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Chair

Mr. James Rajotte

Standing Committee on Finance

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• (0900)

[English]

The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)): I call to order the 47th meeting of the Standing Committee on Finance.

We are in Summerside, Prince Edward Island. It's lovely to be here. Thank you to all for coming this morning.

We have two panels today of an hour and a half each. We have seven organizations on the first panel. I'll list the organizations, and that's how we'll have each organization present, in that same order: the Child Care Advocacy Association of Canada, the Canadian Association of Student Financial Aid Administrators, the Federation of Canadian Municipalities, the New Brunswick Federation of Labour, the Canadian Manufacturers and Exporters for New Brunswick and Prince Edward Island, the Canadian Council of Archives, and the Prince Edward Island Federation of Agriculture.

We'll ask each of you to make an opening statement of no more than five minutes. Then we will go immediately to questions from members.

We'll start with the Child Care Advocacy Association of Canada, please.

[Translation]

Mrs. Jody Dallaire (Chairperson, Child Care Advocacy Association of Canada): Good day. My name is Jody Dallaire. I will be making my presentation in both English and French.

Since committee members have received a copy of our submission, I won't get into the specifics. I will however, give you the highlights and conclude by saying a few words about new research findings that have just been published.

[English]

I want to thank you for the opportunity to present this morning. Members of our organization, mostly volunteers, have been presenting to the Standing Committee on Finance over the past 25 years. Personally, I have been presenting to members of this committee since 2001.

Every year we deliver a consistent message to government: investments in child care programs, if they are accountable, benefit children and their parents' labour force attachment and contribute to reducing poverty. This is in addition to the short-term economic stimulus provided by this investment.

This year our presentation focuses on two recommendations that go to the heart of the questions being examined by this committee. First, what federal tax and program spending measures are needed to ensure prosperity and a sustainable future for Canada? Second, what federal stimulus measures have been effective, and how might relatively ineffective measures be changed?

[Translation]

Regarding the first question, we recommend that the government commit in the 2010 budget to new transfer payments to the provinces and territories for child care services. We further recommend that these payments be conditional upon the government putting forward a plan, with measurable targets and timelines for improving access to quality, affordable child care services.

[English]

When it comes to the second question, effectiveness of investments, we recommend that the federal government use international agreed-upon child care service outcome measures of quality, availability of services, and affordability.

Canada has consistently finished last of all developed nations when it comes to these performance measures, as measured in reports released by the OECD, UNICEF, and Save the Children. Hence, our organization calls on the federal government to cease its misleading claims regarding current child care spending.

It is fundamentally incorrect to describe the \$5.9 billion, primarily in the form of tax measures and unaccountable transfers, as annual federal funding for early learning and child care. More than \$1.5 billion of this amount is in tax deductions for families with children, with no link to child care spending. More than \$1.1 billion is in transfers to provinces and territories, which, again, have no child care spending provisions, as confirmed by Canada's Auditor General.

The last chunk of the spending that the government takes credit for, approximately \$2.5 billion, comes in the form of the so-called universal child care benefit. Again, this program has nothing specifically to do with child care. The federal government takes no responsibility for ensuring that child care services actually exist, leaving it to individual families to negotiate markets that have repeatedly failed to deliver the access, affordability, and quality that they require. As we now demand some public responsibility for the economy, we must also abandon this failed market approach to child care policy. We do not give people transportation allowances hoping that they will build transportation systems. It won't work for child care either.

In this last portion, I want to take the opportunity to highlight some of the most recent research that has come out.

Robert Fairholm, an economist with the Centre for Spatial Economics, recently released a report on workforce shortages. He found the following.

[*Translation*]

Child care services help to bolster the economy. Every dollar invested in child care services represents an additional \$2.30 for the economy—in effect acting as a short-term economic stimulus. For example, an investment of \$1 million in child care services generates \$40 million, or 40% more than in other sectors, and four times as much as in the construction sector. Child care services pay for themselves, and then some. Every dollar invested in child care generates \$2.54 in long-term economic spinoffs.

In short, child care services are a good investment. Research has also shown that these services stimulate the economy in the short term. Thank you.

• (0905)

The Chair: Thank you very much for your presentation.

[*English*]

We will now go to the Canadian Association of Student Financial Aid Administrators.

Mrs. Shelley Clayton (Past President, Canadian Association of Student Financial Aid Administrators): Thank you.

The Canadian Association of Student Financial Aid Administrators, or CASFAA, thanks the House Standing Committee on Finance for this opportunity to contribute to the pre-budget consultations.

I may add that this is my first time presenting, and our first presentation in a while, so I guess I'll ask you to be lenient with your questions.

CASFAA is a national association representing financial aid administrators at Canadian colleges and universities. Our members administer a large spectrum of student financial assistance programs, including government-sponsored loans, student aid, Canada student loans, various provincial assistance programs, institutional scholarships, bursaries, and work study.

Students, governments, student loan service agencies, and our respective institutions count on our members' expertise to deliver these complex programs efficiently and effectively, ensuring the academic success of our students. We also provide budgeting and financial counselling assistance to students.

A primary objective of our association is to advocate on behalf of Canadian students. Because of our roles, we are uniquely placed within educational institutions to directly witness not only the successes of the Canada student loan program, of which there have been many, but also the gaps that seriously compromise the academic potential of a great number of students. We've identified three major issues that we'd like to address in this brief.

The first is the widening gap between student need and the availability of government student assistance, which is commonly

referred to as "unmet need". Resources from education tax measures could be redirected to assist students both in entry and in persistence in post-secondary education.

Second is the need for student in-study resources to be exempted. Students should be permitted to seek alternative sources to replace these expected contributions through institutionally administered needs-based programs. Financial resources and those of the students' parents or partner, if applicable, will be used to calculate the amount that you will be expected to contribute towards your education.

Third is the need for career development skills to assist students in meeting the constantly changing needs of the labour market, to increase their potential employability upon graduation, and to achieve their aspirations and participate in the community. The establishment of a national work-study program will help students with access to skills, services, and contacts through and beyond school to help them with their chosen career paths.

For the sake of continuing, I will not repeat the questions, but CASFAA has specific hopes and recommends that the federal government review its education-related tax credits and give serious consideration to redirecting a portion of the funding towards means-tested programs that support high-need and under-represented groups. These redirected resources could then be utilized to develop programs to assist in the persistence and retention of under-represented populations such as students with disabilities, aboriginal students, and first-generation students. Additionally, these redirected resources could be used to increase the weekly lifetime limits to allow for the completion of graduate and doctoral programs.

I just may address the point that in the graduate and doctoral programs, the lifetime limit for a regular student is 340 weeks. For students with disabilities, it's 520 weeks. So at the master's and graduate levels, you will see that they will reach the limits fairly quickly.

We were very pleased to see in the 2008 budget the relaxation of the spousal contribution, the new Canada student grant program for low- and middle-income students, and the proposed repayment assistance plan, but we believe more needs to be done. We need to have students in our system who have traditionally been under-represented in post-secondary studies.

Government has spent increasingly on student assistance through fiscal measures introduced in the tax system, such as scholarship and bursary exemptions, credits for tuition fees, and an allowance for each month of full-time enrolment, such as contributions to the registered education savings plans. These tax credits are distributed almost entirely without regard to financial need, disproportionately benefiting families with higher incomes. They do little to represent high-need students and under-represented groups;

CASFAA recommends that the CSLP in-study work exemption be increased to \$100 per week from \$50 per week. All need-based awards administered by post-secondary institutions are exempted from the CSLP needs assessment calculation. If we as institutions determine that these are high-need students, they don't need to have those resources clawed back.

As for a national work-study program, CASFAA recommends that a federal student work-study program be implemented. In addition to contributing necessary financial support, these programs also provide valuable career-related work experience.

● (0910)

In a recent *Millennium Research* article, Anne Motte and Saul Schwartz documented that between 41% of the male population and 52% of the female population will work. So this program definitely will work within our existing population.

We want the work study program to have a number of characteristics. We want it to be designed to accommodate a student's academic schedule. We want it to be situated on or near an institution's campus. We also want a portion of the assistance provided to be targeted toward groups who are under-represented in post-secondary education. While a federal subsidy may not be possible, perhaps a public and corporate tax credit option could be explored to provide incentives for organizations to take advantage of this opportunity.

Thank you.

The Chair: Thank you very much.

We'll now go to the FCM, please.

Mr. Basil Stewart (President, Federation of Canadian Municipalities): Thank you, Mr. Chair and members of the committee.

Our CEO, Brock Carlton, will be saying a few words in French as well.

It is a privilege to be here today to share the important role that municipalities play across Canada and the role that the FCM plays in representing these cities and communities on national issues. The FCM is a very large organization and represents about 90% of the Canadian population.

Some of our key points are included in our written submission as well.

As governments fight the recession and turn stimulus dollars into new jobs, we must also start planning for the post-recession world. Together we must ensure that Canada comes out of the economic crisis stronger. This won't be easy.

While there are signs of a global recovery, no one knows how fast or how complete the recovery will be. After the decade of record-setting surpluses, federal and provincial governments will confront a new wave of budget deficits. The problems we faced before the recession, from homelessness to climate change, will remain, but with fewer resources to solve them. How do we position Canada to succeed? How do we put the economy on the road to growth while minimizing the burden to taxpayers?

Strong, vibrant cities and communities are essential to the answer. Cities and communities provide the public infrastructure services that attract and retain skilled workers, employers, and investors. Canada cannot compete or maintain its quality of life without healthy cities and communities.

Mr. Carlton.

[Translation]

Mr. Brock Carlton (Chief Executive Officer, Federation of Canadian Municipalities): For decades, our cities and communities have lacked the resources to live up to their full potential as partners in building a better Canada. Municipal governments are impeded by an outdated tax system that leaves them with only 8¢ of every tax dollar collected in Canada. They have had to delay infrastructure repairs and as a result, they are today grappling with an infrastructure deficit of \$123 billion.

By working together, the federal government and the municipalities have made some progress. This has come about as a result of recent investments, such as the GST refund, the Gas Tax Fund, the Building Canada Fund, as well as funding for public transit, affordable housing, a cost-shared recovery plan and support for police services.

[English]

Mr. Basil Stewart: As we enter the post-recession period and the federal government begins dealing with the deficit, it would be wrong to repeat the mistakes of the nineties, when federal and provincial governments pushed deficits off the balance sheets and onto the streets of cities and communities. The damage done to Canada's cities is still evident, with rusting bridges, crumbling roads, crowded buses, and aging recreational facilities.

Meanwhile, rural Canada is grappling with its growing economic challenges. Farming, forestry, fishing, and natural resources together account for over 50% of our national exports, but rural communities are missing out on the prosperity they do so much to create. They need a stronger voice at the federal cabinet table.

Our submission provides five specific recommendations to guide the next federal budget and to work with municipalities to fight climate change, provide affordable housing, support local police, and build a sustainable vision for rural Canada. Index the federal gas tax fund against inflation; maintain core program spending to help eliminate the municipal infrastructure deficit; avoid off-loading and arrange cost-sharing for water systems; upgrade federal policing; develop a long-term objective, including a national transit strategy, and coordinate a plan for affordable housing; work with other orders of government on areas of neutral concern, such as the environment and the north; and appoint a champion on rural issues.

All of these recommendations begin and end with a commitment to move the country forward and protect our cities and communities from spending cuts and off-loading. By working in partnership, all orders of government can achieve lasting results that include safe, healthy, and economically viable cities and communities.

We thank you for your time.

Again, as I mentioned, FCM is a very large organization, representing 90% of the Canadian population, with close to 2,000 members from across the country.

Thank you, Mr. Chairman.

● (0915)

The Chair: Thank you very much, Mayor Stewart.

We'll now move on to the New Brunswick Federation of Labour, please.

[*Translation*]

Mr. Michel Boudreau (President, New Brunswick Federation of Labour): Thank you, Mr. Chair, members of the committee.

The New Brunswick Federation of Labour is asking for action on three fronts: pensions, employment insurance and jobs.

First of all, we are calling for the doubling of benefits under the Canadian Pension Plan within seven years. This responsibility can no longer be left solely to businesses and employees because the population is aging. The federal government must help workers, the public and businesses. If pension benefits were doubled, everyone would benefit and poverty among our seniors would be greatly alleviated.

Secondly, we would like the Guaranteed Income Supplement to be increased to a level that would immediately eliminate poverty among the elderly. I think everyone here is in favour of eliminating poverty. No one wants his or her mother or father to live out their years in poverty.

Lastly, we are calling for a uniform entrance requirement of 360 hours of work across the country for EI entitlement, for benefits to be increased by 55% to 60% and for longer benefits of 50 weeks in all regions.

With respect to job creation, I would like to draw your attention to the brief of the Child Care Advocacy Association of Canada and the comments of Ms. Judy Dallaire about child care services. We fully agree with her position. Public child care services need to be properly funded across Canada.

Our economy is struggling and we are in the throes of a recession. However, we need to invest significantly more in the public child care system, as the spokesperson for the Federation of Canadian Municipalities noted.

I would like to talk a bit more about the Canada Pension Plan. The reason we are asking for CPP benefits to be increased is simple: only one in five private sector workers will receive a pension and only 40% of Canadian workers have a private pension plan.

On the employment front, there is no question that the federal government must provide assistance to the fishery and forestry sector in Atlantic Canada. The government has helped the auto industry in Ontario, and so too in the Maritimes, in New Brunswick, must it lend assistance to the manufacturing, forestry and fishery sectors.

In conclusion, let me emphasize that jobs created in the public sector must remain in the public sector. The New Brunswick Federation of Labour is opposed to public-private, or P3, partnerships. This is not the course of action to follow. The government needs to invest money in the public sector to create good jobs.

Thank you.

The Chair: Thank you for your presentation.

[*English*]

We'll go now to the Canadian Manufacturers & Exporters, please.

Mr. David Plante (Vice-President, Canadian Manufacturers & Exporters - New Brunswick and Prince Edward Island): Good morning. Welcome to P.E.I.

I'll be making a few introductory comments before asking the chair of our task group, Allison Walker, to make a more detailed presentation.

CME has been front and centre on tax-related issues both at the provincial and the national level, and perhaps at no time in the past three generations has government involvement in our economy been more important to ensure a sustainable and competitive economy.

Witnesses at these hearings were asked to focus on two questions. First, we were asked to provide comment with regard to the effectiveness of measures that had been put in place in the last federal budget. The CME has undertaken to poll our members across the country to determine the impact of these measures at the plant floor.

These results will be provided to the committee later this month by our national representatives. However, anecdotal evidence suggests that, in this area at least, manufacturers are facing some real challenges ahead. In general, order books have shortened considerably and the rising loonie has made selling into these stagnant markets that much more difficult. Hence, there is a need for government to enhance or at least improve stimulative measures that have already been put in place.

With that, I'll Mr. Walker to address the committee.

● (0920)

Mr. Allison Walker (Chair, Tax Group, Canadian Manufacturers & Exporters - New Brunswick and Prince Edward Island): Good morning.

Just for background, I am a CA who has practised in taxation for medium and large businesses for about twenty years.

When we were looking at the two questions, we wanted to look at recommendations—we've come up with three, dealing with two specific areas—that were practical and effective.

The first area is with respect to credit cost and availability. There are still significant problems in Canada in terms of the availability of credit and the cost of credit to businesses. What has happened by the Bank of Canada's easing of credit is that basically the banks have sucked up the difference. They have taken all of the difference in rates—if anything, rates are higher—and they've jacked up fees. Some of our members are facing fees that are three and four times what they were just a year ago.

Our first recommendation deals with how to deal with these issues. We need to have someone else with available capital to come to the market. We're suggesting that we need to entice more leasing companies back. Within the last year, most of them have actually left the market. Only one has come back, and they've come back with high rates. They're extremely selective about who they will lease to.

So that's the first area. You'll see in our paper that we're suggesting that there are tax-motivated ways to entice leasing companies to come back through accelerated capital cost loans. We just need to get them back into the market in the short term. We know there's lots of capital out there. There's lots of cash. They're just not bringing it back to the people who need to borrow it.

In the same vein of credit cost and availability, our next recommendation is with respect to the amount of tax credits that manufacturers specifically have. We have a huge amount of investment tax credits that we've earned; we just can't use them. No one will lend you money if you have tax credits. You can't cash them out. As one of the CME members pointed out, tax credits are largely useless during a recession.

We're suggesting a short-term measure that would allow members, under strict criteria, to cash those out and return the credits back to the federal government in exchange for receiving funds. The conditions perhaps would be something like this: if I agree to invest \$10 million into my plant, I could take \$5 million, for example, of my tax credits and turn them back to the government; after I've demonstrated that I've invested the \$10 million, I could get \$5 million back through my tax return.

Again, this is not going to cost the government any money at all in the long term. These are credits that have already been granted and are sitting there just unutilized. That would allow us to take that \$5 million and go to lenders. We would have our portion and we could borrow the balance. Having no funds today, or very little ability, we can't borrow. So that's the second specific recommendation.

The second area where we have some suggestions is to improve a current program, the scientific research and experimental development program. It's a great program. It's one of the best in the world—on paper. The problem is that it doesn't work very well. It's very bureaucratic. It takes an extremely long period of time to get any dollars. We have members who wait up to four and five years from filing their tax returns before they hear back. The process is extremely bureaucratic. It's inconsistent across Canada. Specifically in Atlantic Canada, where we operate, we have a lot of problems of consistency with the rest of the country. We've run into staff who are not very well trained.

We just believe this program has such great potential; it truly should be the incentive that it was designed to be to reward innovation and reinvestment.

Thank you.

• (0925)

The Chair: Thank you very much.

We'll go now to the Canadian Council of Archives.

Mr. Fred Farrell (Past Chair, Canadian Council of Archives): Thank you. Good morning.

I'm always hesitant to speak in such forums when I see the gravity of the issues that each of the other presenters is addressing here today, but experience in my day job at the Provincial Archives of New Brunswick tells me that each group present today relies on research and information and eventually will turn to archives to solve

their long-term information needs. One of them here actually has already done that.

I also note that several members of the committee are associate members of the heritage committee and the privacy and access to information committee, also of very important concern to archives.

Having archival resources accessible when needed makes many aspects of the federal government work more efficiently. In some cases, it's the only way to make the goals of the federal government attainable. I note in the presentation just three of these, two of them that have been going on for a while now. They are Agent Orange, which is an issue in New Brunswick currently; the residential schools issue, which has been a huge weight on the archival community across Canada; and of course, in the near future, sovereignty in the Arctic.

Similarly, a lot of entities the federal government gives money to need archives to achieve what they've told the federal government they are going to do. If this information isn't readily accessible, that pretty much eliminates the success of their initiative.

In an information age, access to information is essential. Efficient information is cost-effective and does not happen without planning and investment. Archives across the country pay for the infrastructure and day-to-day costs of the documentary heritage of this country, but without assistance from the federal government, much of that information will be buried for decades or not saved at all.

Archives, or our documentary heritage, are facing significant challenges today. We are in this situation today because sponsors of archives have been slow to recognize the integral role archives play in the information age. The Department of Canadian Heritage has never seriously understood archives to be part of its mandate, and as they were for municipalities, the budget cuts of the 1990s have been devastating to the archival world.

The next decade will be even worse: skewed demographics of the profession, the inevitable attempt of the federal government to redress the current budget deficits, and the avalanche of electronic records.

The Canadian Council of Archives recommends that the federal government invigorate its efforts to ensure Canada's documentary heritage is accessible in the age of electronic information by increasing the budget of the national archives development program to \$5 million per year for access and preservation activities and, by so doing, recognize information as an important infrastructure of the 21st century.

Second, the council recommends that the federal government exempt Library and Archives Canada from the strategic program review process, as it is counterproductive for an organization that's instrumental in the success of so many other federal programs and initiatives and currently does not have the resources to meet its existing federally established mandate. These sorts of across-the-board reviews—or cuts—impact organizations that are in survival mode now.

Third, the council recommends that the federal government invest \$2 million per year through the Canadian Council of Archives for the digitization and dissemination of Canada's documentary heritage to ensure that the necessary documentary heritage is available across the country to make the celebration of Canada's 150th anniversary of Confederation a meaningful event that brings Canadians closer to their individual and collective history.

Thank you.

The Chair: Thank you very much.

The last presenters will be from the Prince Edward Island Federation of Agriculture.

Mr. Ernie Mutch (President, Prince Edward Island Federation of Agriculture): Thank you, Mr. Chairman. It's a pleasure to be here today.

Those of us who live on Prince Edward Island think we live on one of the world's great islands, and a lot of people who visit us each year think so as well, and they come for the beauty of the landscape as well as the beaches. But our landscape is changing drastically here, and that's a real concern for those of us who are involved in agriculture on Prince Edward Island.

The foundation of this presentation to the parliamentary Standing Committee on Finance lies in the fact that Canada's maritime provinces have lost more of their livestock infrastructure and resource base and have suffered a greater economic devastation in these two than any other region in this country. Coupled with the fact that agriculture, particularly in P.E.I., plays a higher percentage role in the provincial GDP than it does in any province in Canada and has one of the highest dependencies on inter-commodity relationships, this event has devastating implications to the economic, social, and rural fabric of the region.

There are three issues we want to discuss today, and those are Atlantic livestock and grains, research, and energy.

Recently the federal government announced a buy-out program for the hog industry in Canada. As of now, P.E.I. has lost over 50% of its hog herd and, with this national initiative, stands to lose the rest of its breeding stock as the federal program is rolled out. The Atlantic region does not contribute to the over-supply of red meat in Canada, because as of now we probably produce only about 10% of what we actually consume. Atlantic Canada cannot afford to allow its red meat or any other food source to centralize in other geographical regions of the country. It has already lost its self-sufficiency in many respects, but the repercussions of total dependence on imports are far-reaching in an environment of increasing vulnerability in the world market.

Both feed grains and livestock are well positioned to capitalize on the opportunity for regional cooperation to reduce input costs, to operate greener, and to reduce the carbon footprint through the commercial model of "buy local". We will require federal assistance through a recognition of the need for a regional funding program. Work is already under way to identify and document the fundamentals of what this project would look like, and though financial figures as yet are not finalized, the potential components and the related costs of this package are as indicated below.

We will require single-desk buying and selling of maritime-grown feed grains utilized in maritime-grown hogs and cattle. Pricing will provide both a sustainable return for grain growers and a viable price pool for feed stocks for maritime hog and cattle producers that allow them to be competitive in their cost of production with counterparts in geographic trading regions. Because there is no policy, maritime grains are often sold out of the region while feed grains are at the same time being trucked into the region.

Mike is going to talk to the research and energy.

• (0930)

Mr. Mike Nabuurs (Executive Director, Prince Edward Island Federation of Agriculture): I'm going to touch on a couple of things that will complement the red meat issue that Ernie has already expanded on here this morning.

The first of those is the need for expanded funding in the research area for agriculture in Prince Edward Island and the Maritimes. We are trying to diversify and expand our crops further from potatoes and more into grains and oilseeds. There has been a reduction in research in agriculture in those areas, especially in Prince Edward Island. It will be very important to return to previous levels or to expand on existing levels of research so that we can solve some of the issues that our crop sector is facing.

Grains in particular were in the news recently, with milling wheat on Prince Edward Island. We have an expanding milling wheat sector, but we need to have crops that are able to be grown in our specific climate, and we need to ensure that the processes and the research are in place so that we can continue to expand our milling wheat sector. It has tremendous potential. So research is one area, of course, where we need expanded funding, and we have a recommendation in our document.

The second area is energy. Electricity rates in Prince Edward Island are the highest in Canada, if not in North America. Our farmers are at a huge disadvantage because of those energy input costs. I don't need to tell anyone how much it costs to fill up your car with fuel. Those energy costs, of course, are all being handled by our farmers and put our farmers at a huge disadvantage. We need money so that farmers can access and implement on-farm energy projects to reduce their carbon footprint and to perhaps try to find ways to increase revenue on their farms by producing alternative energies. So research in that area and funding so that farmers can implement those projects on their farms are key.

We just touched on three very small things, very important things, however, and there would be many more if we had more time.

Thank you.

• (0935)

The Chair: Thank you very much for your presentation.

We'll now go to questions from our members. We'll start with Wayne Easter, for a seven-minute round.

Hon. Wayne Easter (Malpeque, Lib.): Thank you, Chair.

I certainly welcome all the witnesses.

On behalf of the four MPs on Prince Edward Island, I'd certainly like to welcome the committee to Summerside. This is the riding of the Minister of Fisheries and Oceans, but I'm sure she would welcome you here as well. We just wish you had brought some sunny weather with you, as we do not need this rain.

I'm not a regular member of this committee, but in any event, as I sit here listening to the presentations, I can't help but think that the country has moved from a surplus position to a structural deficit position and I would think that pretty well every presentation has had a request for substantial dollars.

Here's my question for most witnesses. How do you suggest that this committee, in terms of its work, prioritize the need for federal dollars? Because I really do seriously think we have to wake up and smell the roses: we are going to be in difficulty over the next few years, with a very substantial deficit. How do we maintain very important social programs, which were mentioned at the beginning, as well as economic stimulus programs and programs for the agricultural sector that really are the foundation of keeping that industry alive? That's one question for people to think about.

While you're doing that, I'll ask the Federation of Agriculture a question. You mentioned the Atlantic region livestock and grains strategy, and I agree with you on that. In this region now, we are a deficit area in beef, hogs, and grains, yet the national approach to programming could end up sucking at least some of our hog producers out of the industry.

We're running into a problem here. We have one beef plant and one federally inspected hog plant, which is in Nova Scotia. If we lose any more production we're going to lose our plant capacity as well, because they won't have enough supply. How do you develop that regional policy under the kind of approach we have in Canada, that national policy thrust?

Ernie or Mike, what has to be done in order to get there? That is a different tack than what we've traditionally had in Canada.

Mr. Mike Nabuurs: Thank you, Wayne, for the question.

There has to be a genuine effort to recognize that one size does not fit all, but I think that's what's going on at the national level. With regard to the most recent example, which Ernie mentioned in terms of the hog program that's been announced, that hog support program will likely provide some benefit to larger western Canada producers. The fact of the matter is that many producers of significant size are western Canadian hog producers. We have a very, very small number of farms that would come close to the size of some of the farms of western Canada. The program that has been announced was announced to try to reduce hog supply. Oversupply is certainly one of the issues that have to be addressed, but the Maritimes do not contribute to that problem.

AgriFlex is a new program that's been announced federally and is supposed to help address the regional differences in agriculture across the country. If there is a real and genuine interest in recognizing those differences, then the other national programs that are announced have to recognize those regional differences as well.

We received some commitments at the federal level recently that the federal government wants to work with us to sustain our red meat sector, so to help us sustain our hog sector here, we need some regional differences in the program that's just been announced. I think that's the missing piece. If there is a real and genuine willingness to make that happen, then those programs can be tweaked so that they work well for all regions of Canada, so that it's not just a blanket approach.

If we really are committed to the buy locally campaign, if we're committed to environmental sustainability, and if we're committed to not being completely reliant on imports for our foods, then there has to be a genuine effort put forward to make sure there is regional recognition in these programs when they are announced across the country.

I don't know if that answers your question, Wayne.

● (0940)

Hon. Wayne Easter: It does to a certain point, but having been in government and having been a minister, I guess to get to a regional policy approach one of the problems you run into is being up against provincial jurisdictions. So in this regard for the region, for the various provincial governments within the region, is there a willingness on their part to come together and agree to get this done? Because that's the only way it'll get done. It's going to have to be like a region, and in order to put the pressure on the federal government and for the federal government to in fact do it, there's going to have to be agreement or at least some sense of going in that direction at the regional level.

The Chair: There are about thirty seconds, if you want to respond.

Mr. Mike Nabuurs: Just quickly, the four Atlantic ministers of agriculture did recently sign an MOU that they want to work together. It's a nice document and it says a lot of nice things, but we need some action—some real action and some real cooperation. And I agree with you that too often farmers get caught in the middle between provincial and federal policy and who's going to do what and who's going to take action first. There has to be a genuine commitment on both parts to make that happen, and if that MOU, which has been signed by all four ministers, is worth the paper it's written on, then we have to get to work at it.

The Chair: Thank you, Mr. Easter.

[*Translation*]

Mr. Dufour, for seven minutes.

Mr. Nicolas Dufour (Repentigny, BQ): Thank you very much, Mr. Chair.

I'd also like to thank the witnesses for joining us here today.

You said something that I found quite interesting, Mrs. Dallaire. You said that Quebec has already opted to open some early childhood centres. Correct me if I'm wrong, but you are calling for direct federal transfers to the provinces so that they can assume responsibility for child care services.

How much help do you think you would need from the federal government to open early childhood centres?

Mrs. Jody Dallaire: I just want to emphasize, because I didn't do so earlier, that our association recognizes that Quebec has taken the lead on this file, in terms of early childhood centres and direct program subsidies. Families pay only \$7 a day for child care services. Our official position is that Quebec must continue to assume this leadership role and to secure funding without having to satisfy the same criteria as the other provinces.

The amount of funding is important. We are talking about a significant federal government investment. We have the ability to make that investment. Furthermore, we know that investment performance is important.

Performance criteria are as important as the funding. As mentioned earlier, several existing programs lack performance criteria to ensure that the money really is used to create child care spaces or to reduce the costs to parents, as is the case in Quebec. It is all well and good to create child care spaces, but if parents have no choice but to pay \$30 or \$40 a day for these services, then they may be out of reach. While the money is important, performance criteria are equally important.

Mr. Nicolas Dufour: Earlier, you said that child care services could cost between \$30 and \$40. Do you have any idea of what an average family might pay for child care? How much might they pay for private child care...

Mrs. Jody Dallaire: In Canada, child care services can cost on average between \$500 and \$600 per month per child. In the case of a family with two children, the cost is approximately \$12,000 a year. That is on par with a family's housing costs.

Mr. Nicolas Dufour: There is quite a difference between that figure, and the \$7 a day child care available in Quebec.

You also made a very interesting point, Ms. Clayton. As a student, I can clearly appreciate this reality.

Do you have any idea of the debt load a student here in this region carries?

• (0945)

[English]

Mrs. Shelley Clayton: Yes. I actually happen to work in my key position at the University of New Brunswick, so do you want our regional average?

The regional average is in the high twenties. Our institution average is higher than that. We actually are in the high eighties; we're a high needs institution. So it's about \$36,000 at the University of New Brunswick and approximately \$29,000 in the region, and the overall Canadian average fluctuates between \$20,000 and \$22,000. So for sure, it is a return on investment, but it is a huge cost, and particularly in the Atlantic region you are bearing the cost on the student, for sure. In the Atlantic area they pay more.

[Translation]

Mr. Nicolas Dufour: It is clear that the average debt load is greater here than it is in the rest of Canada. I have a question, even though I'm fairly certain of what the answer will be.

Do we have a big problem here in this region where students leave to pursue their education and don't return? Are we seeing a brain drain?

[English]

Mrs. Shelley Clayton: In the province of New Brunswick, for sure, we do have what's called the brain drain. The province has implemented some positive measures, such as the tuition tax-back credit. As well, there's the timely debt completion program, which just started this year. Anything over and above \$26,000 on your government student loan can be looked at for, in essence, loan forgiveness.

Are we worried about the brain drain? For sure. But with my own two children, would I keep them in the province? No. I would ensure that they had opportunities to excel wherever they chose to excel.

If we continue to make those great programs in the province of New Brunswick, I think we will continue to get people to stay. As an example, you know, of course, with Quebec's model, why your debt is not so high. You have far more of a grant access program in place, as they do in Ontario and many other regions. That's why in particularly the Atlantic region there is more loan debt; we don't have as much grant to displace the loan dollars.

[Translation]

Mr. Nicolas Dufour: For two or three years now, the Bloc Québécois has been calling for a refundable tax credit. Young people who opt to leave the region in which they were born to study elsewhere would be entitled to a tax credit of approximately \$8,000 if they return home once they have completed their education. This type of credit is already offered in Quebec. We suggested that a similar measure be brought in at the federal level.

Do you think a credit like this would bring young people back to the regions?

[English]

Mrs. Shelley Clayton: I think it certainly would be of benefit in the province of New Brunswick if we went as high as \$10,000. Other provinces have other resources available. But I think more than the tuition tax-back credit—as you know, it helps the people who are making more dollars, which means, in essence, that the more money you make, the more you get in the tuition tax-back credit—I think we have to have a program that's equal. If a student graduates from the child care program and they're making \$25,000 to \$30,000, they have to be able to access enough of this in order to stay.

In the province of Newfoundland, you can get a good portion of your debt forgiven if you are in a program that is high-cost but has lower unemployment upon completion.

[Translation]

Mr. Nicolas Dufour: There would be...

The Chair: You have only enough time left for a quick question.

Mr. Nicolas Dufour: That being the case, I will put my question directly to the representatives of the New Brunswick Federation of Labour. How do you feel about the elimination of the waiting period?

Mr. Michel Boudreau: The waiting period?

Mr. Nicolas Dufour: I'm referring to the two-week qualifying period for benefits.

Mr. Michel Boudreau: Naturally, we would like the waiting period to be eliminated. However, in addition, we would like to see a uniform entrance requirement of 360 hours of work across the country and to see benefits based on the best 12 weeks of earnings. But to answer your question, we think it would be a positive move.

Mr. Nicolas Dufour: Thank you.

[English]

The Chair: We'll go to Mr. Allen, please.

Mr. Mike Allen (Tobique—Mactaquac, CPC): Thanks, Mr. Chair.

Welcome to our witnesses, and thank you for giving your testimony today. It's great to be here on the Island.

There are so many presentations and so much information, it's going to be hard to get some rapid-fire questions in here. However, I'd like to start with Mr. Walker.

You talked about the SR and EDs. I am very familiar with some of the manufacturing businesses in my riding that are having a heck of a hard time accessing the SR and EDs. Have you thought in detail about how that process could be improved? Have you talked with government departments with respect to making a proposal on how you could improve that process in order to turn it around? And what would be the optimum turnaround time for businesses to receive those SR and EDs—other than ASAP?

• (0950)

Mr. Allison Walker: With respect to what they're currently doing, if we had a program like this and we had these types of delays, we'd undertake a review and a strategic mapping to find out what's taking so long, what the steps are, and what's causing this. They seem to have no systematic approach to, first of all, how to find out what the problem is, and then how to fix it.

They have individual targets. If you file by amended return, they're supposed to process this within one year. Generally, you won't even get a letter within one year to say that they've acknowledged receiving it. It takes up to four or five years.

If they did a proper risk assessment on an initial filing, if they did that promptly within a month of receiving it, then ranked these files according to risk, and then actually put the resources to it.... Also, in terms of the resource question, if they actually had a program whereby industry could contribute people to their program, perhaps assigning them for a year, that would help their people. It would help their workload and it would also help cross-train their own science people.

That's a big problem. Their people just aren't adequately trained. Quite frankly, some of the best and brightest don't work there; they can't afford to work there. They work for industry or they work for the advisers. Anyone who's any good gets hired. They don't stay there. As a consequence, you end up with the people who are.... Well, you get the people you have there.

Mr. Mike Allen: It would seem to me that those process improvements could be done without a whole lot of cost to government, which would accelerate the dollars as well.

Mr. David Plante: If I may add to that, experience in industry has shown that a value stream mapping analysis can save up to 30% to 40%, so this is actually a cost-saving measure.

Mr. Mike Allen: Now, as you did point out, too, on the cash and the refundable side of these, on cashing them out, you're right in that timing is all it is, unless the business doesn't make it, of course. Do you have any projections as to what upfront refund in the first couple of years you would have to pay? It might be in the brief a little bit later, but that is as opposed to cashflow later on, because it is purely a cashflow issue.

Mr. Allison Walker: Yes, it's clearly a cashflow issue if you're talking about how many dollars nationally would hit the budget. Is that it?

Mr. Mike Allen: Yes.

Mr. Allison Walker: We don't know precisely what that is. To safeguard the treasury on that, what you could do is limit it. You could limit it by taxpayer or affiliated group. You could limit it by a certain percentage. What I threw out in the discussion was a 50¢ dollar.

It would only be once you've reinvested in your business. So if I reinvested \$10 million in my business, which is a good thing for my business, for the economy, and for jobs, only then could I obtain some of these tax credits back through my tax return. So we could limit it by taxpayer or by affiliated group, and we could also put a cap on it by year.

Mr. Mike Allen: Okay.

Mr. Nabuurs and Mr. Mutch, I had a chance to meet with my beef producers a few weeks ago. They shared with me a strategy document that has been built in Nova Scotia and that is now starting to circulate around, and now New Brunswick also is talking about doing a strategy. We have a bunch of these different strategies going on.

One of the things I understand is that having gone through that whole consultation, Nova Scotia couldn't get any money to actually implement the strategy. What is your sense that the provinces, at least in the Maritimes, the Atlantic provinces, could get together on a strategy like that for the red meat sector? What kinds of dollars do you think it would take? Could all four provinces get on stream with a strategy like that?

Mr. Mike Nabuurs: We're trying to get a sense of how many dollars we think it would take. We have a number in our document here for P.E.I. We're suggesting that we start with \$5 million a year. That's based on our livestock and grain strategy, which is still being developed. So to answer your question about how many dollars it would take, we're still in the process of trying to determine that, I guess.

You're right in that there are a number of other strategies happening at the same time. The Maritime pork council, the pork sector, seems to be coming together, perhaps a little better than the beef side of things. I think that's an important part of what has to happen so that these strategies do come together and are all pointing in the same direction. The four federations of agriculture have just signed a new agreement. We are now the Atlantic Federations of Agriculture. We are all trying to work together and to point in that same direction. In the industry, we have some work ourselves in order to make sure we're all meshing, but we're doing that to try to complement what we think is going on at the provincial level.

On what we're seeing with the MOU that was signed by the ministers of agriculture, I think everyone is realizing that the Atlantic region is too small for each individual province to tackle these issues on their own. That's why we are starting to come together a little better. I think the solution does have to lie in an Atlantic regional approach to come up with the answer.

• (0955)

Mr. Ernie Mutch: And we are working on an Atlantic brand as well now. That's being developed, and it's something that the region has worked on cooperatively. It's the only federal beef plant we have in the Maritimes, and the three maritime provinces have worked cooperatively on that as well. So there is some work being done.

The Chair: Thank you, Mr. Allen.

We'll go to Ms. Leslie, please.

Ms. Megan Leslie (Halifax, NDP): Thank you, Mr. Chair.

Thank you very much to all of you for your presentations.

My name is Megan Leslie. I'm the member of Parliament for Halifax and I have a few questions. I would like to start with the New Brunswick Federation of Labour. In truth, I only have one question, but I'll be asking it to different groups.

So to the Federation of Labour, regarding your three recommendations, I'm wondering how you would describe Canada's economic future in twenty years if these recommendations were implemented.

[*Translation*]

Mr. Michel Boudreau: That is a very good question.

As far as pensions are concerned, had the federal government not brought in the Canada Pension Plan in the 1970s, today's seniors would not be receiving CPP benefits. They would have to rely on the money they earned while they were working. On this front, our demands are important and completely realistic.

This morning, I spoke with David Plante. I consider him a colleague, even though we have had differences of opinion. I didn't expect to be discussing pensions but there was an article on the subject in this morning's *Globe and Mail*. The argument made was that employers should not be left to shoulder all of the burden. In the opinion of the Federation, the federal government must plan for the future so that 20 years down the road, workers, in particular women, will receive a pension that affords them a decent standard of living, not one that relegates them to the ranks of the poor. I agree with that position.

The New Brunswick Federation of Labour has never been opposed to the idea of helping businesses. However, businesses that make a profit should pay more. As for those that are not earning a profit, they could receive some assistance for a certain period of time. However, if a company does receive some assistance, I would hope that the salaries of its workers will have improved in twenty years' time. If, twenty years down the road, its workers still earn only minimum wage and continue to live below the poverty line, then our efforts today will have been pointless. Would you not agree?

Mr. Dufour asked Mrs. Dallaire some questions about child care services. On a personal note, my wife is a nurse, but she only works part time. Twenty years ago, we needed nurses, and the situation hasn't changed much today. The issue wasn't so much the salary that nurses and persons like myself who worked in nursing homes earned, but rather trying to find someone to care for our children. It's no simple matter finding someone in the private sector to care for your children 12 hours a day while you are at work, or to find someone to care for them 12 hours a day on Saturdays and Sundays. It's not something that brings in a great deal of money, especially when there is only one child to care for. Hospitals and nursing homes in New Brunswick do not close their doors on Saturdays and Sundays.

In twenty years' time, I think there should be public day cares in New Brunswick and across Canada, to help workers. If people don't work, they can't help businesses in New Brunswick or throughout the Maritimes.

• (1000)

[*English*]

Ms. Megan Leslie: I'm sure Ms. Dallaire agrees with you.

I would actually like to pose the same question to the Federation of Canadian Municipalities.

Mr. Brock Carlton: Thanks. It's an interesting question.

Obviously we believe very strongly that investing in cities and towns and communities across this country is one of the best investments a country can make for creating a strong country. If you look at what we're talking about, we're really not talking about huge new investments; we're talking about sustaining what is already on the table. We're talking about developing national plans and strategies for housing and transportation, for example, and we're also talking about developing a plan for infrastructure so that as the economy strengthens over the years, we can work away at the \$123 billion infrastructure deficit.

What does that all accumulate to in twenty years? It means a country based on cities and towns and communities that are economically viable, environmentally sound, and socially cohesive.

Ms. Megan Leslie: Thank you.

To the Prince Edward Island Federation of Agriculture, in particular concerning your recommendation on energy, this summer I bought some potatoes here on the Island, as one does when one is on the Island, but it was interesting because it said on the package that it was “packaged by wind”, and they had a windmill right on the farm that would actually power their packaging plant. I am wondering what your thoughts are. If this energy policy were adopted, what would things look like in twenty years?

Mr. Mike Nabuurs: Hopefully we would still see at least as many farms as we see today, but I'm not sure that in twenty years we will see that many. We'd like to be able to see those farms that are still there be profitable and continue to provide healthy and sustainable food to the maritime region.

We think there is tremendous potential in wind energy and in a number of other alternative energies as well, but as many of you know, Prince Edward Island tends to have a little more offshore wind and so there is tremendous potential there. But the issue farmers are facing is that there are some funding possibilities on larger-scale projects, but having the ability to get the funding to put smaller-scale on-farm projects in place is very difficult. So if there were a policy at the federal level to ensure that farmers had access to dollars to implement those projects at the farm level, that could show tremendous benefits, and we could learn a lot from smaller-scale projects, which could then perhaps become bigger-scale and help offset some of the huge energy costs that our farmers are facing on P. E.I.

The Chair: You have 30 seconds.

Ms. Megan Leslie: Does the federation have sufficient energy efficiency...? Is that something you guys have been looking at—federal projects for energy efficiency?

Mr. Mike Nabuurs: No, I can't say that. Our parent, the Canadian Federation of Agriculture, may, but we do not specifically.

Ms. Megan Leslie: Thank you, Mr. Chair.

The Chair: Thank you.

We'll go to Mr. Pacetti, please.

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

Thank you to the witnesses for coming forward.

I'm one of the permanent members on the committee, and when we have seven or eight presenters, I think it is a challenge for us to even ask questions of everybody, never mind actually having the time to go through the briefs. So I will try to be brief.

I have a quick question for Mrs. Clayton. In your brief you state that you'd like to redirect some of the resources from one program to another in terms of tax credits. You didn't say “add”; you said “redirect”. What would you eliminate to provide for more credits? You weren't very specific. It was your first recommendation, I believe.

Mrs. Shelley Clayton: Yes, in reference to redirection, perhaps it's a reduction. Perhaps it is a total redirection of a tax credit program that exists right now that is only benefiting a certain segment of the population. We are looking at the possibility of a global repositioning of all the tax—

Mr. Massimo Pacetti: I'm sorry, I don't mean to interrupt, but what we're looking for is for you to tell us what you think is not working, because you are the person on the ground. Saying “perhaps”—I don't mean to be critical—doesn't work for us. You have to be specific.

• (1005)

Mrs. Shelley Clayton: Okay, then I'll be specific.

Registered education savings plans disproportionately—it is a well-known statement—go to the higher-income population, so redirect those resources to students who would not go as opposed to the students who already... Statistically, it has been proven over a vast number of years that the higher the economic stratosphere, the more likely a student will attend. So putting RESPs for those already likely to attend is not really benefiting the whole Canadian population, just that one segment of the population.

Mr. Massimo Pacetti: That's what I'm looking for, and if you have anything in addition, just send it through the clerk's office. That's great. That's exactly what I'm looking for.

Along the same lines, Mr. Walker or Mr. Plante, in the middle part of your presentation you were saying to try to convert into money some of the credits that are out there and are not being utilized. Then in the end you said the SR and EDs are very cumbersome and very hard to actually realize. That is sort of contradictory, because if we're going to make these tax credits cashable or turn them into cash, are you going to want the government to do that? Do you want the government to re-evaluate and turn those credits into money? We have to find a system where your members can actually go to the bank and get financing for these credits, and we have to find a simpler way to do that. I'm not seeing a proposition for how we can do that.

There was a system in place in Quebec a couple of years ago where corporations were able to get back some money. They were able to convert their losses and get back their tax on capital, but that didn't work out because it was all so cumbersome and there was a little bit of playing around. That is one idea, but I'm not sure how we could do it so we could get the money flowing with less bureaucracy.

Mr. Allison Walker: We're suggesting, with respect to the cashing in of credits, that existing approved credits, whether those are generated from the SR and ED program or—

Mr. Massimo Pacetti: But SR and ED program credits are already reimbursed to both small and medium-sized enterprises.

Mr. Allison Walker: Yes, but the issue is that there's such a small threshold, they're really of very little benefit to anyone who's building a multi-million dollar plant or trying to upgrade a—

Mr. Massimo Pacetti: So you're saying increase the threshold for the SR and ED?

Mr. Allison Walker: I guess what we're talking about is, number one, a short-term change to allow people to cash out existing credits that they already have earned and CRA has approved.

Mr. Massimo Pacetti: You have to give me examples. If we're talking SR and ED, that's one thing. If we're talking tax losses, that's another thing.

Mr. Allison Walker: No, no, in Atlantic Canada, you get a 10% investment tax credit if you buy production equipment or a building. That's an earned credit. A number of businesses that we speak to in Atlantic Canada have a lot of these credits earned as well as some approved SR and ED claim credits. The objective in the short term is to take those credits and, if the company reinvests in their business to some multiple, cash them out. That's a short-term measure to get some cash.

Mr. Massimo Pacetti: For a lot of companies, the SR and ED credits are not reimbursable. So you're talking about companies that are over the threshold?

Mr. Allison Walker: That's right, yes, over the threshold.

Mr. Massimo Pacetti: Okay.

Mayor Stewart, we spoke this morning. There are different viewpoints on how we determine whether the stimulus money going out for infrastructure is working. I'm wondering what your take is on whether the money is getting out. Are the projects starting, or did we miss the construction season?

Mr. Basil Stewart: Thank you for that question.

It seems to be working fairly well across the country. I guess there may be a few areas where things are moving a little more slowly, depending on the circumstances between the municipality and the province, or the province and the feds.

I know that here in Prince Edward Island, overall it has worked very well. Our municipalities have a good working relationship with the provincial government and the federal government. It's the same in Newfoundland. It's going very well there.

Mr. Massimo Pacetti: In Summerside, would you have any projects that you would have submitted under the stimulus program?

Mr. Basil Stewart: All of our projects that we have submitted have been approved. Things have gone really well here in Summerside. But I know there are a few problems across the country.

Mr. Massimo Pacetti: So we can go and see those shovels on the ground?

Mr. Basil Stewart: No problem.

Mr. Massimo Pacetti: How many projects did you submit?

Mr. Basil Stewart: I think we had applied for ten, and I think they were all approved.

As I say, things have worked out well. And they've worked out well in other parts of the country as well.

Mr. Massimo Pacetti: Great....

Mr. Basil Stewart: We have no complaints with the way things are going—

The Chair: Thank you, Mr. Pacetti—

Mr. Massimo Pacetti: I'm going to be nice.

Voices: Oh, oh!

Mr. Massimo Pacetti: I'm going to be nice because you bought us lunch.

The Chair: Mr. Pacetti, as much as I'd like to continue this, your time is up.

[*Translation*]

Mr. Dufour.

● (1010)

Mr. Nicolas Dufour: Thank you very much, Mr. Chair.

Once again, my comments are directed to the New Brunswick Federation of Labour.

The situation today in New Brunswick and throughout much of Atlantic Canada is very similar to that in Eastern Quebec. In the Gaspé region, in Rimouski or in Rivière-du-Loup, we see more or less the same types of businesses, primarily ones involved in the fishery. Recently, the Conservative government announced investments of nearly \$1 billion in the EI program. The government informed us that about 190,000 people belonging to a specific category of workers would be affected by this funding announcement. If I'm not mistaken, they are people who have not had any work stoppages in the past five years. This does nothing at all for the people of Eastern Quebec. Fishery workers are seasonal workers. Obviously, they were not able to work during certain periods of the year.

Do you really think that strengthening EI benefits will address the problems of fishery and forestry workers and help them in any tangible way?

Mr. Michel Boudreau: Thank you for your question.

First of all, the changes announced by the government about two weeks ago are positive ones. However, as to whether they will help fishery or forestry workers, the answer is no, they will not. The changes won't be much good for these individuals because year after year, they are unfortunately forced to rely on employment insurance. They will not receive any assistance. If you tell me that there are approximately 200,000 workers in Canada and if you were to ask me if I oppose this bill—I think that's what it's called, although I'm no expert like the members here are—I would tell you that it's nice to want to help people, but that the bill does not go far enough.

We need to remember that employment insurance is a form of insurance. Automobile insurance is insurance to which both parties agree. I often give the example of occupational health and safety. A representative of the Canadian Council of Archives took the floor and discussed the archives. The first document signed by the federation in 1918 was aimed at insuring New Brunswick workers against workplace accidents. The employee would not take action against the employer who in return, would agree to provide guaranteed insurance. It's important to know the story. I've strayed a little from the subject at hand, but I merely wanted to say we mustn't forget that employment insurance is a form of insurance.

Mr. Nicolas Dufour: That's very interesting.

Mr. Plante, it looks like you want to respond to what Mr. Boudreau just said. But first, can you tell me if businesses agree with employment insurance demands?

[English]

Mr. Allison Walker: The manufacturers in Canada are of course under extreme pressure to control their costs. They're trying to survive. If what you're asking is if we would support anything that increases costs, the high-level answer is no, but the issue is more difficult than that. In order for us to survive, what we need to do is have programs and arrangements whereby we retain and train workers. Having a new plant or facility is useless without having that skilled workforce that's readily available.

We know, with the given demographics, that there are going to be a lot of retirements, a lot of people leaving the workforce. We have to make sure that the folks coming in are trained, that we're able to keep them trained and retrained, and that we're trying to retain people as we have plant downturns and shutdowns. From that point of view, yes, we do support any of those types of changes, because the labour force is critical.

[Translation]

Mr. Nicolas Dufour: Do I have any time remaining?

The Chair: You have 10 seconds.

Mr. Nicolas Dufour: I guess my time is up.

The Chair: Thank you very much.

• (1015)

[English]

We'll go to Mr. Dechert, please.

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

Ladies and gentlemen, thank you for your presentations. It's a real pleasure to be here in beautiful Prince Edward Island. I can certainly understand why it's such an internationally renowned place for tourists to visit.

Mayor Stewart, I appreciate your comments this morning. I'm glad to hear, by the way, that the infrastructure programs are going well in your municipality. That's certainly consistent with my experience in my community of Mississauga in Ontario. Things really are getting done. It's good to see that this is infrastructure that's needed for all Canadians. It benefits our economy now and it will well into our future.

I was particularly interested in your suggestion regarding permanent funding for police officer recruitment. Could you tell us a little more about the experience of your member municipalities in terms of recent crime statistics and what the need is for additional law enforcement across Canada?

Mr. Basil Stewart: Thank you.

Mr. Miller will answer.

Mr. Gabriel Miller (Director of Advocacy, Federation of Canadian Municipalities): Thank you very much for the question.

I think nationally there has been some encouraging news in recent years on crime statistics, but certainly the pressure on municipalities has actually been growing. In the last 20 to 25 years, the percentage of the country's policing costs that are paid by municipalities has grown from below 50% to close to 60%, and municipal police forces

have assumed a growing portion of the new policing responsibilities in the new environment. For instance, in areas like cyber crime, border security, and harbour security, there are real growing pressures on local police forces.

Our members were very pleased to see the federal government take a role in funding front-line policing with the money that was dedicated to the police officer recruitment fund. That was a five-year fund worth, I believe, \$400 million. Our members feel very strongly that where that needs to head is to a sustained partnership and sustained funding role between municipalities and the federal government on the issue of policing. As you can imagine, having money to help recruit police officers is wonderful, but of course then you need money to keep them on staff and keep them policing the streets.

So we've spoken at length to the federal government about the need to have a national policing strategy to bring the three orders of government together and make the most of our resources, so that we're getting the best bang for our crime-fighting buck. A first step would be to maintain the investment the federal government is making in this area and put it on a sustained basis, so we know that it's not just a four- or five-year investment but it's on ongoing commitment by the federal government to support municipal police forces.

Mr. Bob Dechert: Can you give us an idea of what that annual cost might be, in your opinion?

Mr. Gabriel Miller: Frankly, in keeping with the presentation that Mayor Stewart and my CEO have made today, our focus is really about putting existing investments on a stable basis. The current investment is \$80 million a year. If we saw a commitment from the federal government to sustain that on an ongoing basis and then to work with municipalities and provinces to find the most effective way to combine our resources and make sure this money is getting the greatest results possible, that would be a first step. Maintaining that \$80 million annual investment on a permanent basis would be our first priority.

Mr. Bob Dechert: Thank you very much. We certainly understand that you can't have quality of life without safe communities. Thank you for those comments.

My next question is for the Canadian Manufacturers & Exporters, a quick clarification on your first point with regards to capital cost allowance. Is it your proposal to extend the accelerated CCA that was encompassed in our recent budget to all equipment, not just manufacturing and processing equipment? Do I understand that correctly?

Mr. Allison Walker: The clarification is for a limited period of time, to extend it to equipment that is under lease.

Mr. Bob Dechert: Okay, leasing as opposed to equipment only. It doesn't currently cover leased equipment; it's just purchasing equipment.

Mr. Allison Walker: The only thing that's currently covered is M and P equipment that is under lease. It currently applies to all manufacturing and processing equipment.

Mr. Bob Dechert: My second question to you is this. I was recently in China and I certainly understand the need to do R and D. For example, there are buses built in China that sell for \$90,000, the equivalent to a bus built in Canada for \$400,000. We need to do more on R and D.

In addition to your suggestions for better SR and ED administration, what other things should the government be doing to enhance and encourage research and development in Canada?

• (1020)

The Chair: Briefly, Mr. Walker.

Mr. Allison Walker: There are lots of things that could be done, including increasing fundability, but we know it's not practical given the dollars. We would just like the existing system to be fixed so it actually works properly.

The Chair: Thank you, Mr. Dechert.

We'll go to Mr. Pacetti, again.

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

I have a question for the Canadian Council of Archives. I'm not sure who your members are. Is Library and Archives Canada a member of your group?

Mr. Fred Farrell: It is a member because it's an archives in Canada. But it's really the federal government entity that we deal with.

Mr. Massimo Pacetti: Who else would be members of your group?

Mr. Fred Farrell: All the archives across the country. There are approximately 800 in the archives community.

Mr. Massimo Pacetti: Private archives as well as provincial governments?

Mr. Fred Farrell: Private archives as well as government and community-based archives and university archives.

Mr. Massimo Pacetti: How would the money be redistributed? How is the money distributed now in terms of the archives?

Mr. Fred Farrell: In fact, we have a system that is probably unique in the country. All the archives in the country and all the jurisdictions have agreed to the breakdown of any funding we receive from the federal government. It's broken down by province and territory. Currently, Ontario and Quebec receive the same amount of money. British Columbia is in a category by itself. Five or six of the other provinces all have the same allocation.

Mr. Massimo Pacetti: In terms of funding, it's not clear. You're recommending that additional moneys be given. You say to "invest \$2 million per year". Is that an additional \$2 million per year?

Mr. Fred Farrell: That \$2 million is additional, because the program for digitization of archival materials for archives has been cancelled by the Department of Canadian Heritage. They've seen fit to go in new directions. Although those new directions will all depend on access to archival material, they don't see fit to provide a

funding stream for archives to help them make that material accessible.

Mr. Massimo Pacetti: If your organizations take a hit of \$2 million, how can they survive?

Mr. Fred Farrell: We'll survive the same the way as oftentimes in the past we've survived. We still bring in materials, although many institutions will slow down their rate of acquisition. We put those materials on the shelf and they sit there inaccessible for the next two or three decades, waiting for a time when the resources of the institution allow it to arrange and describe them and make them accessible.

Mr. Massimo Pacetti: Thank you.

I have a quick question for the Child Care Advocacy Association. Would your total amount for a pan-Canadian child care program be \$5.9 billion?

Mrs. Jody Dallaire: We realize that it's not something that is built overnight. We're calling for \$1.5 billion immediately and asking that it be ramped up over the years so that by 2014 it would be at \$6 billion per year.

Mr. Massimo Pacetti: That would be in line with what the Liberal Party had proposed, with the original program costing about \$4 billion.

Mrs. Jody Dallaire: It would be in line with that, but the challenge with what the Liberals had committed to was that there were insufficient accountability measures. We want to make sure those dollars are accountable so that when we arrive at 2014 we are actually seeing that fees have come down, that more spaces have been created, and that they are quality spaces.

Mr. Massimo Pacetti: Our understanding is that if we invest in this, whether it be \$4 billion or \$6 billion, we'd probably get a return of 125% to 150% on that money. You said six times the return. Is that possible?

Mrs. Jody Dallaire: What Robert Fairholm has found is that for every dollar invested in child care programs, GDP is increased by \$2.30. I'll leave the copy here for your reference.

Mr. Massimo Pacetti: Thank you.

Thank you, Mr. Chair.

The Chair: Thank you, Mr. Pacetti.

We'll go to Ms. Block, please.

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

Thank you to each of you for being here today. I've really appreciated your presentations.

My questions this morning will be for the Canadian Council of Archives and then for FCM, if I get through them.

As you know, governments are continually called upon to do more and to add more programs. In fact, since 2006, our government has been investing more in arts and culture than any government in Canadian history. And not only are we spending more, but we are spending more efficiently, so I was interested in your third recommendation in terms of being exempt from the strategic program review. In terms of accountability, it is important to ensure that programs currently being funded continue to be relative and managed effectively.

Based on the submission you gave us today, you advised us that your organization is instrumental to the success of many other federal programs and initiatives, so it would seem to me that requiring a strategic program review process would be especially necessary for your organization to ensure that resources and efforts are being spent effectively.

I wonder if you could comment on that.

• (1025)

Mr. Fred Farrell: Yes, archives are at the heart of accountability. We are extremely positive on that. The difficulty is that when these sorts of strategic reviews are done, archives and similar groups are the entities from which the money is taken to give to other groups.

All of these things that we've spoken of here this morning are very important. But I believe it was \$80 million for police recruitment, while the federal government spends zero dollars in the recruitment of archivists, and often across this country police departments turn to archives to help them solve their information problems.

Mrs. Kelly Block: Thank you.

You also stated that budget cuts of the 1990s were devastating to the archives world. Would you like to explain that further?

Mr. Fred Farrell: The budget cuts of the 1990s reduced the amount of money available for archives to hire students and do other project work to make records accessible, so that present-day records that would have been accessible are not accessible. Also, as we go into the future, records that are critical for issues that are important to Canadians will not be accessible.

Mrs. Kelly Block: Thank you.

Now, for the FCM, under recommendation 1, protecting "long-term infrastructure investments", you state that the gas tax fund is "the only permanent and predictable funding program available to municipalities".

Can you clarify this statement for me? As a former mayor, I believe municipalities have other revenues in order to do long-term planning and certainly help fund infrastructure projects. Could you explain that statement to me?

Mr. Basil Stewart: Thank you.

As I say, we're very pleased at the Federation of Canadian Municipalities, over this last period of time, to have this gas tax fund in place. Municipalities really depend on that. It can be budgeted for every year in regard to the number of dollars. One suggestion we made today is that it be indexed.

There are other programs that have been improved over the years. As I mentioned earlier, a lot of municipalities got involved in a

number of the programs. The infrastructure programs have changed over the years, with different names on them, if you will, but this is one that the Federation of Canadian Municipalities really wants to keep in place. As well, for other programs, we would like to see a national transportation policy.

As our CEO mentioned, our main issue right now is to maintain the programs we have. We don't want to get back into the downloading of the nineties. We paid the price for that, as was mentioned, with our bridges, our roads, and our streets. We want to continue working with the government on the environment, rural Canada, and the north. Our economy needs strong communities and cities in order to survive and be strong.

A few months ago, we released a report on rural Canada. I think most of you MPs saw that and read it and saw how important it is for rural Canada to be strong as well.

Anyway, we're pleased with the gas tax fund. It is permanent. As for any of the other programs that we talked about, hopefully they'll get etched in stone in some way, shape, or form so that they'll be permanent programs. I know that on the new regulations for the waste-water systems, we made our presentation, and we would strongly like to see a funding mechanism put in place whereby this can be cost-shared, because a lot of municipalities cannot afford it.

• (1030)

The Chair: Thank you, Ms. Block.

I want to thank all of you for coming in this morning and for your presentations and your responses to all of our questions.

Colleagues, we will just suspend for a minute or two and bring the next panel forward.

Thank you very much for being with us here this morning.

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_____ (Pause) _____

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• (1035)

The Chair: Colleagues, if I could ask you to find your seats, please, we do have very limited time and we have eight organizations presenting to us in the second panel.

We have the Prince Edward Island Road Builders and Heavy Construction Association; Association des Radios communautaires de l'Atlantique; the Atlantic Provinces Community College Consortium, the Native Council of Prince Edward Island; the Atlantic Policy Congress of First Nation Chiefs Secretariat; the Halifax Regional Municipality's Every Woman's Centre; and the MacKillop Centre for Social Justice.

If we could have each organization present up to five minutes, then we'll go to questions from members of all political parties.

Mr. Murphy, would you begin, please?

Mr. Joseph Murphy (Manager, Prince Edward Island Road Builders and Heavy Construction Association): Thank you.

My name is Joe Murphy. I'm manager of the P.E.I. Road Builders and Heavy Construction Association. With me is Rick Kennedy. He is president of our major member construction companies.

Thanks for the opportunity to present our brief, and welcome to P.E.I.

The Prince Edward Island Road Builders and Heavy Construction Association is in its 48th year of operation. The P.E.I. Road Builders and Heavy Construction Association's members account for a large amount of the federal, provincial, municipal, and private expenditure in the paving, grading, heavy construction, supply and service, and custom work that is performed on Prince Edward Island. Our members account for a large percentage of employers who employ both full-time and seasonal workers.

The current method of taxation on Prince Edward Island, the 5% refundable goods and services tax and the 10% non-refundable provincial sales tax, puts Island business at a distinct disadvantage when competing with businesses in provinces that have the 13% refundable harmonized sales tax in place. When federal Finance Minister Flaherty brought down this budget, he made special reference to the five provinces, including Prince Edward Island, that do not have a harmonized sales tax, and he said:

Provincial tax systems are outdated and inefficient and end up making business less competitive, reducing employment and lowering the standard of living for Canadians.

Our association agrees with Minister Flaherty's comments. However, the implementation of a harmonized sales tax system would mean a major loss of revenue for the Government of Prince Edward Island. Prince Edward Island Road Builders and Heavy Construction Association members emphatically support the recommendation that this committee advocate that the compensation offered to Prince Edward Island is commensurate to satisfy their revenue shortfall concerns and tax exemption considerations.

Background.

Our association is a non-profit association that represents approximately 100 companies carrying on business in P.E.I. Our industry is a major contributor to the economy of Prince Edward Island. Our industry maintains a large inventory of very expensive equipment. When road building companies purchase equipment at costs between \$100,000 and \$500,000 per unit, with only a 5% GST rebate, they are at a major disadvantage when out-of-province companies compete for Island work. Our sister Atlantic provinces implemented the HST system on April 1, 1997, which currently provides for a rebate of 13%, whereas businesses in P.E.I. can only claim a rebate of 5% of the GST component.

P.E.I. currently has a provincial retail sales tax with a 10% rate that applies to the GST-included price of the product or service. This effectively makes the rate 10.5%. This has been a source of irritation amongst the public and business. Harmonization would eliminate this practice.

Our concerns.

For businesses, the proposal to harmonize the provincial sales tax with the GST would be a major achievement. It would allow the recovery of sales taxes through input tax credits. Island businesses

would be able to compete on a tax competitive basis with our maritime counterparts on projects. The current sales tax regime results in P.E.I. sales tax being hidden in the sales price of our products and services. The HST system would reduce the double tax reporting for business.

• (1040)

The Chair: You have about one minute, Mr. Murphy.

Mr. Joseph Murphy: Okay. I'll skip to consumers' concerns.

For consumers, there is major concern that items like home heating fuel, electricity, and most clothing and footwear, which are currently exempt from the PST, would become taxable under the HST. The provincial treasurer recently indicated that he would not harmonize unless consumers were protected from tax increases on those items. The committee should consider options that would be used to alleviate the issue.

In terms of the impact on provincial revenue, in 1996 the Atlantic provinces were in the process of harmonizing their provincial sales taxes. The amount of compensation that was being offered to P.E.I. by the federal government was approximately \$60 million. The concern at that time was that it was insufficient to offset the shortfall to be experienced over the long run by the province.

It's important to note that at that time, provincial revenue from the PST was approximately \$130 million. By comparison, the provincial sales tax revenue was budgeted at just over \$200 million for this year, a 54% increase.

We urge the committee to strongly recommend that the compensation offered to P.E.I. is commensurate to satisfy their revenue shortfall concerns and current tax exemption considerations.

Thank you.

The Chair: Thank you very much for your presentation.

We'll go to Monsieur Th  berge, please.

[Translation]

Mr. Martin Th  berge (President, Association des radios communautaires de l'Atlantique): Thank you. Good day to the members of the committee.

My name is Martin Th  berge. I am the Chair of the Board of Directors of Radio-Halifax-M  tro, the Chair of the Board of Directors of the Association des radios communautaires de l'Atlantique and second Vice-Chair of ARCC. I've listed my titles, not to give you the impression that I am too busy, but rather to let you know that I do have some knowledge of this field.

Today, I will be giving you a summary of the brief that I have tabled. While my comments have to do mainly with Francophone community radio stations in Atlantic Canada, you will see that our recommendations affect all community radio stations across Canada.

The Association des radios communautaires de l'Atlantique, or ARCA, is the regional arm in Atlantic Canada of the Alliance of community radio stations of Canada. ARCA represents six different community radio stations in Nova Scotia, Newfoundland and Labrador and Prince Edward Island that broadcast to a total of twelve Francophone and Acadian communities. Francophone community radio stations outside of New Brunswick currently serve over 30,000 Francophones and a growing number of Francophiles and Anglophones. I say "currently" because of these six stations serving twelve communities, some are still in the development stage and have not yet started broadcasting.

Not only do community radio stations provide information and entertainment, they also support the cultural development of the communities, artists and the arts and cultural agencies in the communities they serve. These stations also make a real contribution to job creation by giving many volunteers and students a place to learn about broadcast technologies and the industry.

As defined by the Canadian Radio-television and Telecommunications Commission, a community radio station is "owned and controlled by a not-for-profit organization. Membership, management and operation are provided by members of the community at large". While many community members volunteer for community radio stations in the Atlantic region, the training, supervision and management of these human resources are the responsibility of station managers, who already have heavy workloads. Add to this administrative responsibilities, program animation, broadcasting, programming and sales, and so on and so forth.

Our community radio stations are active in all fields and in all sectors of activity in their communities. They have to make a tremendous effort to carry out their mandate and the role assigned to them by their respective communities, namely that of being an open and inclusive broadcast undertaking.

Unless a major investment is made in the Community Radio Fund of Canada or in community radio stations in Canada, we fear that the financial position of Francophone communities in the Atlantic region and of their community radio stations will deteriorate. This problem is due primarily to growing fatigue among employees and volunteers who work tirelessly to develop these organizations. We believe that in order to ensure the long-term survival of community radio stations in the Atlantic region and support their role and responsibilities, each of these stations needs minimum funding of \$30,000 annually. This would allow them to maintain a permanent position in order to properly manage community radio stations and ensure that they are viable operations.

There is currently no government program designed to assist community radio stations across Canada. We recommend that the Government of Canada provide funding in the amount of \$30,000 annually to each radio station through the Community Radio Fund of Canada to support the development of community radio stations across Canada.

Thank you.

•(1045)

The Chair: Thank you very much.

[English]

We'll now go to the Atlantic Provinces Community College Consortium.

Mr. McMillan.

Dr. Brian McMillan (President, Holland College, Atlantic Provinces Community College Consortium): Thank you very much.

My name is Brian McMillan. I'm the past chair of the Atlantic Provinces Community College Consortium. With me is my colleague Ken MacRae. He is the executive director.

I know you have copies of our submission, so I'll just speak to some of the highlights, given that the time is limited.

Our country, in particular Atlantic Canada, needs to have a highly skilled and productive workforce if we are to compete in today's global economy. We face some challenges in Atlantic Canada, but they're not unique to Atlantic Canada.

One of our challenges, of course, is the literacy level. About 40% of our workforce cannot read at the levels required to compete in the knowledge economy.

We have another challenge with an undereducated workforce, with about 24% of our workforce without high school credentials. There's a graph in here that speaks to the probability of getting employment with only high school. Another 50% do not have post-secondary education, which, as you know, is the standard that's required today to become gainfully employed.

We also face skill shortages. Particularly with the recession, we've seen an increase in the number of individuals who want to move out of those sectors where there aren't great employment opportunities and into the emerging sectors. Those individuals do require training and support. Just as importantly, many employers today want to upscale their current employees so that the company and the employees can compete in the knowledge economy. While some funding has been designated recently for persons who are employed, I think this is an area that needs greater emphasis.

Colleges, as compared with other post-secondary institutions, tend to have a higher percentage of what we refer to as the “under-represented” populations. Those include single parents and individuals with lower socio-economic status, the bottom two quartiles. Statistics Canada shows representation of about 25% from each one of those lower sectors within our college system.

Of course, we also have a higher percentage of persons with learning problems.

I know that we have speakers here to talk about the aboriginal group. I'm sure they're more than capable of speaking to their training and skills requirements.

All of this is to say that this is an under-represented group that can become very independent with the necessary training.

So what's the good news? Well, the good news is that the community college system is very well positioned to provide this support, with over 50 campuses in Atlantic Canada. We have direct ties with business and industry. They're on each of our advisory committees, so the relationship exists. We also enjoy good relationships with government.

Also, I guess from the perspective of both taxpayers and the government, as you'll notice from the brief, there's an excellent return on investment of 13% for taxpayers. I don't know of too many groups today that will give you that type of return on investment. There's a 17% return for students annually. In Atlantic Canada, for those persons who have college credentials, it's estimated that there's a \$9.6 million social savings annually.

Another positive is that we do have infrastructure, resources, and a talented research team that could help to produce more innovation and commercialization of products. Community colleges now are moving, and rightly so, into applied research topics.

The reason we use the word “applied” is that it's much more basic. When you think of R and D, we're more into the development than we are into long-term research, where you're into the discovery of new pharmaceuticals or new transplants, which have a high risk of maybe never getting to market.

What we do is provide those SMEs with technology transfer knowledge so that their companies can be competitive. There's a real return on investment. Our research tends to be much more applied. I can give you a specific example from P.E.I. in the area of agrifood. A dried potato pellet company wanted to compete with the contract of Kentucky Fried in the States. By working with research chefs, they were able to get that contract. That was done in six months. I think that's a good return.

What are the things we're looking for? We're looking for a contribution of \$500 million annually for infrastructure and capital equipment so that the 7,732 students on a wait list will be able to access the college system.

We need increased funding for research. We're looking at a 5% increase there.

We're also looking for support to address the under-represented group.

Even though this year in our Atlantic colleges there are more than 7,700 people on a wait list, it is encouraging; it does speak to their desire to become educated. I think that's a real plus for us.

In summary, the college system knows what needs to be done. We have the ability to do it. We just need the resources.

• (1050)

Thank you very much.

The Chair: Thank you.

We'll now go to the Native Council of Prince Edward Island.

Chief Jamie Gallant (President and Chief, Native Council of Prince Edward Island): Good morning, everyone. My name is Jamie Gallant. I am the president and chief of the Native Council of Prince Edward Island.

I'll begin by welcoming you to the traditional Mi'kmaq territory of Epekwitk.

The Native Council of Prince Edward Island is a community of people who continue to reside off-reserve throughout the traditional ancestral homelands of the Mi'kmaq people here in Prince Edward Island. With the assistance of the federal interlocutor from the Department of Indian and Northern Affairs, the Native Council advocates on behalf of aboriginal people throughout the province.

I'm here today to ask you to reconsider the current fiscal allocation. But before I do that, I must provide some background information on the situation on Prince Edward Island.

There are approximately 1,730 aboriginal people living on Prince Edward Island, according to 2006 census data, with 970 being female. Those participating in the census and claiming to be registered Indians are 825, of which 95 have an aboriginal language, 640 have a high school education, and 155 have a bachelor's degree. In 2005, those over 15 years of age with no work or employment were 685, and 1,365 had an employment income of under \$19,999.

Those are some statistics in regard to the aboriginal population in Prince Edward Island.

I'll provide some differences between those residing on-reserve and off-reserve. The population for the four reserves is approximately 445, with about 144 of those individuals being in private dwellings. In the Charlottetown area, there are 730 aboriginal people, with 450 being female. The Summerside area has 150 aboriginal people, with 70 being female. Aboriginal housing off-reserve is not tracked by the census system.

According to the Department of Indian and Northern Affairs, federal funding provided to the P.E.I. first nations in 2007-08 was approximately \$8.5 million, with \$1.9 million allocated for education, \$1.1 million for community health services, \$2.4 million for infrastructure, \$1.1 million for social assistance, and \$319,000 for housing. In comparison, the Native Council received \$341,900 for the 2008-09 fiscal year.

First nations per capita federal funding is about \$19,000 for those living on-reserve, and this does not include allocations to tribal councils, which is a separate issue altogether.

I realize that first nations situations are distinct and would not warrant an equitable allocation of over \$24 million for the other 1,285 aboriginal people living off-reserve in Prince Edward Island. I am not requesting considerations for lighthouses, railroads, or ferry services, although they may appear archaic in comparison to the current federal responsibilities outlined in the Constitution.

There have been shifts in demographics, legal definitions, responsibilities, legislation, and Indian law since Confederation. There are more aboriginal people living off-reserve, unable to speak their language and facing disparities in education, employment, and health, in comparison to other Canadians. Many of these aboriginal people are women and children, who are not in the purview or jurisdiction of chiefs and councils.

I am requesting consideration of addressing these issues through a shift in fiscal allocations. Aboriginal people living off-reserve are continually being underfunded in regard to obtaining a standard of living enjoyed by Canadians, many falling within the jurisdictions of the provincial governments. Although we as an organization at one point in the past had a good relationship, this is not the current situation that we are faced with here in Prince Edward Island.

Increased funding is required for early child development, child care, child welfare interventions and supports, language education, health, housing, justice, and training and employment. These are some examples of areas requiring attention. There may be some instances in which individuals may capture some funding between the cracks; however, they are the exception to the rule.

The federal interlocutor for Métis and non-status Indians “helps to find practical ways to improve federal programs and services for Métis, Non-Status Indians and urban Aboriginal people”, which would also require additional funding to address the issues I have raised previously.

Again, I would like to thank you for providing me the opportunity to address you here today, and I look forward to any questions that may come forward.

•(1055)

The Chair: Thank you very much for that presentation.

We'll now go to the Atlantic Policy Congress of First Nation Chiefs Secretariat.

Chief Noah Augustine (Metepenagiag First Nation, Atlantic Policy Congress of First Nation Chiefs Secretariat): Before I begin, I just want to clarify. Do Chief Lawrence and I both have five minutes each?

The Chair: You have five minutes as an organization. My understanding is that you're both presenting on behalf of the organization. Is that correct?

Chief Noah Augustine: Yes. I just thought we had five minutes each, so I'll speak very quickly, I guess.

Chief Lawrence, did you want to go first? Save me a couple of minutes, would you?

Chief Lawrence Paul (Millbrook First Nation, Atlantic Policy Congress of First Nation Chiefs Secretariat): Okay.

I want to thank the chair and the committee members for providing us with an opportunity to provide input during this budget consultation.

Ten years ago, September 17, 1999, marked an historic day for all Mi'kmaq, Maliseet, and Passamaquoddy people. The Marshall decision of the Supreme Court forever changed the Atlantic fishery and included many of our communities in a wide range of activities in the fishery. Over this period of ten years we have achieved a great deal: over 1,000 new jobs and over \$30 million in revenue for our communities. We want to build on this hard work and build a solid economy for all our communities. This will require additional direct investment by the federal government to ensure that newly created aboriginal economic development becomes real in our communities.

In this time of economic decline, we need to invest now to create the results for the future and to create the many needed jobs in all our communities. Our growing educated and skilled populations in all of our communities can be the fuel for the Atlantic economy. Investments in many of our business projects and much needed economic infrastructure is needed for our communities to play a greater role in the economy. We do not want handouts. We want to create long-term substantial jobs for our young people. We want to be part of the economy, and we don't want to continue another generation of economic dependence and despair, which helps fuel all kinds of negative behaviour in our communities. You can change this by taking action now to support the effort to create a new path for our young people where they can be proud of the way they are as aboriginal peoples of these lands.

I'll now turn it over to my fellow co-chair, Chief Noah Augustine.

•(1100)

Chief Noah Augustine: Good morning, committee.

I am Chief Noah Augustine, from Metepenagiag First Nation, and I'm executive co-chair of the Atlantic Policy Congress.

I just want to make a few comments with respect to this committee. I'm not one of those chiefs who come here banging my hands on the table looking for a federal handout, as Chief Lawrence Paul pointed out. In fact, many first nations in the Atlantic region are communities that are generating their own-source revenues now. It's the tools of governance that are of considerable importance here. I'll get into that in a second.

At the same time, it has to be noted that the federal government has a fiduciary responsibility and an obligation that they must be held to, and this is what concerns me, because there are a couple of areas I want to point out where we feel the federal government is not upholding their fiduciary responsibility—for example, the Department of Fisheries and Oceans and the aboriginal fishery strategy. We entered into an agreement after the Sparrow decision that we receive funding for that particular program in 1993, and today the funding level is still the same: \$397,000. With the cost of living increasing and with our population demands and our first nation growing, that's not working out for us. With Health Canada is the same thing. There are some issues there concerning funding. There are a number of programs.

In this limited amount of time, I don't think I'll be able to communicate what I want to talk about, but I want to talk about the federal transfers and the equalization payments that are being transferred to the Atlantic regions. All first nations peoples are incorporated and calculated into those formulas, yet we're not considered a provincial jurisdiction or responsibility; therefore, we don't receive those services.

On the economy side of things, first nations are a major player in the economy; this needs to be noted and it's not being noted. If you look at the Marshall decision—we just had the 10-year anniversary of that. This represented the first time for many first nations to come into the economy. For many first nations it was the first time for them to be generating their own-source revenue, which now puts them in a situation where they have to consider big questions in the economy. What types of economies do they want to develop? Those are some things to think about.

A lot of first nations have a very clear vision of where they want to go. It's the tools of governance that are important to us, not the federal handouts or the federal transfers. One of these tools of governance, for example, at Metepenagiag is the tax regime. We entered into a tax agreement with the Province of New Brunswick, where 95% of all the provincial sales tax revenues come back to the first nations on economic activity generated on reserves. With property tax, many first nations in the Atlantic region are taking advantage of the federal property tax legislation for the first nations taxation commission. Now, these are tools of governance that allow us to create an environment for business on the reserves. With a business attraction strategy, it allows us to bring investors in. I think in the Atlantic region that's critical, because obviously in times of economic downturn you need all players to be participating.

If you look at the demographics of first nations.... I commented to the premier just last week that they have aggressive policies on immigration, and they're talking about repatriating New Brunswickers from out west. In your own backyard you have first nations people who represent a dynamic sector of this population. Since 2000, our population has increased by 14%, while in the Atlantic region it has decreased by 0.7%. In the next 14 years, from the 25 to 44 age groups, we're going to jump up by 25%, while this region is going to decrease by about 13% or 14%. You have to look in your own backyard at the first nations. Demographically, we're a considerable factor here.

I know I don't have much time. I have a lot more to say, but I think I'll just leave it at that, and maybe if there are a few questions I'll handle it then.

Thank you.

● (1105)

The Chair: Thank you. I'm sure you will get some questions from members present.

We will go now to the Halifax Regional Municipality. Mr. English, please.

Mr. Dan English (Chief Administrative Officer, Halifax Regional Municipality): Good morning, Mr. Chair. Thank you for the opportunity to present to this committee today.

By way of introduction, I'll offer a few facts about the Halifax Regional Municipality, also affectionately known as HRM.

Halifax has a population of 395,000 people, constituting about 42% of Nova Scotia residents and over 15% of Atlantic Canadians. Halifax accounts for nearly half of Nova Scotia's GDP and has a stable and diversified economy. We have one of the best educated workforces in Canada, with 60% of the working-age population possessing a post-secondary degree or diploma. HRM adheres to its multi-year financial strategy, has an A-positive rating with Standard and Poor's, and has reduced its outstanding debt by over 20% since 1998 through its debt reduction plan.

It has been interesting hearing submissions today from a diverse group of stakeholders. I'm especially pleased to have been joined earlier today by the Federation of Canadian Municipalities.

Earlier this year, HRM had the opportunity to invite the Conference Board of Canada to present to the Mayor's Forum on the Greater Halifax Economy on the Conference Board of Canada's hub city concept. Conference Board research has identified nine cities in Canada that are the economic engines in their respective provinces. However, in the case of Halifax, the Conference Board concluded that Halifax is an economic engine not only for Nova Scotia but for the entire Atlantic region, the only regional economic hub city in Canada.

This research showed that strategic investment in hub cities has far-reaching benefits for an entire province or region, more so than investment on a per capita basis. The hub attracts people and businesses, acting as a growth engine and spurring faster rates of growth in the rest of the region.

Increased investment in hub cities will help them reach their full potential, but it's not the only factor. Increased alignment of priorities between all levels of government and community stakeholders allows the city to advance at a faster pace by having everyone work towards the same goals. Halifax values the open communication and close working relationships it has with its government partners. In recent months, we have started some large infrastructure projects in partnership with the provincial and federal governments, namely, the Canada Games Centre, which will host the 2011 Canada Winter Games, and the Ragged Lake Transit Centre.

Like many Canadian cities, Halifax is striving to keep its aging infrastructure in adequate working condition while at the same time expanding it to meet the needs of its growing population. Infrastructure, without a doubt, is our top priority and we very much welcomed the federal economic stimulus funds announced in last year's federal budget. However, we have encountered significant issues in accessing that funding. Since the time of our written submission to this committee, we have reached a funding agreement around the infrastructure stimulus fund that will assist us with a number of projects, which we are very pleased about. That agreement was signed about three weeks ago. However, it comes too late in the year for this construction season, so its full stimulus benefits will not be felt until spring 2010.

I must also note that Halifax submitted two successive funding applications in April and July, both of which were rejected due to concerns that they did not meet program criteria. It is our belief that both applications did meet published criteria, so we strongly urge that future programs establish funding criteria that are clearly and consistently applied in order to avoid such delays.

We are experiencing similar delays with the Building Canada Fund. Although this fund was announced two years ago, HRM does not yet have a funding agreement.

We want to go on record as supporting the recommendations of the Federation of Canadian Municipalities around infrastructure: one, that program eligibility criteria are clear and consistent nationwide; two, that program details and processes are available 60 days following program announcements to reduce unnecessary delays; and three, that infrastructure move to program-based funding such as the gas tax, which is reliable, easily accessible, and ensures accountability.

In closing, we look forward to building on our positive and productive working relationship with the federal government. The permanent gas tax and economic stimulus programs recognize the vital role municipalities have to play nationally and provide the foundation of a strong and equitable partnership. Collaboration on our shared priorities will lead to a positive outcome for all our citizens.

Thank you for your attention.

• (1110)

The Chair: Thank you for your presentation.

We'll now go to Every Woman's Centre, with Ms. Smith-MacDonald.

Ms. Louise Smith-MacDonald (Director, Every Woman's Centre): Thank you very much. On behalf of Every Woman's Centre, I would like to thank you for the opportunity to present this brief to the House of Commons Standing Committee on Finance.

As a women's centre, we are very interested in the education and employment opportunities for women and adolescent girls. In our capacity as a women's centre, we see hundreds of women who are struggling to make ends meet for their families in a system that does not provide the necessary tools to seek meaningful employment or to further their education.

Geographically, the area we serve is Cape Breton Island, which is made up of a small declining urban population, a large rural area, as well as coastal communities. The area has many social and economic problems, such as unemployment—as noted further in the brief, our unemployment rate has reached as high as 17.3%—a lack of adequate and affordable housing, poverty, out-migration, an aging population, a lack of resources for adequate health care, and little or no transportation. Those are just some of the issues we face. We are particularly concerned about the persistence of poverty.

I will move ahead to our recommendations so that I have a chance to get them in.

Our first recommendation is that the federal government adopt a national poverty reduction strategy, recognizing that poverty

reduction is not just the responsibility of any one political party. A national poverty reduction strategy is the responsibility of the Government of Canada and must be endorsed by all political parties through legislation. Any framework for poverty reduction should outline action plans, timelines, and measured outcomes with a reporting-back system to the people of Canada in a timely manner. It should be developed in full consultation with those who are living in poverty.

The development of a national poverty reduction strategy must consider the specific needs of women who are living in rural communities and should involve two major areas—namely, adequately meeting people's basic needs and supporting people's efforts to develop their skills and capacities by providing the necessary tools so that they are able to fully participate in community life.

Recommendation two is that any moneys provided by the federal government to stimulate the economy be viewed through a gender lens. The millions of dollars that have been announced through the stimulus package offer very few opportunities for women. Most of the money is designated for building infrastructure. It is well known that only about 7% of women work in construction and non-traditional jobs.

We have more women working in low-income jobs who are paid to be poor. Their wages don't allow them to look after their basic needs or those of their families. Poverty is not just about welfare; it is about creating sustainable employment so that those who work are not poor.

Money should be spent to help create job opportunities, which in turn will boost spending. By putting money in the pockets of low-income families, we are assured that the money will be spent to buy the necessities, not invested in offshore businesses.

For women to take advantage of employment opportunities, there needs to be meaningful training offered in their home communities and then jobs available where they can use this training. There needs to be an integrated, multi-dimensional approach to providing training programs that focus on community development.

The third recommendation is that a national housing strategy be developed that is adequately funded to build homes and to build community capacity. Based on Statistics Canada data, Canada Mortgage and Housing reports that 15% of households in Nova Scotia are in core housing need. This means that 52,000 households in Nova Scotia experience housing issues related to affordability, sustainability, and adequacy.

Current affordable housing programs do not reach people in the greatest need. Owning your own home is simply out of reach for the many thousands of families who are living with low income, and this is especially true for lone-parent families headed by women. Banks and mortgage companies refuse to lend money for housing to low-income women. Those who manage to save enough money for a down payment are still unable to purchase a home because of the closing costs associated with the purchase. These costs are not included in the mortgage.

The revitalization of the housing market could be a great boon to the economy. Trades training programs and a government guarantee for loans could be directed to women, who are then able to form cooperatives to build and repair homes in their communities. The benefits of owning your own home, as opposed to spending a lifetime paying rent to a landlord, are immeasurable.

•(1115)

I have not been able to attach a financial figure to any of these recommendations, but I do see the costs associated with not providing adequate resources to families, through health care costs, the justice department, and mental health and addiction services.

I welcome any questions. Thank you.

The Chair: Thank you for your presentation.

We'll now go to Ms. Boyd and the MacKillop Centre for Social Justice.

Ms. Mary Boyd (Coordinator, MacKillop Centre for Social Justice): Thank you, Mr. Chair.

The MacKillop Centre for Social Justice thanks you for this opportunity to appear before this committee.

We will start by also recommending a poverty eradication strategy and saying that there is tremendous support for this in the Canadian public. Nowhere is that support higher than in the Atlantic provinces.

The federal government has an important role to play in the establishment of a long overdue poverty eradication strategy for this country. We urge the government to commit funds immediately to match the efforts of the provinces and encourage them to enlarge their efforts.

In times of economic crisis, such as the current one, social programs are often created for the benefit of Canadians. Canada does not have an official poverty line. We need one. Until it is established, we suggest that the Statistics Canada after-tax low-income cutoff is a suitable measure.

Countries such as Ireland have shown us that there are other very important measures and indicators of poverty for western countries. Steps must be taken to consult Canadians, especially those in poverty.

With our tax system, it will be difficult to eradicate poverty in this country unless changes are made to the current system, which favours tax breaks to the wealthy over the needs of those in poverty. The result is a growing gap between rich and poor. This must not be allowed to continue.

In no way should the Canadian government give in to demands for a flat tax. We need a much more progressive tax system than the current one.

Business-funded political parties keep promising tax deductions, especially to the wealthy, while at the same time people are led falsely to believe that we cannot afford such essentials as our public universal system of health care, as well as other essential social services, including child care, housing, better systems of income for adult workers, and programs for aboriginal people.

Canadian workers, the unemployed, the self-employed, people with disabilities, and seniors on modest pensions are feeling the crunch of less social support and fewer social programs. Instead of federal tax breaks and subsidies to the energy corporations in Alberta that destroy the environment through carbon emissions and fuel the U.S. war economy, Canada needs to learn from Norway, where corporations are made to pay their fair share. Some of this money could go toward tax incentives to establish sustainable economic projects that will build a green economy for this country.

The bottom fifth of all income earners has seen incomes drop by 31% since 1984, with average personal incomes declining by 6%, the biggest drop since the Great Depression, while the wealthy have become wealthier.

We recommend that the Standing Committee on Finance seize the moment to begin the long road of making right the wrongs present in our society, especially the way the most vulnerable are treated, and we ask that the committee also recommend that we play a larger role in fighting global injustices and inequalities.

We recommend that Canadian tax policy be reformed to make taxes more equitable and to help eradicate poverty in this country. We recommend that unearned income be taxed at the same rate as earned income; that corporate tax rates be returned to pre-1980 levels; that a green tax be placed on all toxic market commodities according to their lifestyle carbon imprint; that incentives be given to Canadian businesses and citizens to lower their carbon footprint; that banks be made to loan a certain amount of their money to green economy projects; that incentives be given to Canadians to reduce fossil-fuel energy consumption; that there be no tax cuts; and that low-income Canadians be helped through effective and compassionate social programs that reduce costs and put new income into their hands.

On the international level, the Canadian government should take the lead in promoting a tax of one-tenth of 1% on international financial transactions. This tax would raise billions of dollars internationally to help fight poverty around the world. The committee should urge as well that taxes on transnational corporations become transparent.

The Chair: You have one minute left.

Ms. Mary Boyd: Also, we believe that public-private partnerships are a huge waste of taxpayers' money and should be stopped.

●(1120)

We also recommend that the qualifying period for EI be reduced to a minimum of 360 hours, that the rate of benefits be raised to 60% based on the best 12 weeks of work, and that the two-week waiting period be eliminated. This would be accompanied by an increase in the minimum wage. Mr. Chairperson, we believe the federal government should take steps to ensure that there's an equal minimum wage in this country.

We also ask you to look at the way farmers have been neglected. It's heartbreaking to watch hard-working farmers struggle to avoid bankruptcy and witness them selling productive agricultural land for subdivisions in order to survive. What does this say about the neglect of agriculture, the neglect of farmers, and the need to keep our land for future generations?

Finally, Mr. Chairperson, we believe the war in Afghanistan is wasteful. We believe that Canada should pull out of combat, go back to its peacekeeping role, and save lots of money for development projects in Afghanistan and other parts of the developing world.

Thank you.

The Chair: Thank you.

We'll now go to questions from members. We're going to start with Mr. Easter again.

Hon. Wayne Easter: Thank you, Mr. Chair.

Thank you, witnesses, for coming. As usual, there are too many questions and not enough time.

Brian, I'll start with you. In your presentation, you said all you need to get there...you just need the resources to do it. That's a multi-million dollar question. I know Holland College, in your own area, is also doing considerable work in China. If you look at the number of engineers and what they're doing in China, we're falling behind.

The question to you is, how do we stack up against the rest of the world? With education and youth, that's where our potential is. I have a question on that to the Native Council and the chiefs as well. How do we stack up against the rest of the world, and what do we have to do to at least get an equal footing through our college system?

Dr. Brian McMillan: Actually, when you look at innovation and research, we are slipping as a country to where we stood internationally. Also, with the emerging economies of India, China, and now Brazil, I would say that within a few years they will be extremely well positioned to challenge Canadian business with regard to having a highly skilled workforce. There are some pending threats. In fairness, I think the KIP funding that was recently given to the post-secondary institutions has had a significant impact. I know it has allowed us to increase our enrolment.

The tragedy, I believe, is that once again you have to make choices as to where your money is going to be spent. When we hear about poverty and about innovation and competitiveness, it really starts with your workforce being highly skilled and educated. What I find interesting, having been in this business now for 20-some years, is that it's not that we don't know what to do; we do. We know how to help people become engaged and to move from unemployment to

employment and make a meaningful contribution. Every year we have testimonials from graduates who have been on the lower socio-economic ladder. Now they're out there with very significant jobs.

Our view, and that's why we presented the information on economic return on investment, is that we think that's a pretty compelling case to deal with a lot of the issues our country faces.

●(1125)

Hon. Wayne Easter: There are a number of areas where I could go, but I want to ask either Jamie or the two chiefs, when you travel across this country...and I think Chief Augustine made the point about demographics, that we're depending on immigration as a country to a great extent to increase our population. One of our greatest potentials is with aboriginal youth. It's the fastest growing sector of our population, and we're not seizing that opportunity as a country for many reasons.

If you had two key recommendations to make to this committee to achieve the potential that is there within that increasing demographic of aboriginal youth, what would they be? That's where a lot of the future of our country lies, and it's being ignored in too many ways.

Chief Noah Augustine: Thank you for the question.

There are two things—first, education.

I just have to go back to grade eight and grade nine, when I used to hang my head in shame sitting behind a textbook because I learned about the savages, the Indians, attacking all the poor settlers on the land. People don't have an appreciation, a proper education, with respect to the treaty rights, particularly here in the Atlantic region. That's through the education system.

I raise that point because it's important. Look at the troubles we're having with the waters—with the Burnt Church issue, with the Marshall decision—or in the woods over natural resources. We have many conflicts today that are derived from the misunderstanding and improper education that people are getting with respect to treaties.

The second point I want to raise is with respect to our aboriginal youth. As I told the premiers, while they're out there with their immigration policies and repatriating, on the reserves our chiefs are passing around condoms because our birth rates are so high. That's a fact. The demographics are there. They're in place. We have the fastest growing population in the Atlantic region, and right cross Canada, in terms of first nations. What we need to do is focus on that.

The people in my community who are 35-plus, let them.... We have the seasonal employment programs there for them, fisheries and everything else. There's not much I can do about changing their lives or their careers at this point in time, except just making those programs available. But I have this young group coming up. They're the ones we have to focus on. It's not just in terms of post-secondary education; it's in the trades as well. We need to focus on that young group that's coming up, educate them, and train our workforce. We have that workforce potential in the backyard here.

Those are the two points I'll make about that.

Thank you.

Hon. Wayne Easter: To the Halifax folks, you mentioned the Atlantic gateway. That is extremely important for all of Atlantic Canada.

I just seem to believe, though, when you look at some of the funding that's going to the Pacific gateway and other areas across the country, that we're not even in the game in Atlantic Canada.

Where are we at, from your perspective, on the Atlantic gateway?

Mr. Dan English: Actually, I did not mention the Atlantic gateway in my speaking notes. It might have been in our submission. I'm glad you raised it.

Yes, when you look at the funding that has gone to the Pacific gateway, it's...and that's what we modelled the Halifax gateway on, first off, and then the Atlantic gateway.

I think, through Minister Peter MacKay, we are making progress there. I've seen some good signs, just in recent weeks, in fact. I think there will be some announcements hopefully coming soon.

Hon. Wayne Easter: Better late than never, I guess.

The Chair: Thank you, Mr. Easter.

Hon. Wayne Easter: You're welcome.

The Chair: Monsieur Dufour.

[Translation]

Mr. Nicolas Dufour: Thank you very much, Mr. Chair.

Thank you to all of the witnesses for being here today.

Mr. McMillan, I would like to follow up on a topic broached by my colleague Mr. Easter. If I'm not mistaken, federal government investments in infrastructure...The government, as we know, is boasting about having dramatically increased available funding for post-secondary institutions across Canada to assist infrastructures. This is somewhat the same program principle. You say that this increased level of investment has had a positive impact, specifically that is had resulted in an increase in student enrolment. However, you still have to contend with a shortfall of nearly \$500 million.

You talk about the return on our investment. If you were to receive the necessary funding, how many more students could enrol in a post-secondary institution?

• (1130)

[English]

Dr. Brian McMillan: You're right, there has been some positive impact with regard to the KIP funding, but one of the things KIP didn't include was capital equipment. We're renovating the facilities, but we don't have the resources to buy some of the lab equipment, so that's a bit of a shortage.

With regard to the \$500 million, that is a national figure. I just presented to you the number of students on wait lists in Atlantic Canada. I don't have the national number at my fingertips, but we realize that this is an anomaly right now across the country. I know, for instance, that we're going to be adding another 350 students with the recent infrastructure increase, but we still have significant wait lists.

The other thing we're concerned about is those people who are currently employed, and I realize that the federal government does now provide funding through the labour management agreement for persons who are employed. But once again, to keep pace with the changing technologies and what's happening in the workforce, many of these companies, in order to stay competitive, are going to have to upscale.

When you look at the numbers—getting back to Mr. Easter's comment about how we are stacking up—in China alone, just on a population base, if you take the top 20% of their brightest and youngest, their potential would rival our total Canadian population. So in this country we can't afford not to have everyone with a post-secondary credential; we just can't, because if we don't, they will become dependent on the system and withdraw funds as opposed to providing something back.

We do face labour force shortages. It's not just having the skills, but will we have a workforce large enough to compete? I know we're doing things like bringing newcomers to help offset that, but we have a large percentage of individuals right now who are underemployed, and with the proper support and training... And that's the nice thing about a college experience; it could be nine months, it could be up to two years, but many of them are going out into construction jobs where there's a need and a shortage, and in some of the other sectors that have been identified. Health care is another good example. Just in this province, we're adding another cohort of paramedics because there's a shortage of health care individuals.

We'll increase the numbers based on revenues that we have, and that's just basically how we do it. So the LMDA, and the LMA recently, in the federal government's commitment to add funding for skills, have been very helpful. I can think of five programs we've added this year that we wouldn't have added without that funding, but there's still more demand, and especially in rural areas where people can't afford to travel and they have home care challenges. I mentioned some of the underrepresented. These folks want to get educated. They do want to work.

Those are some of my thoughts.

[Translation]

Mr. Nicolas Dufour: Correct me if I'm wrong, but we have enough money to renovate buildings, but not enough money to pay teachers and buy the proper supplies.

[English]

Dr. Brian McMillan: That's part of it, that's correct.

[Translation]

Mr. Nicolas Dufour: Thank you very much.

Mr. Théberge, you talked about community radio stations. You made an interesting comment, namely that every radio station in Canada needs about \$30,000 a year in stable funding. I have a few questions for you.

First of all, how did you arrive at that figure? How many radio stations are there in Canada and in your estimation, how much would it cost to provide them with the funding you suggested?

Mr. Martin Théberge: I'll start by answering your second question. There are a total of 140 community radio stations, both Francophone and Anglophone, and that figure includes campus radio stations. Therefore, the proposed initiative would cost \$4.2 million annually.

As for your first question, namely how we arrived at this \$30,000 figure, I concur with the position not only of my Arc du Canada colleagues and its English counterpart, the NCRA, but also of my Quebec colleagues at ARC. We felt that this level of funding would be sufficient to hire a permanent employee, and pay for a computer as well as telephone and Internet services. It truly represents the basics. Some funding is made available for infrastructure. Some radio stations continue to operate today with nothing more than computers. Purchasing a computer opens the door to streaming music. That works for certain communities. It's already a good starting point, but it doesn't cover the salary of an employee who tries to generate revenues, forge partnerships with the community, and so forth. We felt that a base amount of \$30,000 would be enough to allow the station to hire an employee and expand its operations.

• (1135)

Mr. Nicolas Dufour: I think just about every organization is grappling with the same problem. The government is investing heavily in infrastructures, but nothing whatsoever in human resources and...

Mr. Martin Théberge: Another problem is that often, funding is allocated for projects. For example, funding can be obtained from Heritage Canada, or from the Community Radio Fund of Canada, but no money is available to help cover a radio station's basic operating costs. I can't even think about submitting a project proposal if I don't have any employees to run the station.

[*English*]

The Chair: We'll go to Mr. Allen, please.

Mr. Mike Allen: Thank you, Mr. Chair.

I welcome everybody here today.

Chief Augustine, it's good to see you again.

I have a question for Mr. McMillan and the community colleges. In New Brunswick, of course, many years ago, we took the trades out of the schools, which we're paying dearly for at this point in time.

You talked about this \$500 million in infrastructure. A couple of things concern me.

Number one, can every community college be all things to all people? They obviously cannot.

Second, with this being a provincial jurisdiction—and presumably, we'll say, a knowledge infrastructure program was expanded going forward—do you see that schools, at least in New Brunswick, are starting to taking up the trades again, such that you would see some levelling out of that investment for infrastructure as time goes by?

Dr. Brian McMillan: Thank you for your questions.

First of all, you're right. I think it was 15 or 20 years ago that trades were taken out of the high schools. IT was brought in during

the IT bubble, and now that has dissipated. The \$500 million we're asking for is for infrastructure, but a big part of it is capital equipment as well. I think it's important to see that as an element of it.

With ongoing funding, we can use and have used industry as training sites to offset some infrastructure costs. Colleges are trying to find some creative ways to deal with the infrastructure costs. The big issue is capital equipment, because for graduates to go out there and be gainfully employed, they do need to be working on the most recent technologies.

On the question about how colleges can't be all things to all people, I think it's a really, really good point. That's why, through our regional consortium, we help each other out. With health training programs, there is a regional group that takes a look at adding or not adding courses and also at how we keep a balance so that we are providing enough graduates to respond to the labour force demands.

Also, at our college, and I'm sure at others as well, every year we review the numbers of students who apply and the numbers of students who get employed. Based on that, we either increase or decrease our enrolment numbers. It's another way of making sure we're being responsive.

What is happening in Atlantic Canada through the energy sector and also in some of the IT sectors—health IT programs are a growth industry here, as is video game design—is that we're being asked to put together training to support the local industry, which is great. The issue is, though, what do you take out of the basket?

The problem is that as soon as we go to take out a program, I can tell you that we hear from that industry, which asks us why we're cutting it back. So what we try to do is ratchet down the numbers, still support it, and say that we don't need to be graduating 30 students a year if our employment records show that only 35.... Well, I shouldn't say that, because I don't think we have any programs under 60% uptake, but if the numbers are down, then we decrease the programs.

Just like a business, we're constantly taking a look at supply and demand and what the numbers need to be, but there's a greater expectation all the time for training. As you look at the global economy, I think you can see that many countries realize that the key to success is to invest in training and have a well-educated, skilled workforce.

• (1140)

Mr. Mike Allen: Chief Augustine, you talked about the tools of governance being the important issue. You talked about the tax regime that you have with the Province of New Brunswick. What other financial aspects of these tools of governance do you see as applicable and what parts of those affect the federal government in revenues?

Chief Noah Augustine: The most important one would be lands, addition to reserves. Under the federal policy of addition to reserves under the Department of Indian Affairs, some first nations, such as Metepenagiag, are fortunate to have land claim opportunities. A year and half ago, we resolved a claim for 300 acres, and we have a legal obligation on behalf of Canada to convert new lands, up to 300 acres, to an ATR, an addition to reserve.

We're currently negotiating a 3,000-acre claim. Once we purchase those lands and convert that to ATR, then the tax regime can take a place. First nations are now moving into that taxation base and it's critical. Like any other government, you need a tax base. It's access to lands, but a lot of first nations in the Atlantic region don't have access to those lands, and if they purchase lands and hold them in fee simple, then they have to engage that ATR process. But there's no legal obligation on behalf of Canada to convert those lands.

It's access to lands that's critical in terms of the economic development.

Mr. Mike Allen: Do I have more time, Mr. Chairman?

The Chair: You have two minutes, Mr. Allen.

[Translation]

Mr. Mike Allen: Mr. Th  berge, I read that there were no stations to broadcast programming in New Brunswick. We have a Francophone radio station at the Centre communautaire Sainte-Anne. It is the result of a partnership between the community and the school, which receives provincial and federal government grants. Could you possibly forge a partnership with the region's schools?

Mr. Martin Th  berge: Let me just clarify that ARCA, the Association des radios communautaires en Atlantique, the regional body for the Atlantic region within ARC du Canada, does not include New Brunswick. This province has a sufficient number of community radio stations to have its own regional board, the ARCANB. New Brunswick has its very own association.

Partnerships are occasionally forged between schools and communities, that is between the radio station and the region's community agency. For example, a partnership such as this has been forged on Isle Madame in Cape Breton, Nova Scotia.

However, the situation is completely different at this time for the Centre communautaire Sainte-Anne in New Brunswick. The level of funding is much lower in the case of these agreements between the schools and the community because the government owns the building. The community organization is allowed to use the premises free of charge and space is very limited. There is no dedicated space for a community radio station. At the Ch  ticamp station, for instance, space is at a premium. The same is true in Halifax. On Isle Madame, no such agreement with a school has been forged. However, arrangements have been made with a community agency. It isn't a case of the station occupying space free of charge in a government building.

[English]

The Chair: *Merci.*

We'll go to Ms. Leslie, please.

Ms. Megan Leslie: Thank you, Mr. Chair.

Welcome, all of you, to the pre-budget consultations; *bienvenue* and *pjilsa'si*.

My name is Megan Leslie. I'm the member of Parliament for Halifax.

I have a couple of questions. The first is for the Native Council of Prince Edward Island. It may be a quick answer.

With over half of Canada's first nations people living in urban centres, friendship centres can provide effective and culturally appropriate services and programs. Would you agree with me that friendship centre funding is a pretty simple and small investment with a pretty big impact?

Chief Jamie Gallant: I believe it can be.

There is a difference between friendship centres and organizations such as ours. We're not considered a friendship centre in terms of the friendship centre umbrella. I think they provide, definitely, a valuable service in terms of culture and awareness and education, those type of things, but that's not a one-stop shop.

• (1145)

Ms. Megan Leslie: It's not the only answer.

Chief Jamie Gallant: No. I don't think that would be the only answer at all.

Ms. Megan Leslie: I agree.

Chief Jamie Gallant: I do know that at this point in time the Native Council is actually fortunate to access Urban Multipurpose Aboriginal Youth Centre funding. There is no friendship centre here in Prince Edward Island. We provide services similar to the friendship centre, although the Native Council also has a political role to play.

That program is currently under review, so there's a lot of uncertainty in terms of the programs we provide as a result of that funding. Looking at that fund and the state of the current review, I think it needs to be...

I guess my two points would be that, one, the funding needs to be continued. Second, the Urban Multipurpose Aboriginal Youth Centre initiative funding shouldn't be specific to friendship centre organizations or administered through friendship centre organizations. I think it needs to be adjusted so that organizations like the Native Council, or other organizations similar to ours, can also apply without going through the friendship centres to do so.

Ms. Megan Leslie: Fair enough.

Also, when you say "continued", that's with an eye to the fact that it will be continued over the long term.

Chief Jamie Gallant: Yes, that's correct.

Ms. Megan Leslie: Thank you.

I'd like to turn to the Every Woman's Centre and Louise Smith-MacDonald.

In the interest of transparency, Ms. MacDonald and I worked quite a bit on a poverty reduction strategy for Nova Scotia prior to my election.

Clearly you know that I agree with the first recommendation. My question to you is on the poverty reduction strategy, a housing strategy, and specifically those two recommendations.

If those recommendations were adopted, how would you envision their impact on Canada's economic well-being in 20 years?

Ms. Louise Smith-MacDonald: In terms of a national housing strategy and a poverty reduction strategy, sometimes it's hard to allow your vision to go somewhere if you don't really believe it's going to happen. But it would certainly improve the lives of many in Canada, where people, especially women, don't have to wonder how they're going to supply the necessities of life for their families and they are able then to concentrate on being able to increase their education through community college and what not. There is just so much time and energy that goes into poverty, and if that time and energy can be spent in doing things that are valuable for your family and yourself, then I envisage that in 20 years the whole outlook for the Canadian population will be quite different.

As far as a national housing strategy goes, we certainly take part in, for example, and have been very fortunate to access some SCPI money through the feds, which allows us to operate the only women's homeless shelter in Cape Breton, as well as building some second-stage housing. The problem with that has been that while we can get the capital costs, we can't hire anyone to coordinate the facility because that money is not included. While we appreciate the capital cost, we really find it difficult to sustain that.

As for other examples of things that have happened in our area, housing is in a deplorable condition. It is really difficult to nail down who's responsible. The municipality says it is not, the province says it is not, and the federal government is not. When you have housing units that are in a deplorable condition and women and children are living in unsafe housing, where in some cases there is asbestos and other things, it's really difficult to know where to go for the answers. It should be available. I can see, for myself and the women I work with, that it can be tied into community college; it can be tied into all kinds of areas where people are taught skills—and that would include a phenomenal amount of things—and get down to the business of being in charge of their own lives. I just see positive things about that.

• (1150)

The Chair: You have one minute.

Ms. Megan Leslie: I will just let you know that our national housing bill passed second reading last week, which is a great accomplishment, despite no support from the government on that.

If I can turn quickly to the Atlantic Policy Congress, in 20 years, how would you see the economic well-being of Canada improved by your recommendations?

Chief Noah Augustine: If the tools of governance are in place for all first nations...it is critical for first nations to be generating their own-source revenues. Nobody wants to be dependent on the federal government. Just like the Atlantic provinces, we don't want that dependency.

You have to remember that the Indian Act has fostered a culture of dependency in our first nations communities, and that's what we are trying to break free from. By fostering the culture of dependency, we

now have to transform a mentality that exists on the reserve that is based on dependency. That is a very real issue, and that is a very challenging issue. How do we break free from that? Number one, it's a transformation of mentality, but we have to do that by transforming our economy. We have to be participants in the economy, and we have to do that with the government in cooperation, working with us, to help us with the tools of governance to generate those own-source revenues, so that we can in turn reinvest those dollars back into the community, into housing and social programs—long-term programs.

The problem with the federal funds is that they come in and we have to deliver them. Basically, we are just delivery agents for Indian Affairs. We're basically managing poverty on first nations communities. We don't want to be in the business of managing poverty; we want to manage growth and development. But we need the tools of governance to do that, and that is the direction in which we are moving, so that in 5, 10 or 15 years.... Tomorrow night I have a community meeting, and that's exactly what I'm going to ask my community: where do you want to be 10 years from now?

In order to get to where we want to be, this is what we have to do. We need to get those tools of governance. We need to generate our own-source revenues so that we reinvest in some of those priority areas in our communities.

Ms. Megan Leslie: Thank you.

Thank you, Mr. Chair.

The Chair: Thank you, Ms. Leslie.

We'll go to Mr. Pacetti, please.

Mr. Massimo Pacetti: Thank you, Mr. Chairman, and thank you to the witnesses for appearing.

It is not easy to ask questions to all the groups, so bear with us.

My first question may be more of a comment, but just quickly to the Every Woman's Centre, believe it or not, Ms. Smith-MacDonald, you're the first one who talked about the gender lens. Nobody has brought it up.

My understanding was that all programs were evaluated with a gender lens. Do we not see that?

Ms. Louise Smith-MacDonald: Do I see that? My term of reference for that, I believe, is through the stimulus money that has been released so far and that has really focused on infrastructure.

There are very, very small portions of women, maybe 7%, who would be involved in doing what is called non-traditional work. Therefore, it really hasn't had any effect on women and their families, and it has done nothing to bring women out of poverty.

Mr. Massimo Pacetti: That's one of the recommendations that we've made in the past in the finance committee: to make sure that every program is analyzed on a gender basis. I happen to agree with you.

Ms. Louise Smith-MacDonald: I'm really happy to hear that.

Mr. Massimo Pacetti: Speaking of stimulus money and infrastructure money getting out, Mr. English, you refer to the present money not necessarily getting out but having shovel-ready projects ready to go. You talked about certain projects being bogged down. What is happening in your municipality?

Mr. Dan English: Mr. Chair, we just received word approximately three weeks ago on our stimulus funding package, which was about \$36 million, but we had been dealing through the federal government since April on project applications to get them approved. There was a lot of back-and-forth and there were some serious delays over the summer months.

As I mentioned in my notes, we submitted two applications, one for a four-pad arena, which was rejected. We never received anything official, but unofficially it was rejected because the federal government didn't think we could complete that project by March 31, 2011, even though we were more than confident. We had projected that it would be open by September 2010. The second list of projects was for paving and street works in the Halifax and Dartmouth area, which was worth about \$30 million. They told us that those projects wouldn't qualify.

So in the final analysis.... And I think a lot of it was motivated by the possibility of an election, because things started happening much more quickly over the last month, let's say. We did get approvals, but as I mentioned in my speaking notes, it's too late to get any of those projects under way in this construction season, so it will be next spring before we get them under way.

• (1155)

Mr. Massimo Pacetti: So you would have been approved for \$36 million. How many projects would that represent?

Mr. Dan English: In that \$36 million, I think there were about eight or nine. It was a mixture. There was some major highway work.

Mr. Massimo Pacetti: Of the eight or nine, would they have been approved?

Mr. Dan English: Yes. The \$33 million was made up of about eight or nine projects, but they weren't our initial priorities.

Mr. Massimo Pacetti: Right, but none of them with shovels ready to go?

Mr. Dan English: Well, "shovel-ready" means they have to be completed by March 31, 2011.

Mr. Massimo Pacetti: No. That would mean that if I went to Halifax today, I would be able to see a shovel on the ground and the work being commenced?

Mr. Dan English: No, Mr. Chair, not in any of those projects that were approved.

Mr. Massimo Pacetti: Okay. That's fine.

I just want to get the opinion of the Road Builders and Heavy Construction Association.

You talked about harmonization, but you barely talked about the construction industry and how it is being affected in your area. Do you have any comments on the infrastructure program?

Mr. Joseph Murphy: This year we've had a very good provincial budget. Stimulus money, along with the Building Canada Fund, has

provided good programming this year. If you travel the province, you'll see a lot of highway work being done and bridges being replaced. For this year, we're quite satisfied.

Mr. Massimo Pacetti: Is that for new projects or for projects that were approved last year?

Mr. Joseph Murphy: Well—

Mr. Massimo Pacetti: You don't necessarily handle the paperwork for those projects, do you?

Mr. Joseph Murphy: No.

Mr. Massimo Pacetti: You just make submissions and—

Mr. Joseph Murphy: We lobby the provincial and federal governments.

The Chair: This is your last question, Mr. Pacetti.

Mr. Massimo Pacetti: Thanks, Mr. Chair.

Is your industry hiring? How is the employment in your industry?

Mr. Joseph Murphy: Maybe you can answer that, Rick, as a contractor.

Mr. Rick Kennedy (Representative, Prince Edward Island Road Builders and Heavy Construction Association): As private contractors, we've enjoyed a pretty successful year this year. I'm not sure what the differences are regionally, but we've benefited from a number of projects, some provincial and some from the municipalities—

Mr. Massimo Pacetti: With smaller municipalities, you get smaller bureaucracies. That's the difference. That's what I'm trying to get at. That's fine.

Thank you, Mr. Chair.

The Chair: Thank you, Mr. Pacetti.

We'll go to Mr. Dufour.

[Translation]

Mr. Nicolas Dufour: Thank you very much, Mr. Chair.

Chief Augustine, from the outset, you have been talking about the tools of governance that you could receive from the government. Among other things, you mentioned fiscal transfers that would enable you to better structure your economy and provide a direct economic development boost to your people. What other governance tool would you like to receive from the federal government?

[English]

Chief Noah Augustine: Thank you.

One of our challenges is that we have a 2% cap on all federal funding that's coming in, and it doesn't meet the needs of the first nations right now. The chiefs of the Atlantic region, and particularly the chiefs of Prince Edward Island, wanted me to note that we represent not just the populations on reserve, but the populations off-reserve as well, ever since the Corbiere decision of the Supreme Court of Canada. Off-reserve members come to me because they voted for me. I'm accountable to those people.

As far as other tools go, we have to look at those transfer agreements. I talked about the equalization payments that are issued to the Atlantic provinces. They're inclusive and count all the numbers in the first nations communities. When I look at those people on my reserve, they represent \$2 million. It doesn't sound like very much, but that's \$2 million transferred to the Province of New Brunswick for services and programs that are not directed toward us, because they say we're a federal responsibility. So that's an issue that has to be addressed by the federal government.

On the tools of governance, the taxation regime is critical, but not all first nations are there yet, because they have to go by community referendums. That's why you need to transform that mentality on the reserve.

So it's a matter of assistance in areas like that.

Thank you.

[*Translation*]

Mr. Nicolas Dufour: Thank you very much.

I have another question for the representative of the MacKillop Centre for Social Justice.

You stated earlier that the tax system needed to become much more progressive. In your opinion, what steps need to be taken in order for that to happen?

• (1200)

[*English*]

Ms. Mary Boyd: I outlined a few in my comments that would be progressive, certainly as far as having more taxation toward a green economy goes. But the tax system still taxes low-income people more and lets corporations off the hook; it gives a lot more breaks to corporations.

If we go back to the last crisis in the mid-nineties, it was handled by cutting social programs, when in fact government spending was about 8% of the whole budget, and 2% was for social programs. That's where cuts were made, rather than tackling interest rates and the number of corporations and high-income people who should have been paying more taxes.

So we should stay away from flat taxes and get the wealthy to pay more taxes—that's the main one. That's the one that I think is the biggest problem. It has been eating away at our inability to fund the kinds of social programs in this country that need to be funded. Then we need to work very hard to set up a green economy, because that's where the future is.

We certainly need tax breaks for education, but we also need to change how the education system is working in this family, because there are people with bachelor's degrees and master's degrees, and even doctors, in this country who can't find work.

So how do we take a look at the whole system and see how it is being financed and where the priorities are? Because it's not just taxes; it's priorities for spending. What kind of Canada do we want? How happy are we about being 25th in the OECD as far as social programs are concerned? Every time we ask for an increase in a social program we're told it can't be done, but at the same time we promise more tax breaks.

[*Translation*]

Mr. Nicolas Dufour: Do I have any time remaining, Mr. Chair.

The Chair: You have five seconds left.

Thank you, Mr. Dufour.

[*English*]

Mr. Dechert will be the final questioner.

Mr. Bob Dechert: Thank you, Mr. Chair.

Thank you, ladies and gentlemen, for your thoughts and suggestions.

My first question is for Mr. McMillan and the Atlantic Provinces Community College Consortium.

One of your suggestions is to increase funding for research by about 5%. I note that earlier this year our government announced \$48 million to expand the new college and community innovation program to establish research partnerships between colleges and local businesses in Canada. Is that the program you're referring to and suggesting we increase by 5% a year?

Dr. Brian McMillan: Compared to universities, I think colleges get about 1% of the total research funding. Looking at the potential and our recent track record in applied research, from a policy perspective it might be helpful to review that.

Mr. Bob Dechert: That was helpful, but on the dollar amount of what you're suggesting, is it 5% of \$48 million or 5% of a larger number?

Mr. Ken MacRae (Executive Director, Atlantic Provinces Community College Consortium): It would be 5% of national spending by the government on research.

Mr. Bob Dechert: What's the amount?

Mr. Ken MacRae: I'm afraid I don't have that with me.

Mr. Bob Dechert: Is it 5% of more than a billion dollars? Is that what we're talking about? I'm just trying to get a handle on how much you're asking for. I certainly agree with you that education is where we need to spend some resources.

I just came back from China last week as vice-chair of the Canada-China Legislative Association, and you're right that a lot of money is being spent on education there. They're developing very high-tech industries as a result of it. In order to keep our competitive edge, we need to do that. I think that's why our government invested \$2 billion this year in the knowledge infrastructure program. I hope that some of your community colleges were able to take advantage of some of that funding and that it was helpful. I appreciate your comments in that regard.

I also have a question for Ms. Smith-MacDonald about social housing. I agree that social housing is very important. As you know, our government has put \$2.1 billion into social housing this year. That's an unprecedented investment for the federal government. In my city of Mississauga, several co-op housing developments have received significant grants and funds to help with renovations and retrofits from a safety and security perspective—also energy retrofits. I hope that's been helpful in your area as well.

• (1205)

Ms. Louise Smith-MacDonald: Absolutely.

Mr. Bob Dechert: In addition to the \$2.1 billion that we've invested this year, what do you suggest we should be spending? Do you have a dollar figure?

Ms. Louise Smith-MacDonald: I'm sorry, I don't have a dollar figure for you.

Sometimes just the process of accessing what's available from the federal government costs non-profit organizations a lot of money, with the time that goes into making a proposal to try to access money and fit ourselves into the groove that's been set, as opposed to what the community needs. There are some changes needed, not only in the money but in the whole system of how communities access that money and what the best needs of their communities are.

Mr. Bob Dechert: But I assume you agree it's a good first step.

Ms. Louise Smith-MacDonald: Yes.

Mr. Bob Dechert: Thank you very much.

You also mentioned the costs for first-time house buyers, in particular closing costs. As you're aware, in the budget there's a tax credit for first-time home buyers that covers up to \$750 in closing costs. Is that helpful?

Ms. Louise Smith-MacDonald: I'm talking about a single woman who has to go to the bank to get a mortgage, balance that debt load, and what not. She is able to get the mortgage, but the closing costs are \$3,000. She can't get the closing money so she can't get the mortgage. In that case it's not helpful.

Mr. Bob Dechert: They're providing \$750, but you suggest they provide the whole amount.

Ms. Louise Smith-MacDonald: Yes.

Mr. Bob Dechert: Thank you.

The Chair: Thank you, Mr. Dechert.

I want to thank all of the witnesses for coming in, for your presentations and submissions, and for responding to our questions. We appreciate that very much. If you have anything further you'd like to submit, please do so through the clerk.

The meeting is adjourned.

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