without the pure research beforehand. It's virtually impossible. Therefore, to ask for a balance between the two is particularly difficult because there's no such thing. If you don't have pure research, you will not have applied research.

One of the fundamental problems we've had in this country—and we've made presentations to this effect in the past—is that compared with other countries, industry in Canada has very low research endeavours, the pharmaceutical industry being an exception. But generally speaking, we have a problem with industry translating pure research into innovation. That is the fundamental problem. It's not a question of balance, but a question of who does what, and why don't they do more.

The Chair: Thank you, Ms. Hall Findlay.

We'll go to Monsieur Roy, *s'il vous plaît*.

[Translation]

Mr. Jean-Yves Roy (Haute-Gaspésie—La Mitis—Matane—Matapédia, BQ): Thank you, Mr. Chair. I am somewhat in a conflict of interests when it comes to talking about the system, because my son is a beneficiary of it. However, there is a technical detail that frustrates me. In the span of one month, my son won two scholarships. The first scholarship was not awarded by the government, and was deductible, but the second one was not. I find this a bit odd; does the government believe that he earned the first scholarship, but not the second one? I will not question you on that, but this system bothers me.

What you say is true. My son spent the summer in Washington, and it is possible he will go to the United States because of this sort of thing. In fact, he would now be treated much better there than here in Canada.

Mr. Williams, you talked about intellectual property. As you are most certainly aware, there is an issue that prevails throughout the world, that of counterfeit medicines. In Europe, the problem has become extremely dangerous, practically catastrophic. I don't believe that Canada is immune to this problem.

Since this is a matter of intellectual property, I wish to know if the current system as it stands, would allow the government to intervene with sufficient force to prevent the problem of counterfeit medicines from affecting Canada to the extent that it has affected Germany or France.

•(1655)

Mr. Russell Williams: Thank you for your question.

According to my information, the government and the appropriate tribunals are currently examining the issue. It must be said, and I believe you said the same thing, that Canada's system is very secure. There are rather significant verification measures built in. Right now, we are talking about ways to better protect ourselves. Because of the

Internet, and unofficial supply systems, we must make sure that Canadians are indeed protected. Can we do better? Our industry continues to work in partnership with the government to make sure that we are protected against bad counterfeit medicines. We are working to improve the system.

Mr. Jean-Yves Roy: Can it be said that Canada is currently affected by the problem? Perhaps we are not affected to the same extent as Europe, but do you believe that the problem has had an impact here?

Mr. Russell Williams: We must be cautious. As I stated, I do believe that we have the best safeguard system in the world. Nonetheless, we must constantly make sure that we are protected against new waves. What can we do better? I hope I answered the question properly. Certain departments, such as Health Canada, and even the RCMP, are currently looking into the issue. Canada must not act alone, but in collaboration with other countries, because as you know contraband knows no boundaries. This is why we cannot settle on just protecting ourselves; we must also work in close collaboration with other countries.

Mr. Jean-Yves Roy: Unless I am mistaken, you are saying that if this problem were to strike us tomorrow morning, we are not necessarily in a position to deal with it. You are currently working with the government on ways to defend yourself, but ultimately, we would not necessarily be able to tackle the problem.

Mr. Russell Williams: I'm not an expert on that subject. The situation is constantly changing. Those who break the rules put all their energy into finding ways to do so. The authorities that protect us constantly have to adapt to this.

I can check to see what stage the discussions are at, and I would be very pleased to provide you with information later on.

Mr. Jean-Yves Roy: Quite an incredible operation may be required to make up teams of investigators to deal with this problem. It can go quite far.

Mr. Russell Williams: In that respect, we are working at the international level. We would be very pleased to check, and we will provide you further information in the weeks ahead.

Mr. Jean-Yves Roy: Thank you, Mr. Williams.

My next question is for Mr. Anderson.

The Chair: You have 30 seconds remaining, Mr. Roy.

Mr. Jean-Yves Roy: You are restricting me, Mr. Chair.

The Quebec program you referred to still exists. There is a cap of \$5,000 per year and it includes a 50% tax credit. The cooperative invests just as much in small enterprises as it does in medium-size enterprises. It is perhaps slightly different from what you are suggesting, but it would be worthwhile to further examine the Quebec program.

[English]

The Chair: Okay, very briefly, Mr. Anderson, please.

Mr. John Anderson: We've just done a study on the co-operative investment plan in Quebec, which is available in French and English on our website. I'd be very happy to send you a copy of it. It is a detailed study.

Effectively, that plan produces about \$30 million of new investment each year in Quebec among co-operatives.

The Chair: Thank you.

The final questioner for today will be Ms. Block.

Mrs. Kelly Block (Saskatoon—Rosetown—Biggar, CPC): Thank you very much, Mr. Chair.

Thank you to all of the presenters as well. As a new member of Parliament, I'm finding this process very interesting, and I appreciated reading all of your submissions.

Considering all of the hard work and dedication it takes to become an Olympic athlete, could I ask for the unanimous consent of this committee to thank our winter Olympic athletes and wish them the best of luck in the winter Olympics to be held next year in Vancouver?

Some hon. members: Hear, hear!

• (1700)

The Chair: All right, seeing there's unanimous consent...

Thank you, Ms. Block.

Mrs. Kelly Block: I do have a question for Mr. Sanger.

I was very interested in reading your submission last night and the suggestion of a \$500 million fund to create 50,000 green jobs. I thought that was very interesting, and you expanded on it in your written presentation but not in your oral presentation here today.

But my question for you has to do with a letter by CUPE to the minister on October 11, 2007, where it wrote:

...Canada's securities and financial market regulators have a dismal record. ... Canadians have been embarrassed...that regulation and enforcement of securities crime in Canada is so weak....

I also note that the Canadian Labour Congress has called for a national securities regulator.

As you know, the Conservative government is moving in this direction. Is this still the position of CUPE? Would you agree that a Canadian securities regulator is essential in guaranteeing the investment and retirement security of Canadians?

Mr. Toby Sanger: I'm so happy that you read that letter.

Some hon. members: Oh, oh!

Mr. Toby Sanger: I was wondering, as we had written to the Minister of Finance on a couple of occasions about strengthening our securities regulation but we hadn't received any response. And I was very glad to see there may be some moves in that area. I hope they don't just go after the little people—or the relatively little people.

On a national securities regulator, our position is that it needs to be effective. You can have a national organization that isn't effective, but if we are to have one, it needs to be effective in different ways. So I can't just say yes on that, but hopefully if it has stronger enforcement in a number of areas...

Somebody you may have heard of is Diane Urquhart, who has stood up for the rights of small investors and workers. Most workers have most of their savings in pension funds and things like that. She

has told me that when she does cases, she first looks to see if there is a U.S. connection; she doesn't go to Canada, but looks to see if she can win the case in the United States. That's embarrassing. I am embarrassed as a Canadian to see white collar criminals being prosecuted first in the United States and not in Canada. I think we should be doing much more of that. There have been some steps announced on that so far, but many more things need to be done on this.

Mrs. Kelly Block: Thank you.

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

I want to thank all of the witnesses for their testimony here today and their responses to our questions. It's certainly been a very interesting session.

I do want to say that we do continue the tradition of Mr. Williams and Mr. Mulcair of having friendly hockey games. We play the Liberals every year.

Ms. Brisson, the Liberals actually bring in ringers every year.

Some hon. members: Oh, oh!

The Chair: So you know they can't be competitive on an even level, and we would certainly welcome you on our team any time.

Thank you very much.

• (1700)

(Pause)

• (1710)

The Chair: I call the second part of the meeting to order, continuing our pre-budget consultations. We have with us another six organizations that are here for an hour and a half. We have first the Canadian Alliance of Student Associations. We have the Canadian Healthcare Association, the Canadian Teachers' Federation, the Canadian Energy Pipeline Association, the Directors Guild of Canada, and we have the Grain Growers of Canada.

I want to welcome you all here. You have up to five minutes for an opening statement, and then we will go to questions from the members of Parliament.

We'll start with the Canadian Alliance of Student Associations and work our way down.

Ms. Arati Sharma (National Director, Canadian Alliance of Student Associations): Thank you, Mr. Chair. We would like to thank you and the members of the committee for inviting the Canadian Alliance of Student Associations here today. We're an alliance of 24 student associations representing 400,000 university and college students across Canada.

Today we want to highlight why education spending in a time of austerity is a crucial investment. To begin, I'd like to provide some context by discussing the OECD's annual education report, which was issued last week. Canadian university attainment has grown for 25- to 34-year-olds, but much more slowly than our peers. That places us 12th in the OECD and at the bottom of the G-7 countries. Canada's key education investments were made nearly a generation ago, and we can't continue to coast if we really want to continue our country's knowledge advantage. Furthermore, our demographic changes are generating new challenges to Canada's economic growth. This makes advancements in innovation and productivity even more important than they are today. By 2025, the number of persons who will be retiring from the workforce will exceed newcomers by over 34%.

What CASA believes is that education investment is the best way to combat this. It provides technical abilities and develops critical thinking skills crucial to the development and adoption of new ideas and technologies.

The federal government chose to cut investment in education in the mid-1990s to reduce the deficit. Due to these cuts, Canada faced a brain drain, where essentially our graduates and our highly indebted researchers left to find opportunities elsewhere. What CASA believes is that we can't afford to take the easy road out of a deficit by cutting education spending now. Investing in education is an opportunity to build human infrastructure and essentially strengthen Canada's economic position.

Spencer will be going through the specifics of our pre-budget submission, but these are the considerations that went into our submission today.

Mr. Spencer Keys (Policy and Research Officer, Canadian Alliance of Student Associations): I'll just be highlighting some of the key points. The first is about the Canada social transfer. The federal government announced in Budget 2007 an \$800 million envelope within the Canada social transfer for post-secondary education, but we continue to have what we estimate to be about a \$3 billion funding gap from cuts that were made in 1995, in real terms, not accounting for increased numbers of students in that time. We estimate the actual gap to be closer to about \$3.5 billion.

Additionally, there is no mandated federal reporting structure coupled to the Canada social transfer. Whether money is earmarked for PSE or not, the federal government is unable to inform taxpayers about how much funding is actually spent on colleges and universities, as opposed to other provincial and territorial initiatives. That is why we are asking for an increase of \$800 million per year for the next five years, governed by agreements with the provinces to not reduce their post-secondary education spending. This dollar amount is to address both the funding gap that has accrued over the past 14 years and to place us in a better position to face the demographic crisis that Arati was referring to.

Secondly is the post-secondary student support program. We believe that aboriginal funding should be a critical area for future investment because they hold so much potential for increased participation. About one third of aboriginals are under 14 and will soon be at college and university age. Currently only 3% of the first

nations population will earn bachelor's degrees or higher, compared with 13% of the general population.

In 2005, 23,000 first nations and Inuit students were funded from the post-secondary student support program, but that's down from 27,000 in 1996, when a 2% cap on program spending increases was put in place, forcing a small pot of funds to be spread among an increasing number of students. Furthermore, the structure of PSSSP prevents bands from being able to effectively run the program. INAC considers paying program coordinators to be a misuse of funds. Reserves with PSE coordinators can help young first nations and Inuit navigate PSSSP and other programs such as the Canada student loans program and increase the use of existing funds. CASA believes the 2% cap on increased spending for PSSSP should be removed and that program funding should increase by 10% to 15% to allow band councils to legally hire and fund on-reserve program coordinators.

Finally, I briefly want to highlight the student interest in funding the indirect cost of research. Every dollar that goes to funding the indirect cost of research is a dollar that need not be taken from the teaching and learning component of a university. The U.K. and European Union fund indirect costs in the range of 50% to 60%. Canada currently funds less than 25% of these costs, with the remainder carried by students through their tuition. Essentially, we believe the amount that students subsidize research in Canada should be reduced.

In closing, our thanks again to the committee for allowing us to present for you today. We look forward to answering any questions you may have.

• (1715)

The Chair: Thank you very much.

We'll now go to the Canadian Healthcare Association, please.

[Translation]

Ms. Pamela Fralick (President and Chief Executive Officer, Canadian Healthcare Association): Thank you, Mr. Chair.

[English]

Thank you very much, committee.

The Canadian Healthcare Association has been a champion of publicly funded health systems and the health system in general for almost 80 years. We're the only federation of provincial and territorial health associations and organizations in the country that represents the breadth of the health system and therefore, we feel, brings a uniquely important perspective to any discussion that concerns the health of the nation, financial or otherwise.

I would, however, like to reassure the committee that we do appreciate the complex and delicate decisions facing you concerning the next federal budget—we get it. We're here today to suggest concrete and doable ways to address fiscal pressures on Canadians and the health system. There are solutions.

I have five key premises, not all of which I will speak to—they are in the documentation—but I must mention health and the economy.

Illness and poor health have a negative impact on tax revenue, corporate profits, and wage-based productivity, which in turn causes less money to be available to fund government initiatives such as health, education, housing, and other programs. This, too, we get. In fact, we are committed to the understanding that the health of the nation is driven by far more than the provision of medical services and must be nurtured through equal attention to other determinants of health, such as poverty, education, and employment.

The second premise is on health system funding.

We know the days of large surpluses are gone, but funds for new health and social programs and broad tax reductions that will both reduce poverty and improve the health and social well-being of Canadians are needed even more during this recessionary period, and the 6% escalator must be protected.

Third, on tax credits, CHA believes that recent non-refundable tax credits have not been effective in meeting the needs of Canadians who need tax relief and government programs the most. Using tax credits or tax expenditures as instruments of social policy is not appropriate. It marginalizes Canadians who do not have the financial ability to save or make use of these very credits.

We do have solutions, two of which I will speak to during this brief presentation: care for the caregivers and infrastructure.

Twenty-three per cent of Canadians provided informal care to a family member or close friend with serious health problems and 41% had to use personal savings to survive during this time. If replaced by a paid caregiver, the economic value is estimated to be between \$5.7 billion and \$26 billion.

We have two options to recommend to you. One is a provision in the Canada and Quebec Pension Plans similar to the provisions that currently exist for those who have taken time off from the workforce to raise children. A second option is to transfer the compassionate care program from employment insurance so that individuals who are not eligible for EI, such as contract workers and part-time workers, still have the ability to draw on the fund.

Our second recommendation for today has to do with infrastructure. We solicit your support for investment in this health infrastructure piece. Many health facilities are in serious need of renovation or replacement. Modern designs will inhibit spread of

infectious disease and facilitate patient recovery. This isn't just about bricks and mortar.

Access to infrastructure stimulus funds, the green infrastructure funds, and eco-energy funds would allow facilities—community, acute care, all of the facilities—to build or retrofit to green standards, providing a sustainable and safe environmental future.

If we really want to improve the quality, the efficiency, and effectiveness of health care for the patients as well as enhance collaboration among health professionals, we need to support the Canada Health Infoway in its mandate for electronic health records. It's absolutely essential.

I haven't even touched on health human resources, but I can, and I would welcome the opportunity if we have questions.

We've also focused on long-term care. We have a special policy brief that will be launched next Tuesday on facility-based long-term care, with good recommendations that might assist you in your work.

A healthy economy is created, sustained, and grown by healthy Canadians. These are turbulent and financially challenging times, but there are many effective ways to address fiscal pressures on Canadians and the health system. We welcome that opportunity to work with you to develop and implement these solutions.

Thank you. *Merci*.

● (1720)

The Chair: Thank you very much for your presentation.

We will now go to the Canadian Teachers' Federation.

[*Translation*]

Ms. Mary-Lou Donnelly (President, Canadian Teachers' Federation): Thank you, Mr. Chair.

[*English*]

Thank you, everyone.

My name is Mary-Lou Donnelly and I am the president of the Canadian Teachers' Federation. I have here beside me John Staple, who is the deputy secretary general of the CTF.

The federation is a national voice for teachers in Canada on education and related social issues. We represent upwards of 200,000 teachers across the country through 16 provincial and territorial teacher organizations.

Our presentation and brief will focus on an issue that demands the immediate attention of the Canadian public and all levels of government, and that is child poverty. Over the past two years we have taken on child poverty as our main focus on social justice issues at the Canadian Teachers' Federation.

In 1989, the House of Commons unanimously passed a resolution setting the goal to eliminate poverty among Canadian children by 2000. Here we are 20 years later and the child poverty rate remains essentially at 1989 levels. Canada's after-tax child poverty rate appears stalled at just over 11%. Nearly one of every nine Canadian children lives in poverty. Child and family poverty rates are at double digits in five out of ten provinces in our country. One out of every two children living in a family that recently immigrated to Canada lives in poverty, and one in two aboriginal children under the age of six, not living in a first nations community, lives in a low-income family.

There has been an 86% increase in the use of food banks since the 1989 unanimous House of Commons resolution to end child poverty, but what we see happening is that we have actually regressed in this area. In the same year, CTF issued a report that examined the impact of poverty on children, specifically how it affected the success of children in elementary and secondary school. The report concluded that children living in low-income conditions experienced reduced motivation to learn, delayed cognitive development, lower achievement, less participation in extracurricular activities, lower career aspirations, interrupted school attendance, lower university attendance, increased risk of illiteracy, and of course higher high school drop-out rates. There is a well-established correlation between socio-economic status and children's academic performance, and our brief makes reference to research supporting that contention.

CTF has an extensive policy on children and poverty. It is based on the fundamental premise that all children, regardless of circumstances or family income, have the right to the full benefits of publicly funded education. In supporting this, teachers and their organizations participate in the development of educational and public policies designed to reduce the incidence and impact of child poverty. Our policy stresses the importance of child care and early intervention, and the role of government in addressing that concern. Governments at all levels must undertake coordinated social and economic policies designed to eliminate child poverty and to assist those currently living in poverty.

We know that teachers see the evidence of poverty in their classrooms year after year. They see it when students move and change schools frequently during the school year because the family does not have enough money to pay rent. They see it when students shrink from shame or lash out from anger because of the stigma of poverty. And they see it when students can't afford to buy books, go to the book fair, or go on school trips with the other kids because of poverty.

We have called for a greater political will and commitment to a national poverty reduction strategy for Canada. Several provinces have taken or are planning to take coordinated action to address poverty. Newfoundland and Labrador and Quebec have implemented poverty reduction strategies. The federal government needs to build on these initiatives and create a national strategy that complements and supports provincial and territorial programs.

In our brief we make the following specific recommendations, among others, to the federal government: to raise the minimum wage; to expand the eligibility for employment insurance; and to put in place a universal child care system.

I spent the day at the Conference Board of Canada, and they're actually coming out with a report on child poverty tomorrow, so it'll be interesting to see that. It's very timely, and they rate Canada at one of the lowest rates in the world on child poverty.

Thank you.

● (1725)

The Chair: Thank you very much for your presentation.

We'll now go to the Canadian Energy Pipeline Association.

Ms. Brenda Kenny (President and Chief Executive Officer, Canadian Energy Pipeline Association): Thank you.

My name is Brenda Kenny. I'm the president of the Canadian Energy Pipeline Association, and I very much appreciate the opportunity to present to the committee today. You have a more detailed brief from us, but I will look forward to answering any of your questions following this brief introduction.

I'll begin by setting the context. The Canadian Energy Pipeline Association represents companies that transport over 97% of all the oil and natural gas produced and used in Canada. We operate over 100,000 kilometres of pipelines in North America. Over the next 15 years, to meet the needs of Canadians, we plan to double our collective assets by investing \$43 billion in the construction of new pipelines and other facilities. That number could grow to \$85 billion if you include the Mackenzie and Alaska pipeline proposals. CEPA members will play a key role in implementing large-scale carbon capture and storage projects, or CCS, as well.

I am making this presentation today because I know our industry can be an active partner in stimulating the economy, provided the government takes the necessary actions to ensure private sector investment in pipeline infrastructure in the short term. I'll make three suggestions that should result in significant capital investment. This will happen in a way that produces spending on manufactured goods, job creation, and an expanded network of pipelines, all at no cost to taxpayers.

In brief, we need regulatory reform to facilitate the flow of stimulus spending, we need an industry-funded technology fund that would support downstream energy efficiency programs, and we need a tax-efficient mechanism to set aside moneys needed to ensure that pipeline assets are retired in an environmentally and economically sound manner.

With respect to economic stimulus, we at CEPA are concerned that the regulatory framework in Canada today is bogging down the private sector's ability to inject financial stimulus and investments in the Canadian economy. The federal regulatory framework for pipelines in Canada has evolved over many years. It has been a layering on of new laws and regulations atop existing ones, resulting in needless complexity. A simpler, more timely assessment and regulatory process would reduce costs, focus government resources on issues and outcomes, and make timelines more predictable, thereby encouraging investment, job creation, and spending on materials at a time when the demand is low and prices are favourable.

The task of regulatory reform has already begun through the Major Projects Management Office, an initiative we wholeheartedly support. We applaud the government for implementing the office and backing it up with senior-level leadership. This budget cycle marks year three of five in a \$30 billion spending commitment to the MPMO and key agencies in government. It's imperative that we not lose sight of the strategic importance of regulatory reform and ensure the government, industry, and other stakeholders have a line of sight toward 2012, when the funding expires.

We have been encouraged by small steps toward regulatory renewal. Earlier this year I spoke to the Senate energy, environment and natural resources committee on changes being made to the Navigable Waters Protection Act. Change is occurring, but we believe we must continue to partner with government to build a robust, credible, clear, modern, and results-oriented regulatory system that promotes environmental best practice in Canada.

I turn now to the issue of pipeline abandonment. As an industry, pipeline companies have a long history of positive results on environmental protection. Effective financial planning and regulation spans the full life of a project, right through to the end of its use, and the pipeline industry has advocated for several years a tax-efficient environmental trust option that would afford a variety of opportunities to save better and sooner. This now I turn to in response to a recent decision by the National Energy Board, asking us to begin to implement these sorts of measures. We look to you for your assistance.

Finally—and this is in more detail in the brief, and I would be happy to respond to questions—we are asking for an industry-funded technology fund as part of Canada's climate change strategy, the money of which would go toward energy efficiency programs downstream and thereby, on a full value-chain level, actually achieve emission reductions for all of us.

Thank you.

• (1730)

The Chair: Thank you very much.

We'll go now to the Directors Guild of Canada, please.

Mr. Brian Anthony (National Executive Director and Chief Executive Officer, Directors Guild of Canada): Mr. Chairman, honourable members of the Standing Committee on Finance, my name is Brian Anthony. I'm the national executive director and chief executive officer of the Directors Guild of Canada.

[*Translation*]

I wish to thank you for this greatly appreciated opportunity to appear before you as your committee undertakes prebudget consultations. Since you undoubtedly had the chance to review the submission we sent in August, my opening remarks will be brief. I would be happy to answer any questions you may have at the end of my statement.

[*English*]

As you know from our brief, the DGC is a national labour organization that represents over 3,800 key creative and logistical personnel in 47 occupational categories in the film, television, and new media industry. Our sector is one that annually contributes some \$5 billion of economic activity and generates over 131,000 jobs. We have come a long way as an industry in recent decades, and this growth and development is due in great measure to the leadership manifested by successive federal governments and their commitment to encouraging a vibrant film, television, and digital media industry in Canada. We have reached a plateau, however, and if the federal government is to continue to build on its investment, and if we are to overcome our current problems and move forward, a renewed commitment is required.

People can be forgiven for believing that ours is a glamorous, even frivolous, industry, for that is how it is often portrayed in the media. I would refer you to the media coverage of all the social activities surrounding the current Toronto International Film Festival. But the reality of life on the set or in the studio lies a very long way from red carpets and black ties and ballgowns. Our members work in real jobs in an industry that manufactures real products, products that have cultural value to be sure, but have material, tangible, economic value as well. Working in our industry is difficult at the best of times, and these are by no means the best of times. When there is work, the hours are long and the work hard. All too often, however, our members are not working. As one of my colleagues says when he lectures young students in film studies programs, "This will probably be the best part-time job you'll ever have."

Nationally speaking, about half the production activity that takes place in Canada is domestic and half service productions, by far and away most of which are American. Here in Ontario, the split is roughly 60% Canadian and 40% foreign. In British Columbia, by contrast, over 80% of activity there is U.S.-based. Given this, when American activity drops, we are vulnerable.

Last year was a terrible year. A rising Canadian dollar scared away many service productions, and I noticed it was trading at the end of the day just below 94¢. A protracted writers' strike in the U.S. drove down production activity; state tax credits and other incentives kept many U.S. productions at home; and later in the year, the global economy fell off the cliff. This economic downturn had a significant impact on Canadian film and television production as well, so we were hit with a real double whammy.

[*Translation*]

A slight improvement has been noted for this year, at least in certain regions of the country, but it remains slight. The situation must improve considerably before our industry will be able to operate at full capacity and make a significant contribution to the economy, employment, and culture.

[*English*]

This is where you and your important pre-budget deliberations come in. Our industry is a key part of the creative economy, the economy of the future. If our industry is to thrive, to flourish, we need the stability and predictability that a renewed and enhanced commitment on the part of the federal government would provide us. We have, therefore, placed three recommendations before you in our written submission, and we hope you will be able to endorse them and recommend them to the Minister of Finance for inclusion in the 2010 federal budget.

These are the three recommendations: that the Government of Canada enhance all federal programs of direct support to the film, television, and new media industry; that it enhance its indirect support by expanding the federal tax credit program, as Quebec and Ontario have recently done; and, recognizing that there should be a greater public sector and private sector partnership, that a powerful tax incentive be created to encourage significant private investment in film, television, and new media production.

If implemented, these measures would allow our industry to grow and develop, to play an even greater role in providing meaningful employment, and to contribute to the economy and the fisc and serve Canadian audiences.

We understand the current economic and fiscal constraints at play, but bad times are the best times to plan for good times. Our industry is a vital part of the creative economy, the economy of the future, as I've said, and your support for our recommendations today will help us contribute to the good times of tomorrow.

• (1735)

[*Translation*]

Mr. Chair, members of the committee, I wish to thank you for this opportunity to appear before you today, and I hope that you will be in favour of our recommendations.

[*English*]

The Chair: Thank you, Mr. Anthony.

We'll go to the final presentation, by the Grain Growers of Canada, please.

Mr. Richard Phillips (Executive Director, Grain Growers of Canada): Thank you, Mr. Chair, honourable members, and fellow guests.

I will be sharing my time with Sheri, who's sitting next to me.

My name is Richard Phillips. I am a farmer and I'm with the Grain Growers of Canada. With me today, from one of the member organizations of Grain Growers of Canada, is Sheri Strydhorst. She's also a farmer and is with the Alberta Pulse Growers.

If there is one thing that unites the 80,000 farmers of the Grain Growers of Canada from coast to coast, it's the issue of more funding for public research. In Canada, approximately three-quarters of the farmland is planted with crops developed by public sector plant breeders. The private sector does invest in corn, soybeans, and canola, but for five of Canada's six largest crops, 98% of the research is publicly funded.

In the last 15 years, federal contributions to Agriculture Canada's research branch have been largely stagnant, with no increases for inflation. In 2009 dollars, it means that funding has dropped from \$458 million to \$280 million today—nearly a 50% cut. The number of front-line scientists has dropped by more than 10% in just the last couple of years.

Our request to you today is twofold. First, we are asking for a doubling of A-base funding to Agriculture Canada. This would cost \$280 million, phased in over 10 years—or approximately \$28 million per year. This would allow Agriculture Canada to upgrade labs and equipment, to bring in new staff, and it would help to ensure proper succession plans for the continuity of corporate memory. For example, if a plant pathologist who's been studying crop diseases is retiring, it's really critical that there be some overlaps with the new person coming in, so there is a transfer of knowledge from what the former staff person has been working on.

Sheri.

Ms. Sheri Strydhorst (Executive Director, Grain Growers of Canada): I'd like to share with you two success stories from public breeding. Almost 100% of the small red, black, and great northern beans grown in southern Alberta were developed by Agriculture Canada's bean breeding program. These varieties have market demand. They incorporate disease resistance. They're high quality, but most importantly, these varieties have improved farmers' bottom lines.

Public research has also been integral to the success of Canadian farmers. There's the example of the wheat variety developed by Agriculture Canada scientists, AC Barrie, which has been planted on 50 million acres of Canadian farmland over the last 10 years. The gross value of this wheat is \$1 billion and it has contributed over \$540 million in incremental farm gate revenue because of its improved yield and disease resistance.

Mr. Richard Phillips: Looking ahead, there are a number of key areas in which Canadian farmers and consumers want work done, including traits such as drought tolerance on the southern prairies; cold tolerance in the northern prairies and the corn belts; and disease resistance. I'm sure some of you have heard of Ug99, a rust that's threatening the world's wheat supply, and fusarium, which affects a lot of wheat across Canada, primarily in Ontario and Atlantic Canada and the Red River Valley. We also want work done on insect resistance, whether flea beetles in canola or wheat midge in wheat, which would reduce the use of pesticides; and we want work done on improved utilization of nitrogen. I know you guys are aware there's a lot of concern in a lot of places about nitrogen fertilizers running off into water supplies. So if we can improve plant breeding, then we won't need as many fertilizers. We also want work done on healthier food, for example, the availability of iron in our diets through peas and beans.

There's tremendous potential to make our food healthier for consumers, for example, to reduce diabetes, cardiovascular disease, and obesity. I think some of you are probably aware of some of the canolas with the omega-3s, and things like that, and the removal of trans fats from diets. So there are a lot of opportunities there.

Sheri.

Ms. Sheri Strydhorst: The second thing we're asking for is an incentive to spur the use of certified seed. The sale of certified seed is what provides royalties back to plant breeders, both in the public and the private sectors. Crops like peas, wheat, barley, and oats have traditionally seen very low use of certified seed, and therefore there's been very little interest in the private sector to invest in those, because their return on investment isn't there.

What we want to do is to increase the use of certified seed, and this will directly lead to increased private sector investments in plant breeding. We'd like to recommend that the next budget contain a tax credit to encourage farmers to buy certified seed on a regular basis.

To sum up our requests, we are looking for \$280 million over the next 10 years to be invested in A-base funding at Agriculture Canada; and secondly, we are looking for a tax credit or another incentive program to be implemented to encourage the use of certified seed.

Thank you for this opportunity, and we look forward to any questions you may have.

• (1740)

The Chair: Thank you very much for your presentation.

We'll go to questions from members, starting with Mr. Pacetti, please.

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

I thank the witnesses for appearing.

It seems easy for you guys, because you have only one subject and one thing to worry about. We just had six presentations and we have six briefs to go through, and it took 28 or 30 minutes for you guys to present. So bear with me; I have a whole bunch of questions that I'm going to try to get in.

Mr. Keys, your group is asking for \$800 million, I think, over five years. I don't have a problem with the request, but one of the items that the group had been asking for in the past several years is that government separate the post-secondary amount in the social transfer payments. We don't seem to be able to get anywhere with that. It's kind of tough to ask for another \$800 million when we don't know where the money is going presently. You just said yourself, of the \$800 million that was invested last year, we're still not sure if the money was properly invested. Am I correct in my comments?

Mr. Spencer Keys: Yes, you are correct. There is no accountability framework right now.

Mr. Massimo Pacetti: So we should probably be asking that there be disclosure in the social transfer payments between post-secondary and other payments, correct?

Mr. Spencer Keys: Yes, and that's included in my remarks.

Mr. Massimo Pacetti: Okay, but that should be the first priority, before asking for money.

Mr. Spencer Keys: I think you would have to recognize that there have been substantial hits to endowments across the country. Some have gone down by 30% or more. I think you have to recognize that there are the oncoming demographic difficulties that we need to prepare for. So you'd have to be working on both at the same time. I don't think you can easily put one before the other.

Mr. Massimo Pacetti: The other point concerns how we account for how much money has been put towards post-secondary. There was money put towards research chairs, independent research councils, and things like that. There is always a dispute as to how much money was really cut in the earlier years. What is your comment on that? Should there be cuts in the other items?

Mr. Spencer Keys: I would not suggest that there should be cuts in the other areas, but I think it's important to increase money through this envelope, primarily because it is money that can go to operational spending. The importance of that is that when a university is essentially forced to go down a particular path because there's an envelope of money for that, say for research or building research infrastructure, etc., that limits the kinds of diverse education we can have.

Mr. Massimo Pacetti: It's because it's more direct. I like the money that goes into research. It's more direct and we can account for it a little better.

Ms. Fralick, your brief was quite detailed, but you spoke about the compassionate care benefits and that this should be funded through EI. Would that require any reform? It's not completely clear. You're saying you can achieve the availability through the EI fund. How would you see that? There already is an aspect in there, is there not?

Ms. Pamela Fralick: We're suggesting in fact that it be moved out of EI, because it gets lost. It's not long enough and it's not comprehensive enough. It should be a stand-alone program.

By the way, I was rude earlier in not introducing my colleague, Denise Desautels, who is our director of policy and communications.

Ms. Denise Desautels (Director, Policy and Communications, Canadian Healthcare Association): There are two aspects, in that we fund people to take care of individuals at the beginning of life, but we don't fund them to take care of people at the end of life. We're saying the compassionate care program is only eight weeks long, and it's not nearly long enough.

Mr. Massimo Pacetti: I agree, but what would your suggestion be?

Ms. Denise Desautels: Create a separate program. Move the funding that was allotted to the compassionate care program into a separate program so that individuals who might not be eligible for EI could participate in that program.

Mr. Massimo Pacetti: How would they be eligible if they're not paying into the program? That's the problem we're having with EI now. There aren't enough people qualifying. Are we just going to create another level of government or another department?

Ms. Denise Desautels: Create a separate program in much the same way that the European governments have done. You have to allow for the fact that a large number of individuals who are taking care of people at the end of life are either working part-time or on contract, or they're self-employed. So they don't have the ability to draw from that fund, yet they're suffering.

• (1745)

Mr. Massimo Pacetti: I'm not disputing the cause, because I agree with you, eight weeks is not enough. That's not what I'm disputing. It's just the mechanism on how we can deliver the service so it doesn't go into the hands of the bureaucracy but into the hands of people who need it. So if you can provide us with some details, I'd love to see them, and maybe we can recommend them.

Ms. Donnelly, we all visit schools. I visit schools regularly in my riding, and the biggest shame, especially in an urban riding, is that the teachers complain all the time that kids go to school hungry. Now there are a lot of programs trying to feed the kids. It's a huge problem. Anybody who's visited an urban school knows that there's a problem. I don't think there's any teacher I have spoken to who doesn't say that they actually take money out of their own pocket to provide kids with some type of food.

How do we fix that? I know you say in your statement that we should probably increase the amount of child tax allowances and other kinds of moneys, but the problem that I'm seeing is that the parents don't provide. They may have the money, but they use it for their own purposes and don't provide adequate care for those children going to school. That's what I've seen.

Ms. Mary-Lou Donnelly: It's not just about food, it's not just about feeding the children. What we're looking at is a whole national strategy on the reduction of poverty. Poverty is also a mindset, and with that comes values. We've done all kinds of things in the schools with social programs to try to feed the kids. We feed them in the morning, we feed them at lunch, and we feed them after school. You're absolutely right, responsibility does fall on the parents at

some point, but it's that whole education to the parents that would be encompassed in that national strategy on the reduction of poverty. So it's not just about food; it's much broader than that.

Mr. Massimo Pacetti: No, I understand it's not about food. We have a program in my riding where we help the students acquire supplies at a fraction of the price that they would normally purchase them. The problem, like you said, is to get the parents involved and to educate the parents as well.

The Chair: Just give a very brief response, Ms. Donnelly.

Mr. Massimo Pacetti: To Mr. Anthony—

The Chair: No, no, I'm sorry.

Ms. Donnelly, did you want to just offer a final ten-second response?

Ms. Mary-Lou Donnelly: I'd just say that we're looking at a national strategy that encompasses much more than school supplies and food. It's much more involved than that.

The Chair: Okay, thank you.

Thank you, Mr. Pacetti.

We'll go to Monsieur Laforest, *s'il vous plaît*.

[Translation]

Mr. Jean-Yves Laforest: Thank you, Mr. Chair.

Good afternoon to all of our witnesses. To begin, I would like to address my first question to Ms. Donnelly.

Too many negative things are said about teachers, for example that they lack professionalism, only care about their holidays, etc. Yet what I notice today is the opposite. You, as a group of teachers, have arrived here and the first demand that you are making is on behalf of the clientele you serve. I believe that you are displaying a great deal of professionalism. You speak primarily about child poverty, and it is to your credit. I say all of this because I myself worked as an educator with children who experienced developmental problems. I am therefore able to attest to the very strong correlation between social status and wealth, not just of the child but also of the family, and of his or her development potential. I have observed this for a long time. I agree with you entirely in saying that in the education sector, this is a major problem.

However, do you not believe that a serious vicious circle has been at work for a long time? The dynamics are that the fewer resources one has, the poorer one is, the less likely one will succeed in school, and the less one succeeds in school, the more one will remain in poverty. One then has even greater difficulty breaking the vicious circle. How do you perceive this? Do you think there is hope nevertheless?

• (1750)

Ms. Mary-Lou Donnelly: Thank you for asking me that question.
[English]

I'd like to say that I know very few teachers who are in it for the vacation.

But the vicious circle of which you speak is there, and that's one of the reasons we keep advocating for funding, resources, and materials to be put into education. We look at education as an investment in our country, so we know in the teaching profession that we need to have those resources in the classroom, and they will certainly help those children. If they don't help their parents, at least they can help the children succeed in life and go on to post-secondary education and maybe get a degree, because drop-out rates are also connected to socio-economic factors.

We're always vying for dollars in education all across the country, but we hope that governments will certainly see it as an investment. We continue to advocate for that.

[Translation]

Mr. Jean-Yves Laforest: Thank you.

Perhaps Ms. Sharma or Mr. Keys will be able to answer my next question, which is not exactly similar to the one asked earlier by Mr. Pacetti.

You are asking that \$800 million be invested year over year, for the next five years. Actually, is this recommendation not directly related to the fact that there were cutbacks to postsecondary education transfers by the Liberal government during the 1990s? Does the recommendation in effect not serve to restore proper levels of funding for postsecondary education, another sector we referred to earlier, in order to improve student performance and help them gain easier access to higher learning?

[English]

Ms. Arati Sharma: I'll take that. Thank you for your question.

I completely agree with you. It's really to make up for the cuts that were made in the early nineties. So it's not like it's additional money; it's just putting the system back to where it should be.

Essentially CASA is scared—and we met with a bunch of students yesterday—that the burden is going to fall on the students. With endowment funds being cut and students not being able to find jobs this summer, a lot of that burden will fall upon students. So it's just to get the system back to where it was.

[Translation]

Mr. Jean-Yves Laforest: Thank you.

Ms. Fralick, Ms. Desautels, among the proposals made by the Canadian Healthcare Association, there is one that calls for amending the Canada Pension Plan and the Quebec Pension Plan. I would like you to provide us with more details on this recommendation.

[English]

Ms. Pamela Fralick: Thank you.

It's one of two options we're bringing forward. We're not sure which one might be the best. That's going to require more technical expertise than probably anyone in this room can bring to the table. But we feel strongly that the issue has to be addressed, and we want to come forward with some opportunities to do that.

One of the concerns with both the CPP and the QPP is that it has limitations for this particular circumstance—home care and taking care of the elderly, as my colleague was describing earlier. Basically we're looking for options.

I'm not sure if that answers why this option. These are the two that my members have suggested may be the most workable. There is precedent in place. It's a matter of applying a known solution to an emerging situation.

Denise, do you want to add anything?

Ms. Denise Desautels: I would just say that we've done averaging for families who are bringing up young children, and it should be possible to do the same for individuals who take time off to take care of parents who can't get into long-term care facilities. If it's going to take a year and they have to take time off work to do that, they should be able to have this averaging so that eventually the CPP amount they receive is increased because they got rid of that year or two in which they had no income or had a lower income.

• (1755)

The Chair: *Merci, monsieur Laforest.*

We'll go to Mr. Wallace, please.

Mr. Mike Wallace (Burlington, CPC): Thank you, Mr. Chair.

Thank you, everyone, for coming and hanging on into the early evening here.

My first question is for the Grain Growers of Canada. I represent an urban area so I don't deal a lot with agricultural issues; I try not to anyway. But based on what you've presented today, give me your organization's view on the role of the federal government as it relates to agriculture.

You've said you're looking for a tax incentive for somebody to buy seeds, and for some research money, but I hear other things from other agricultural organizations and farmers. I just want to know what your organization's view is.

Mr. Richard Phillips: Thank you very much for the question.

I would say that the basic philosophy of the roughly 80,000 farmers who belong to the Grain Growers is that the government does not owe farmers a living. You know what? We have to go out there as farmers and make business decisions and operate. We have to use the knowledge, skills, and abilities that God's given us, so to speak.

What the government does owe us, though, is a policy environment in which we can operate fairly. Some issues are simply beyond a farmer's control. For example, international trade rules or bilaterals—there's a role for governments to go out and negotiate those on our behalf, provide the environment where we have the market access and can make the trade, and therefore can make a living from what we do.

Another area would be in public research. There are certain areas of research, primarily agronomic-based, where there's no investment. There's no incentive for the private sector to invest because there's no ability to get any return back. It could be as simple as some of the smaller diseases or some of the smaller pests. There are areas where the private sector will never put money in. That's why there's a role for the public sector to step in there.

But you know what? As farmers, we have checkoffs set up. It's not like we expect the government to do even that for us. We have lots of checkoffs. There's the Western Grains Research Foundation and all kinds of organizations. Lots of farmers take checkoffs when they sell grain at the elevator. We pay so much money into a research fund.

So we're willing to be your partners, but we do need you to help.

Mr. Mike Wallace: Okay. I appreciate that.

Mr. Anthony, thank you for coming today.

I'm interested in your recommendation two with regard to your pre- and post-production costs. Can you give me an example of what you're talking about?

Mr. Brian Anthony: The federal tax credit regime is limited to labour costs at the moment. What we would like to see the federal government do is follow the example of Ontario and Quebec—that is, include other legitimate costs as well, such as equipment rental and so on. You would have a more holistic approach then.

Also, if you extended it from not just simple production but also pre-production and post-production phases, you would have a very holistic approach to production activity.

Mr. Mike Wallace: On a percentage basis, is that a 20% increase in that tax credit? When you compare the figures, is 80% of your cost labour and then 20% other, or is it 50-50? What's the ratio?

Mr. Brian Anthony: The Ontario government hasn't provided all the detail yet. I think they're still sorting it out. I think in the case of Quebec, it's sort of doubling the eligible costs, which is welcome news.

Now, the provincial tax credit regimes work on the assumption, and they monitor this closely, that the economic and employment activity generated through their tax credit regimes is returned to their fisc. I think they work on the assumption that it's a wash, and when it proves not to be, they start to become concerned.

But in fact Ontario and Quebec, in recognition of the fact that my industry is a really powerful economic engine, have taken that major step forward.

Mr. Mike Wallace: Okay.

I have a question for Ms. Donnelly.

I looked through your recommendations. Minimum wage is provincial, which is fine.

In terms of employment insurance, we've talked about some of the changes and improvements to that.

On social housing, I don't disagree with you on that. There have been some major investments in social housing, including in my riding, which the Halton region has just made some big announcements about.

I agree on the improved accessibility and affordability of post-secondary education. We had a couple of different programs for students to apply for grants and so on. We've amalgamated all that. I think it was too much bureaucracy; I totally agree with you there.

My one question, though, is about your “restrictions on the growth of for-profit corporate child care”. What do you mean by “restrictions”? Can you give examples of why you would want to restrict the growth of child care?

Ms. Mary-Lou Donnelly: We're talking about for-profit care.

• (1800)

Mr. Mike Wallace: I know that. I'm asking you what restrictions you're looking for.

Ms. Mary-Lou Donnelly: We're looking at public child care for people so that—

Mr. Mike Wallace: No, but you say, “restrictions on growth of for-profit corporate child care”. Tell me what restrictions you think the federal government should do.

Ms. Mary-Lou Donnelly: I'm going to turn to my colleague.

Mr. Mike Wallace: Good pass.

Mr. Staple.

Mr. John Staple (Deputy Secretary General, Canadian Teachers' Federation): I think what we want to try to do is avoid the mistakes that we saw happening in Australia and in parts of the United States where what we call the “big-box” corporate child care organizations had as their goal primarily the generation of profit. To a lesser degree it was to offer quality child care and early learning intervention—

Mr. Mike Wallace: I only have a minute here.

So what is the restriction?

Mr. John Staple: What we're talking about in terms of a restriction, then, is to ensure that the aspects of quality, the aspects of affordability, are not lost in the rush to gain profits.

Mr. Mike Wallace: If they have a provincial inspector of a for-profit site that shows that the quality is there, you have no issue with it?

Mr. John Staple: I think that would go a long way towards resolving the situation.

Mr. Mike Wallace: Thank you very much.

Do I have more time? Kelly had a question, so I will pass my time to her.

Mrs. Kelly Block: Thank you very much, Mr. Chair, and thank you for coming.

I want to pick up where Mr. Wallace has left off.

In your submission, under “Federal Government Responsibilities” you mention that without government initiatives such as the universal child care benefit, family poverty would likely be 10% higher. Considering this program is a parent-knows-best approach to reducing poverty, and building on what we've just been talking about in terms of child care and wanting to ensure there's quality child care being provided, have you contemplated any other option similar to the universal child care benefit?

The Chair: Just very briefly, please.

Mr. John Staple: I think our view of the universal child care system and the way it's described in this report and the way we would envision it is not the current \$100-a-month system that we have now with child tax credits. We don't believe that system works effectively. We don't believe the money gets to where it needs to get. We believe it does not generate enough child care spaces across the country in the fashion that we had hoped it would. Our concept is completely different from the current context in which we're operating.

The Chair: Thank you, Mr. Staple and Ms. Block.

We'll go now to Mr. Martin. You have seven minutes.

Mr. Pat Martin (Winnipeg Centre, NDP): Thank you, Mr. Chair.

Thank you to all those who gave presentations. I'm not a regular member of this committee, so if you'll forgive me, I'll make some general observations first, and then some questions.

I'm heartened by the theme in a couple of the presentations calling for a war on poverty, a national strategy. In my riding, 52% of children live below the poverty line. It must be one of the highest in the country. It just strikes me that we're doing something fundamentally wrong in the redistribution of wealth in this country if we're seeing the incidence of child poverty rise when other countries of the world have shown us that it's possible to lower it. In some of the Scandinavian countries, the incidence of child poverty is zero. It leads me to believe that there are things we could be doing if we set our minds to it. If we'd set goals for the reduction of child poverty the way we set goals for the reduction of the deficit throughout the 1990s, we may have lived up to Ed Broadbent's motion that was unanimously passed in the House of Commons to eradicate child poverty by 2000.

I'm heartened, as I say, by those of you who have brought this to the attention of the finance committee, because it doesn't get discussed anywhere in Parliament, or in the government, to my knowledge. Except for all of us of good will who would like to see less of child poverty, there is no concerted, stated goal or strategy that we can measure any progress on that file by. I want to thank you for that, and I would welcome any comments you might have in that regard. Perhaps I'll lay out the second issue first, and then let the witnesses talk about it.

I'm interested in the certified seed comment that was made. I represent the area that has the grains institute, in downtown

Winnipeg, so I'm very interested in grain research and the good work they do. I know that Canada is the country that's blocking the ban on the terminator gene, the suicide seed—seeds that can't reproduce so the farmer has to go back to Monsanto or whoever owns the licence on that seed. Some of us have a problem with patenting life or putting a patent on living things and denying the farmer the ability to replant their own crop.

Is the certified seed issue the same as the terminator gene issue, or am I confused?

• (1805)

Ms. Sheri Strydhorst: It is a very different issue. That's a technology that our farmers definitely do not want. There's just something unnatural about that.

Mr. Pat Martin: It's an affront to nature, if you ask me.

Ms. Sheri Strydhorst: Right. But we need to create a policy environment where companies do want to invest in legitimate research that is going to help farmers. For example, if there's a fusarium disease on wheat, the private sector has resources to build that into our varieties, but there's no return on investment for them to do that, given that farmers just don't have that incentive to buy new seed with that. If the seed is there, farmers will gladly pay a premium to get it and reinvest back into the company that is making that investment.

Mr. Richard Phillips: That can be a public company or a private company, or even universities. If there are certified seeds sold that the universities have developed, the royalties come back to the universities and they can do more research. So we're trying to find a way—not a stick, just a carrot—to encourage more farmers to use the certified seed so the royalties would go back to the universities, to Agriculture Canada, or to the private company, to whoever developed those varieties.

Mr. Pat Martin: Thank you. That's interesting.

If there's a moment left, Mr. Chair—

The Chair: You have three minutes, actually.

Mr. Pat Martin: —I would welcome any input or comments on the original point I raised.

The Chair: Comments on the child poverty issue?

Mr. Pat Martin: Is anyone who raised the issue of child poverty interested in commenting?

Ms. Mary-Lou Donnelly: Yes. Thank you, Mr. Martin.

Child poverty is something that teachers have seen in front of them forever. I'm glad you pointed out that it's something that is not talked about, because that's what we've identified. There isn't the political will in territorial or provincial governments, or the federal government. That's why we're pushing this; that's what we'd like to see. We'd like to see the governments working together on this, because we recognize that it can't be fixed, perhaps, by one province or one small jurisdiction. There really needs to be a concerted effort on that.

As part of that national strategy, the reduction of poverty, we'd like to see early intervention programs, education for parents, and high-quality day care and early education programs for children.

When we talk about feeding children breakfast, that's a wonderful thing to do and I'm not going to take away from that, but it is a band-aid solution. That's not battling poverty, that's keeping their tummies full for the day so that they can stay in school and learn for that particular day. But it's much, much grander than that. We need to change the political will at all levels of government.

The Chair: Ms. Fralick, did you want to comment?

Ms. Pamela Fralick: Thank you for the opportunity to emphasize the points we brought out. We know we represent health, and health is almost a dirty word these days because we understand how many resources it takes from this country, even though it's a value-based decision we all make. There are some phrases we don't hear nearly enough when we talk about health: determinants of health, along with prevention and promotion, and this whole issue of poverty, child poverty. Can I bring aboriginal health to the table and into the discussion as well? It is another whole layer of complexity to child poverty.

The more we can speak those words and collectively come up with some solutions, we'd welcome those further discussions.

Mr. Pat Martin: We should be keeping in mind the real cost of having a permanent underclass as opposed to having more people as productive members of the workforce, etc.

It just strikes me, sitting here—I'm not a member of this committee—that we live in the richest and most powerful civilization in the history of the world and we can't provide for the basic needs of our families to flourish. There's something wrong with the redistribution of wealth system that this committee is supposed to be commenting on.

Ms. Pamela Fralick: Our brief does speak to that issue and the statistics behind that gap between the very wealthy and the very poor and the impact that has on the overall economy, the health of the nation.

The Chair: Thank you.

We'll go to Mr. McKay, please, for five minutes.

Hon. John McKay: Ms. Fralick, you say that tax cuts and targeted tax expenditures are not appropriate measures. I take it the thrust of that point is that tax measures, targeted credits, and things of that nature are entirely useless if your income is pretty low.

• (1810)

Ms. Pamela Fralick: Exactly. I'm a former dancer and love the idea of ballet classes or soccer schools and coaching, or whatever, but those who need the breaks the most cannot benefit from them. It's not that they're bad, but they're not the solution to the issue we've just been talking about.

Hon. John McKay: Yes. So if you're affluent and have an illness, that's good, you can use the tax credit, but if you're not....

Ms. Pamela Fralick: It speaks to the health issue, because the more active we get our children and ourselves, the greater the impact on, again, the health of the nation. But as an effort in addressing the needs of the most vulnerable, who really need our help, it's not effective.

Hon. John McKay: Yes. Thank you very much.

Mr. Anthony, the guild recommends that the federal tax regime be expanded forward and backward to make eligible appropriate pre-production and post-production costs, and that it be broadened to include relevant non-labour costs. Could you give me a bit of an idea of what that means?

Mr. Brian Anthony: Sure.

At the moment, in terms of the federal tax credit program, you can claim labour costs for tax credit purposes, but you cannot claim other non-labour costs such as equipment rental, studio rental, and so on. Quebec and Ontario—Ontario following Quebec's example—have moved to what we call an all-spend eligibility regime whereby all your eligible costs, not just your labour costs but your other costs, are eligible for consideration for tax credit purposes. We feel that if the federal government were to follow that example, we could have a truly national approach—assuming other provinces will move in that direction—to making all the costs associated with film, television, and digital media production eligible.

Hon. John McKay: What was the original rationale to limit it to labour costs?

Mr. Brian Anthony: I'm not certain. It goes back into the mists of time. As you know, in the early days of federal involvement in encouraging film and television production there was a 100% capital cost allowance program—that goes back to the seventies. That generated a whole lot of film and telefilm productions—

Hon. John McKay: Bogus stuff.

Mr. Brian Anthony: Yes, so they reduced it to 50%. Then they wound it up and replaced it with the labour cost tax credit. I think the feeling was that it was putting our people to work, but the costs associated with film and television production are much more complex and more broadly based than simple labour.

Hon. John McKay: So it was an attempt to eliminate abuse. Thank you.

My final question, similar to Mr. Martin's, is on this certified seed incentive. Would a certified tax incentive to the farmer effectively be paying for the research costs of private companies?

Mr. Richard Phillips: The tax credit would go directly to the farmer, and that would be an incentive to do it. Right now with wheat, for example, about 18% of the wheat acreage is seeded with certified seed. The other farmers save their seed from the previous year, clean it up, and plant it again. We're trying to encourage more public sector investment, but we want the private sector to invest more in some of these crops as well. If there were a suggestion of another mechanism to spur that sort of investment, we'd certainly be open to that.

Hon. John McKay: It's a bit incongruous that somehow or other the taxpayer of Canada ends up giving a credit directly to the farmer in this case so a company that has a licensing regime on a particular seed can sell more seed.

Mr. Richard Phillips: Yes, but that could also very well be the university or Agriculture Canada. Without the certified seed and farmers buying that seed, no money goes back.

Hon. John McKay: Would it be appropriate to restrict the credit to purchases from non-private sources?

Mr. Richard Phillips: I don't think we'd want to differentiate that. I think there's a role to play. Even in crops like canola, for example, where there's a huge amount of private sector investment, there's still a lot of public sector investment too. There are areas where the public does research that simply will never be done by the private sector. It could be on rotation, for example. If you add an oculant to pulse crops, they actually create nitrogen and put it in the soil so the farmer doesn't have to buy nitrogen the next year. The fertilizer, chemical, and seed companies would never invest in that research. It's actually just peer agronomic research that's good for farmers. We need some way to have money going back from farmers. We're willing to pay the royalties to help fund that, in partnership with government.

• (1815)

The Chair: Thank you.

Thank you, Mr. McKay.

We'll go to Monsieur Roy.

[Translation]

Mr. Jean-Yves Roy: Thank you, Mr. Chairman.

My question is for Ms. Donnelly.

About five or six months ago the education department of a particular Canadian province published a report. The province in question is not Quebec. After studying the adult population of the province, the education department noted that 50% of the adults in the province could be considered functional illiterates.

It is a real problem in today's society. I do not have exact statistics for Quebec or other Canadian provinces, but it remains the case that a significant percentage of the Canadian population can be considered to be functionally illiterate. That does not mean that these people do not know how to read and write; it means that the majority do not understand what they're reading. Even in today's society, a significant proportion of the young people coming out of our school can be considered functional illiterates. It is very difficult for such people to undertake post-secondary education. It is also very difficult for them to keep themselves informed and navigate their way through the labour market; for example, it can make it difficult for them to handle workplace harassment. It can be that serious. It keeps them in poverty. The province in question decided to launch a literacy upgrading program, as surprising as that may seem. Under the program, adults are given the opportunity to go back to school on a part-time basis, in the evenings, to bring their literacy skills up to a functional level, so that they can read and understand what they're reading.

I have some reservations with regard to what you said about the education system. If so many of the people that come out of it are considered functionally illiterate, how can you talk about an efficient system? I come from a riding where, according to the education department's statistics, in one RCM in four, more than 55% of people

can be considered functionally illiterate. I repeat, one RCM in four. It is tragic. Those people who have literacy skills have left the region in question, and as a result, we find ourselves with a society that has been progressively weakened. A Senate committee report on rural affairs revealed shocking levels of illiteracy in rural Canada, particularly in the western provinces. I struggle to understand how we have so many functional illiterates, given the education system that we have.

[English]

Ms. Mary-Lou Donnelly: Well, I wish I had all the answers to our societal problems. I can't explain every single survey, but I can say that we have a good education system in Canada. We are graduating very well-educated people. At the same time, we have a very high dropout rate in people in the lower socio-economic group, and they could be encompassed in those adults who are illiterate.

We have lots of issues and challenges in education. We have discovered that everybody doesn't learn the same way, and everybody doesn't come to school with the same type of academic motivation or capabilities. We've learned that over the last number of years in education. Certainly over the last 30 years we have seen huge changes in education—in the way we teach, in the way we know students learn, in our resources, in the materials we provide, and things like that.

I am aware of the survey that was done, but I question the age range. When it talks about adults, what is the age range? Are they new graduates? Are they older people who were through the system 50 years ago? Are they rural?

• (1820)

[Translation]

Mr. Jean-Yves Roy: References to the adult population in the province in question are references to those aged 18 and over. I would be happy to give you the name of the province and you can check for yourself, but I do not want to name it here.

[English]

The Chair: You have about 30 seconds, Ms. Donnelly.

Ms. Mary-Lou Donnelly: We do have a good education system in Canada, but we still have challenges. Once again I come back to that underfunded system we have.

Right now we're battling class size and class composition. We know we can't handle all of the children who come in front of us, so we have to get the class sizes down. Class composition has huge implications for what you can do with classes. We've learned that over the years. Once again, it's why we keep advocating and lobbying that education is an investment, so put your money into education. And it's not only money; it's the resources as well, so everybody stays in school, becomes literate, and graduates.

The Chair: Thank you. *Merci.*

We'll go to Mr. Cannan, please.

Mr. Ron Cannan (Kelowna—Lake Country, CPC): Thank you, Mr. Chair, and thank you to our witnesses this afternoon.

I just want to comment and follow up Mr. Martin. I'm a guest at this committee as well. I sit on the human resources committee, and we've been studying the issue of poverty for over six months, so it is a very serious issue and a concern for our government and for everybody in this room and within the House. I have a sister-in-law who is a teacher and friends I spend quite a bit of time with in the schools, and some of the stories I've heard first-hand I've been saddened to hear.

We want to do what we can. We know that in the last budget we doubled the tax relief within our working income tax benefit, and we also tried to help with other incentives to try to encourage unemployed individuals with training to give them the skill sets so they can continue to provide the benefits that are required to have a healthy life.

The other aspect is that we're investing in education and investing in people. Going to the area of post-secondary education, I met with Okanagan College and UBC Okanagan in the Kelowna—Lake Country district I represent, and I know that education and investing in people is our number one priority for our future.

I just want to ask the representatives from the students' association something. In Budget 2009 we changed our funding for grants. Are you happy with our moving the Canada Millennium Scholarship Foundation to the new grant program?

Mr. Spencer Keys: In terms of 2009, we were reasonably happy with the results of that budget. We definitely were looking for the grants that were going to disappear when Millennium left to be reinvested into students. And we were glad to see that happened on an income-based system, though we do believe there needs to be more work for more needs-based funding. But overall, we are certainly happy with that investment.

Mr. Ron Cannan: Thank you.

I don't have much time, because I believe the chair would like to ask a question as well, so I'll move on to Ms. Kenny. You haven't had a chance to comment. I appreciate the fact that you mentioned you have some suggestions at no cost to taxpayers, which is a relief to all of us, of course, in these challenging economic times.

I'm a member of the Canada-United States Inter-Parliamentary Group and I was at a committee meeting in July with regard to discussions on the Mackenzie Valley pipeline and the Alaska pipeline projects. I know we have a major initiatives project office, and you've talked about results-oriented regulation and balancing that with environmental protection. In the next budget, how do you see us bringing in some initiatives to help move the Mackenzie Valley and the Alaska pipeline projects forward, based on those criteria?

Ms. Brenda Kenny: I think that's an interesting question in terms of the Alaska and Mackenzie projects in particular. Directionally, one of the fundamental roles for government is to make sure that the decision-making can be taken in a way that is complete and does protect the environment, but that is also timely enough to give investors a line of sight to know that if they're putting up \$20 billion

or \$30 billion, they will have an answer as to whether or not they can proceed within some expected timeline.

So I wouldn't advocate for specific moneys involved with those northern projects, but absolutely be clear about the timelines involved in getting to decisions, and certainly reflect that south of 60 so that we have a framework in Canada that provides investors both certainty, as far as timeliness of decision-making—not a guarantee on approval, just timeliness—and simplicity, so that we can actually protect the environment without believing that layering on and longer is a way to achieve that.

• (1825)

Mr. Ron Cannan: Thanks. And I know the first nations, aboriginal and Inuit, have a big role in that as well, so we'll continue to move it forward.

Moving on to Mr. Anthony, a big issue in British Columbia obviously is the Ontario tax policy for the film credits in the industry. The industry has moved to Ontario in a big shift, and it's something that hopefully our British Columbia government will recognize.

The Chair: Your question, Mr. Cannan?

Mr. Ron Cannan: I would like to see what happens with regard to your comments on the film industry. I met with Jason Priestley, who is an actor on *Beverly Hills 90210*, and he is also in the wine industry in the Okanagan, looking at the idea of trying to stimulate the production industry.

Two of your recommendations are a little vague. I just wonder if you could zero down a little bit more. Your first recommendation is about comprehensive enhancements. What would you visualize as comprehensive enhancements?

Mr. Brian Anthony: The primary instruments of direct investment on the part of the federal government are such agencies as Telefilm Canada. Its level of support has been stalled for a number of years, so there's been a real-dollar decline there. When you look at the rising demand and the flatlining of Telefilm and the other programs, you see a big disparity there. We really need to kick-start the industry.

Interestingly enough, you mentioned B.C. Last year was a good year—although not a great year—for B.C. compared with the rest of the country. We have some 700 members working and living in B.C. Last year, of those 700 members, 100 did not work at all. Only 150 worked over 150 days, which is less than half time. Therefore, 450 worked between one day and 149 days.

Someone earlier mentioned investing in people. We really need to get our skilled, talented people back to work. You can't have a full-time industry based on part-time labour.

As I say, that was a good year for B.C. compared with the rest of the country. I'm hoping that the B.C. government will look at Ontario and Quebec, and other provinces will do the same, and the federal government will put together a comprehensive, truly national program of tax credits that will really kick-start our industry and get it over the current problems it's facing.

The Chair: Thank you.

Ms. Kenny, I just wanted to follow up on one item, and that's with respect to regulation. Mr. Cannan did touch on it.

If you say "simplify the regulatory process", I think people will generally nod their heads in agreement. But when you get down to specific regulations, there is generally a reason for each regulation. You mentioned a timeline. Perhaps you could expand on what you mean by the "layering on" of regulation.

The second item, which Mr. Pacetti also raised, refers to the section entitled "Regulation to Address the Costs and Obligations of Retirement of Pipeline Assets". You discussed it in your brief, but perhaps you would just explain how that's going to work, the establishment of this prescribed trust.

Perhaps you could address those two things.

Ms. Brenda Kenny: Thank you.

First, with regard to the layering on, right now in Canada we have multiple pieces of legislation that often grind against each other rather than work well together to get to the end result of environmental protection and efficiency. Specifically with the major projects management office, they've done a good job, as an initial step, of coordinating between those pieces of legislation. Now is the time to take a look at the overall system.

That includes CEAA for environmental assessment, it includes fisheries, it includes species at risk, it includes migratory birds, and it

includes navigable waters. That is not to say that any of those important pieces of legislation should be radically altered, but simply that the way we look at them together needs to be a lot smarter.

The Chair: When you say "timeline", what's the ballpark on that—one year, two years?

Ms. Brenda Kenny: I think right now we often see major projects taking more than four years. The goal when MPMO was launched was to bring that down to two. We've yet to see that.

The Chair: Okay.

And on the second item?

Ms. Brenda Kenny: Yes, and thank you for raising that.

A qualified environmental trust is currently allowed for the mining industry. It's an opportunity for an incentive to move forward on setting aside moneys for future reclamation. We believe now is a very good time on the pipeline sector to allow for a simple tax-efficient method to support that. It does correspond to a decision from the major federal regulator of this year, seeking the establishment of those sorts of funds.

● (1830)

The Chair: Okay. Thank you for clarifying that.

I want to thank all of you for responding to our questions and for presenting your briefs and submissions. It was an excellent discussion with excellent presentations. We thank you all for being here.

Colleagues, we thank you for your attendance. We will see you tomorrow morning.

The meeting is adjourned.

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Published under the authority of the Speaker of
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