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Chair

Mr. James Rajotte

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•(0905)

[English]

The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)): Order, please.

I declare the meeting under way. This is meeting number 63 of the Standing Committee on Finance.

This is our last day of open pre-budget consultations. We've had a long session. We've tried to hear from up to 400 witnesses, so it's been a long process, involving nine cities across Canada. But it's also been an interesting and productive set of hearings, both here in Ottawa and across the country. So we thank you for being here on our last day of open hearings.

We have two panels today: 9 to 10:30, and 10:30 till noon. We have the following organizations for the first panel: the Forest Products Association of Canada, the Canadian Petroleum Products Institute, the Brain Injury Association of Canada, the Natural Sciences and Engineering Research Council of Canada, the Social Sciences and Humanities Research Council of Canada, the Canadian Institutes of Health Research, the Canadian Land Trust Alliance, and the Association of Atlantic Universities.

Welcome to all of you.

We'll start with Mr. Lazar of the Forest Products Association.

Mr. Avrim Lazar (President and Chief Executive Officer, Forest Products Association of Canada): Thank you. Good morning, everybody.

It's an interesting time to have this committee hearing. We've gone through what has been the most difficult recession in two generations, and now we're sitting at the brink, asking ourselves whether we're coming out of it or facing another bubble. The response of government to our present situation will have a large influence on the answer to that question.

Over the last couple of years, throughout the industrialized world—in the U.S., Europe, Canada—we have seen massive intervention by governments in their economies, the most that has taken place in 30, 40 years. The strategic intelligence of those interventions may well dictate the outcomes for industry.

The two principal feedstocks of an economy are money and energy, and governments are now heavily involved in the supply of money and the supply of energy.

We've made a submission, but I want to take some time to put it in context.

We applaud the government for investing so much to restart the economy. But if the economy doesn't rebound, it's going to be clear that unless we get private sector investment, the whole thing is going to start to fizzle. The question now is not how the government can spend more billions of dollars in stimulus. The real question is how the government can create an incentive structure for private sector stimulus money, that is, private sector investment, to keep the recovery going.

In our submission, we have several ideas about this. They're not new ideas, but they're ideas whose time has clearly come: extending the accelerated write-off for capital investments so that we bring capital investments into Canadian industry; and offering refundable SR and ED credits so that people invest in innovation. These are measures that bring in private sector investment instead of depending on further government stimulus.

There is another thing governments could do as the economy moves perilously closer to the brink. Governments could identify regulations that are imposing unnecessary costs on industry. For example, the monopoly status of the railways imposes a hardship on many of our mills. Adjusting that status would make industry more viable and keep jobs in Canada, without costing the government a penny.

Next, if you look across the border, if you look to Europe, if you look to any industrialized economy, the question of energy policy is becoming a major determinant in competitiveness. Europe and the United States are investing massively, billions upon billions of dollars, in the development of clean energy, energy from biomass, renewable energy, and the reduction of dependence on fossil fuels.

With the world facing the threat of climate change, the countries that make this investment smartest and fastest will have a huge economic advantage in the future. We're hoping to see in the budget not just muscular spending for the transformation to green energy, but also a policy framework that would put Canada ahead of the curve in the move from fossil fuels to green energy. This is the way to be ready for tomorrow's economy.

Thank you.

The Chair: Thank you, Mr. Lazar.

We'll now go to Mr. Boag, please.

Mr. Peter Boag (President, Canadian Petroleum Products Institute): Good morning.

My name is Peter Boag, and I am president of the Canadian Petroleum Products Institute. With me this morning is my colleague, Tony Macerollo, our vice-president of policy and communications.

We certainly appreciate the opportunity to appear before you today and to highlight key elements of the written brief we submitted to the committee in August, and of course to answer any questions you may have.

CPPI members operate 16 refineries across Canada, supply some 13,000 retail fuel outlets, and provide nearly 85% of Canadians' petroleum product needs. They deliver highly reliable, high-quality transportation fuel choices to Canadians, with a responsible approach to their environmental footprint. They are proud of their contribution to helping make the Canadian economy competitive.

I don't intend to take you through the details of our members' production and performance figures this morning, but those are certainly included in our brief. What I would like to do is highlight two points: one, our position on subsidies as they pertain to alternative transportation fuels; and two, the risk that all of the efforts and investment—the massive stimulus investment that my colleague, Mr. Lazar, just referred to—could be undone. The impact of those could be undone by the unintended consequences of a poorly designed and fragmented execution of a climate change GHG emissions reduction policy.

On the issue of subsidies, while we recognize that facilitating the development and deployment of alternative fuels, renewable fuels, is a priority for the government, we are concerned about the degree to which a permanent subsidy support system may be emerging for these alternative transportation fuels. Our position on subsidies is clear: we as an organization and our members do not in principle support the use of ongoing subsidies, while acknowledging that there is a place for them, in particular with respect to levelling the playing field with competitors in the United States, for example, and that some situations may indeed require subsidies. And we accept that, as in other sectors of the economy, new plant construction is sometimes backed by one-time government subsidies and/or loan guarantees or other mechanisms.

In specific reference to renewable fuels, we believe that renewable fuel users should have fair access to domestic and foreign sources of renewable fuels, and that both imports and domestic sources from every province should be treated fairly in terms of subsidies. Renewable fuel imports can be a substantial source of supply, and fair treatment will help ensure a reliable supply and strong competition to the benefit of consumers. Subsidies distort markets and can create unlevel playing fields, with detrimental impacts to market dynamics that in the end can mean higher costs to businesses and consumers.

So for these reasons, CPPI urges the finance committee to reaffirm support for the sunset of subsidy programs that no longer meet the tests of effectiveness and efficiency in meeting government goals. We would also urge the committee to ensure that adequate resources are allocated to scientific research that will provide a greater level of assurance that the use of renewable fuels is, on a full life-cycle basis, indeed contributing to the achievement of Canada's GHG emissions reduction goals.

With respect to the risks of a poorly designed and fragmented execution of a climate change/GHG emissions reduction policy, Canadian industry competitiveness—the overall health of our economy—will be severely impacted by GHG emissions reduction cost burdens that are not borne by market participants in other jurisdictions. Petroleum refining, like much of Canada's economy, is an energy-intensive, trade-exposed sector, and as such is vulnerable to an asymmetric approach where our competitors don't face the same GHG emissions reduction cost burden. In addition to a strong north-south trade flow in petroleum products, product imports from Europe have a strong influence on the Canadian supply.

We need a sustainable approach to energy and climate change that reduces our carbon footprint while maintaining our economic strength and social well-being. Reduction targets must be in line with other jurisdictions with which we compete, be consistent with realistic and achievable compliance pathways, and be accompanied by a carbon pricing approach offering maximum flexibility and transparency, so that the overall GHG objective can be achieved at the lowest possible cost to society. Of course, inherent in this is national coherence within Canada. A fragmented approach will unnecessarily increase the costs of addressing what is a global problem, with negative consequences to our economy.

● (0910)

Indeed, only this past year the National Round Table on the Environment and the Economy issued a study that suggested that the cost to Canadian society could be reduced by as much as 50% under a unified approach.

Let's be clear: whether the carbon price is \$25 a tonne, \$50 a tonne, \$100 a tonne, or more, significant additional costs will be imposed on Canadians, Canadian businesses, and the economy in general. So CPPI members look to governments to place a high priority on avoiding costly duplication of efforts across jurisdictions.

Thank you. I look forward to your questions.

The Chair: Thank you.

We'll now hear from the Brain Injury Association of Canada, please.

Mr. Harry Zarins (Executive Director, Brain Injury Association of Canada): Thank you very much, Mr. Chair and committee members. We've submitted our brief, and I simply want to highlight some of the issues there.

Since I submitted the brief on August 14, many things have happened in the world of injury prevention and brain injuries. First of all, what we're asking is that the government invest in injury prevention in order to reduce health costs and to move onto other important things, such as research in brain injury, acquired brain injury, and the effects of brain injury to the economy.

Secondly, invest in specialized housing for brain injury survivors. That will reduce the stress on social services in housing and specialized housing for people who've acquired brain injuries.

Last but not least, we're also looking at investing in a data bank so that we have a clear picture of what the issues are with regard to acquired brain injury.

Over the last six to eight years, we've had a variety of reports, the Romanow report, *Ending Canada's Invisible Epidemic: A Strategy for Injury Prevention*, and the Leitch Report, which was commissioned by the government, recommending a national strategy to reduce the risk of injury among Canadian children.

On August 18, the cost of preventable injuries and the economic burden was tabbed at \$19.8 billion. If you look at the investment that we want to put into injury prevention, that would save a considerable amount of dollars.

In terms of injury prevention, we are also looking at a national sports helmet standard certification program and a national education program to support that. Certainly, there is no national standard against which a growing array of provincial regulations for sports helmets can be referenced. This gap in Canada's public health and safety regulatory framework is resulting in an increasing risk to Canadians, as people seek out more recreational leisure opportunities. For example, few Canadians are aware that bicycle helmets have a shelf life of five years. Many Canadians are wearing helmets that are no longer safe, due to age.

In 2005, provincial, territorial, and federal sports ministers set a target to raise the activity levels of Canadians by 10% by the year 2010. As well, the B.C. government set the target to increase physical activity by 20% by 2010. Meanwhile, associated health care costs for the treatment of preventable head injuries continue to increase. Canadian helmet standards are the solution to mitigate this unacceptable risk.

Certainly, the government must also fund a national data bank of brain injury. Presently, there is no national collection of brain injury statistics. As an example, the Lions Gate Hospital, which falls within the Whistler-Blackcomb ski resort catchment, does not record brain injuries.

Data and information management are fundamental to fully understand the scope of brain injuries. Of equal importance is coordination among hospitals and national data collection agencies and large research projects associated with brain injuries and child and youth health.

The government must also look at funding and developing a national strategy for brain injury survivors. A brain injury is a long journey from which one will not fully recover. The scope of this strategy will start with the development of a plan for the housing of brain injury survivors. Presently, children and young adults who suffer brain injuries are usually cared for by parents, often with little or no support. What happens to these children and young adults when those parents grow old or pass away? What follow-up will there be?

As our population ages, this will become more of a challenge, and it may be the beginning, if it isn't already, of another silent epidemic.

Employment, homelessness, crime—and many more topics—and acquired brain injury survivors could fall into this national strategy.

Last but not least, the government must take a leadership role through Heritage Canada and Sport Canada to develop a national concussion management program that will educate parents, athletes, coaches, sports leaders, and medical personnel about the short-term and long-term effects of repetitive concussions and how concussions can be prevented through certified equipment, rule changes, and enforcement. The investment now will certainly reduce the health care costs in the future and make Canada a more healthy place.

Basically, among 29 OECD nations, Canada ranks 22nd when it comes to preventable childhood injuries and deaths. Canada ranks 21st in child well-being, including mental health, and Canada ranks 27th in childhood obesity.

●(0915)

Overall, Canada ranks 12th out of 21 wealthy countries in the United Nations' rankings of child well-being. The future of these children and young adults is not bright unless we prepare for the future today, unless we as Canadians develop and implement a strategy to start dealing with those presently affected by acquired brain injury, providing them with the quality of life that is escaping them and that all Canadians deserve.

Thank you very much. I look forward to your questions.

The Chair: Thank you very much for your presentation.

We'll now go to Madame Fortier, with NSERC.

Dr. Suzanne Fortier (President, Natural Sciences and Engineering Research Council of Canada): Thank you.

Mr. Chair and members of the committee, thank you for giving me the opportunity to appear on behalf of NSERC, the Natural Sciences and Engineering Research Council of Canada. I am president of NSERC.

[Translation]

I am especially happy to be here with my colleagues from the Canadian Institutes of Health Research and the Social Sciences and Humanities Research Council of Canada.

●(0920)

[English]

The unprecedented crisis in the global financial system has given the world a strident wake-up call and a new understanding of the interdependence of our economies and future prosperity. Added to the need to improve Canada's record innovation, the crisis has called attention to the urgency of laying the groundwork for a research- and development-driven economic renewal.

As in many developed countries, Canada enjoys a complex, rich, and dynamic system of science and innovation. Our challenge is to fully exploit this system to give Canada a competitive advantage. First and foremost, this starts with an unfettered commitment to important principles. Striving for excellence, working as partners, making the tough choices and being accountable for them are the foundation on which we need to lay the groundwork for Canada's economic recovery.

Second, we all need to understand our place in this system, playing our distinct roles to the best of our abilities and interacting optimally with other parts of the system. Our joint appearance today illustrates our commitment to working as a system, and as the title of our brief indicates, to share in a common vision and a concerted plan to ensure that we can all reap the benefits of the investments that have been made and will continue to be made in S and T.

Finally, we need to turn this wake-up call into a call for action. Now is the time to up our game.

[*Translation*]

At NSERC, we have heard the call to action and are focusing our efforts on new initiatives that change the way we do things, with a view to being more effective in our unique roles and working in partnership with other key science and technology stakeholders.

The three parts of our brief are as follows. First, allowing people to fully realize their creative potential is paramount to an innovative society and a competitive economy. Two major studies recently confirmed that NSERC's discovery grants program is one of the most effective and productive tools in the world for promoting creativity. It is the envy of researchers the world over. Implementing the recommendations of those studies enhanced the program's competitiveness, making it more dynamic and raising the bar in research and development. By implementing these recommendations, we showed that Canadian researchers are also prepared to pick up the pace.

[*English*]

Since its inception 30 years ago, NSERC has had a strategy for bringing academic researchers and companies together. In today's highly competitive global marketplace, however, this strategy needs to be constantly renewed and kept alive.

Over the last months, NSERC has mobilized an advisory committee of leaders from industry, government, and academia and has held consultations across the country to help us develop a strategy for partnerships and innovation that responds to today's needs and positions NSERC to do its part to lay the groundwork for Canada's economic recovery.

The strategy, which will be launched in the very near future, aims to increase innovation by connecting industry to the world-class academic research network in a more flexible and agile way. We at NSERC are determined to extend the reach and impact of our programs so that a greater number and range of companies and researchers can benefit from them. We have had direct experience with the power and potential of such partnerships.

Let me share with you just one example.

I think I will have to skip the example, because I got the signal that my time is almost up. I'll get to the end, but we'll be happy to send you some examples in the very near future.

[*Translation*]

We also need to continue developing highly skilled people, in order to meet the demands of Canada's job market. By working with the world's top researchers and attracting the best and brightest of young Ph.D. graduates to Canada, we are giving Canada a competitive edge in the years ahead.

[*English*]

In all our work, NSERC is committed to act as a good steward and wisely use the resources entrusted to us to build a strong and broad base of research capacity and advance the priorities of Canadians.

Over the last decade, Canada has built an excellent and powerful research engine. Whether in sports or R and D, however, excellence alone is not sufficient to be and remain competitive. Agility in seizing strategic, exceptional opportunities is also needed. At NSERC and in our sister agencies, we are taking action to ensure that excellence and agility are a part of all we do so that we can fully contribute to laying the groundwork for a robust, renewed economy driven by R and D.

Merci beaucoup.

● (0925)

[*Translation*]

The Chair: Thank you.

[*English*]

We'll have Mr. Gaffield from SSHRC, please.

[*Translation*]

Dr. Chad Gaffield (President, Social Sciences and Humanities Research Council of Canada): Good morning.

Thank you very much for inviting us. I am delighted to be here.

[*English*]

shoulder to shoulder, as I like to say, with my colleagues from NSERC and CIHR.

Together our agencies have prepared a brief that emphasizes the value and impact of the research excellence we foster for Canadians. Together we are working closely with universities and partners from all sectors of society, sharing a common vision and working with a concerted plan to help Canada today and build a strong future for the new era of the 21st century.

Today we are pleased to propose ways that both leverage previous federal government investments in research and research training and increase our capacity to seize the new opportunities of the 21st century. We believe such investments are a key part of Canada's economic recovery, specifically at the Social Sciences and Humanities Research Council.

As we redesign how we fund research, we see great potential to increase Canada's research excellence in three significant ways: through enhanced operational research funding, coupled with strengthened funding for indirect costs; through support for partnerships that connect the campus and the larger community to focus on priorities for Canada; and through additional investment in post-doctoral fellows to attract and retain top talent at a time of limited hiring of new professors as universities face serious financial challenges.

[*Translation*]

The recent financial crisis made it very clear to Canada that it could not rely on the same assumptions that had allowed it to excel in certain areas and succeed in others in the past. In fact, the 21st century brings with it a whole new set of complications. What influence do the new geopolitical forces have on our economy, our communities and our place in the world? How can we adapt to climate change? How can we remain commercially competitive on the world stage?

[*English*]

Succeeding in a complex global environment and economy and improving productivity cannot be done through technology alone. The most striking conclusion of recent studies on innovation is that increases in productivity now stem largely from improvements to business strategies, social policies, regulatory frameworks, and the strategic use of information and communications technology in an evolving digital economy.

Since the 1980s, the dominant model of innovation has evolved from the assumption of a linear transfer from campus to business of technologies and products to a multidimensional model that includes researchers, entrepreneurs, community organizations, and many others, especially the consumers and users of both goods and services.

Juste pour reprendre un petit peu, the new 21st century model of innovation places people at centre stage and thus emphasizes the key contributions of research and research training in the social sciences and humanities. A recent study based on Statistics Canada data states that SSHRC research influences close to \$390 billion of economic activity and accounts for 76% of total employment and 69% of Canada's economic output.

In this new context, students, scholars, and research partners in the social sciences and humanities play an increasingly important role in building Canada's competitive advantage. Our research contributions address the most pressing economic, cultural, and social issues in the headlines today, as well as those that may appear tomorrow. Our focus on advancing knowledge and understanding about people, their ideas, and behaviour helps us understand and give meaning and value to technologies and discoveries in the natural and health sciences. Not surprisingly, students in the social sciences and humanities now represent more than 60% of all university students in Canada.

Take, for example, Open Text, a Canadian IT company recently ranked by *Fortune* magazine as one of the world's fastest growing companies. Its IT chief strategy officer, Tom Jenkins, estimates that graduates in the social sciences and humanities represent two-thirds

of the labour force at Open Text. Why? Because such companies must focus on global engagement in a customer-driven marketplace to be successful. They recruit graduates from the social sciences and humanities for their creativity, global knowledge, and ability to manage and drive change. Such companies rely on our research in design, marketing, and other fields that complement their efforts in technological development.

In other words, Mr. Chairman, the social sciences and humanities are helping to build a strong culture of collaboration and a robust culture of innovation among the funding agencies, across the research community, and across the private, public, and not-for-profit sectors domestically and internationally to bolster economic recovery and promote a prosperous future for Canada in the 21st-century world.

● (0930)

[*Translation*]

In closing, I would like to thank you, Mr. Chair, as well as the committee members, for your efforts to address the needs of Canadians. I also want to say that you have the support of the federal research-funding agencies as you endeavour to restore economic growth and ensure Canada's prosperous place in the world.

[*English*]

The Chair: *Merci beaucoup.*

Suivant we will have CIHR. Ms. Fitzgerald, please.

[*Translation*]

Mrs. Christine Fitzgerald (Executive Vice-President, Canadian Institutes of Health Research): Thank you, Mr. Chair, and honourable members of the committee.

[*English*]

My name is Christine Fitzgerald, and I'm the executive vice-president of the Canadian Institutes of Health Research. You just heard from Mr. Zarins from the Brain Injury Association, and just using an example right off the bat, it was CIHR that funded research that resulted in changes in regulation for hockey helmets in the province of Ontario.

It's a privilege for me to join my colleagues from NSERC and SSHRC to speak about the importance of investing in research. I'm here today to provide the view from health research. I will address three questions. Let me start with the first question.

Why does health research matter for Canada? Canada's future success depends on the health and well-being of its citizens. Canadians care about their health and that of their children, families, and communities. Everybody in this room today probably knows someone who has to deal every day with the devastation of living with cancer, diabetes, Alzheimer's, depression, and cardiovascular disease. Canadians also understand the value of health research and how it contributes to the future quality and sustainability of our health care system.

[Translation]

The Canadian Institutes of Health Research receive the lion's share of public funding destined for health research and training in the country. Our annual budget is \$986 million, in other words, \$27 for every Canadian. CIHR uses that money to support more than 13,000 established researchers and trainees.

[English]

Of every dollar we spend, 94% goes directly to health research conducted in cities like Saskatoon, Edmonton, Calgary, Montreal, Toronto, and Hamilton. This research benefits not only our health and health care system, but also contributes to the future economic prosperity of our country. The equation is simple: knowledge drives innovation; innovation drives productivity; productivity drives economic growth.

Since 2000, CIHR has leveraged close to \$800 million in additional funding and has contributed to over 150 spinoff companies. Spinoff companies and leveraged funding are not the full measure of success. Studies have consistently shown a significant economic return on investment from health research, with the most recent study by RAND Europe showing a return of close to 40%.

And to those who think we aren't investing enough or too much, I quote a famous philanthropist who once said: "If you think research is expensive, try disease."

My second question is, why must we build on our strengths? Health research is one of the four top clusters of internationally competitive science and technology strengths for Canada, as confirmed by the Council of Canadian Academies. The others are the natural resource sector, information and communications technologies, and environmental sciences. Within health research, the council recognizes Canada's exceptional strengths in neurosciences, regenerative medicine, aging, cancer, and clinical research. For example, 70% of the world's top cancer stem cell researchers are in Canada and California. That's why we entered into a collaborative research agreement with California in 2008.

Dr. Alain Beaudet, CIHR's president, is in India this week meeting with six of the world's foremost health research funders, who have formed a landmark alliance against chronic diseases like heart disease and strokes, cancer, and type 2 diabetes. Unless we step up our efforts, 388 million people worldwide will die of one of these diseases within the next decade.

Let me end with my last question. Why is doing well just not good enough? It's not easy to get a CIHR grant; it's very competitive. Only one in five health researchers is successful. Yet while the domestic competition becomes stiffer for Canadians, the global competition for talent is intensifying. Countries such as Sweden, the U.S., Australia, and the U.K. have stepped up their investments in health research. Why? It's simple. Because the social and economic benefits are significant.

In recent budgets, the Government of Canada has invested in research infrastructure in universities, colleges, and teaching hospitals. The government has also invested in highly qualified personnel through programs like the CRC and the Vanier scholarships. Over the last decade, the proportion of federal funding for

people in infrastructure has increased, but the proportion for operational costs is actually going down. CIHR, NSERC, and SSHRC fund the operational costs of doing research.

• (0935)

The Chair: Ms. Fitzgerald, could you wrap up briefly, please?

Mrs. Christine Fitzgerald: Mr. Chair, last week Canada hosted 60 former Gairdner prize winners in health research from around the world, 22 of whom went on to win Nobel prizes. These giants of health research met with hundreds of high school students across the country. It was the largest gathering of international health research talent in Canadian history. Four of these Nobel laureates came to Ottawa and were recognized in the House, which you may remember. We asked these giants for advice on what Canada needed to do over the next five years to bring home a Nobel Prize.

The Chair: Ms. Fitzgerald, we're way over time here. Could you wrap up very briefly?

Mrs. Christine Fitzgerald: Their advice was simple: don't stop, keep going.

Some hon. members: Oh, oh!

Mrs. Christine Fitzgerald: Canada needs to continue building on expanding its clusters of research excellence.

Now I reach my very last sentence!

Canada needs to increase its recruitment and training of the best talent and to support it at levels that are internationally competitive.

Thank you.

The Chair: Thank you very much.

We'll now go to the Canadian Land Trust Alliance, please.

Mr. Dave Walker (Executive Director, Canadian Land Trust Alliance): My name is Dave Walker. I'm the executive director of the Canadian Land Trust Alliance.

First I'd like to thank the members of the committee for this opportunity to present.

The Canadian Land Trust Alliance represents 47 land trusts across Canada. These are charitable organizations that can be found in every community across Canada. Their main objective is to acquire property by donation or purchase. Most of these lands are ecological lands. We also have land trusts like the Bruce Trail working to acquire recreational trails. We also have farm land trusts, and we have built heritage land trusts.

Together we have 305,000 members and supporters. We have 26,000 volunteers working for us who are supported by over 800 staff among our members. Collectively, we have preserved over 3.6 million acres of land for the benefit of Canada and its residents.

One of the major programs we work under is the ecological gifts program, a program set up and administered by Environment Canada. The purpose of this program is to enable citizens and private landowners in Canada to donate their properties to help Canada achieve its goals in biodiversity and species-at-risk habitat.

Currently the program allows our donors to carry their tax credits forward for five years. We're finding that many of our donors are rural landowners who don't have the income to use their total tax credit in the five years. So we would respectfully ask the government to consider extending this to 10 years. There will be no additional cost to the government from this. As a matter of fact, there could be a cost saving because in the current situation we have landowners dividing up their land donations or land parcels and donating them every six years so they can re-trigger their tax credits.

I would like to add that in the U.S. right now they are about to make permanent their conservation tax law, which will extend the tax credit to 15 years. They have the majority of members of both the Senate and the House co-sponsoring that bill.

The second item that would be of great help concerns a group of land trusts in Canada that is working with U.S. supporters of land trusts and has formed the American Friends of Canadian Land Trusts. While we are currently able to accept donations of cash from American residents in support of the Canadian land trusts movement, many of our key ecological properties across Canada are owned by U.S. residents. They have owned these lands for several generations. A number of them have agreed to donate the properties, but we need to have the American Friends of Canadian Land Trusts added to section 3504 of the income tax regulations, thereby giving them prescribed donee status. That would allow these landowners to elect to have their land valued at closer to their cost base, which would eliminate the money owing on the capital gains tax. Right now, Canadian residents, through the ecological gifts program, do not pay capital gains on their donations of ecological lands. Unfortunately, our U.S. friends do pay that tax when they want to donate their land back to Canada. So that change would be a help.

Third, we do support Imagine Canada's recommendation to eliminate the disbursement quota governing charities under the Income Tax Act. We agree with Imagine Canada's reason and have one additional reason. When land trusts take these lands, they are promising their community and the ecological gifts program that they will manage these lands in perpetuity. We have to build what we call stewardship funds so that we have the money to manage these lands in perpetuity, but with the disbursement quota in place, that is sometimes hard to do.

Thank you for your time.

• (0940)

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

Our final presenter is Mr. Halpin.

Mr. Peter Halpin (Executive Director, Association of Atlantic Universities): Good morning, Mr. Chair and committee members.

My name is Peter Halpin. I'm the executive director of the Association of Atlantic Universities, based in Halifax, Nova Scotia.

The AAU is an advocacy organization that represents the interests of universities across our region, thereby ensuring public visibility of the important role they play in preparing future leaders of our communities in path-breaking research and innovation, and contributing to the economic prosperity of life in Atlantic Canada.

The AAU's pre-budget submission to this committee is entitled "Solutions for Atlantic Canada's Future".

The AAU's vision for Atlantic Canada is closely aligned with the core principles of Advantage Canada, which state that:

We can and must do more to turn ideas into innovations that provide solutions to environmental, health and other important social challenges, and to improve our economic competitiveness.

Since 1997, successive governments have made substantial investment in Atlantic Canada. Perhaps most significant has been the Atlantic Innovation Fund, the AIF. Launched in 2001, the AIF is highly complementary to the core principles of Advantage Canada: investing for sustainable growth; and strategically supporting the three pillars of the national science and technology strategy—the entrepreneurial, knowledge, and people advantages.

Much has been achieved in Atlantic Canada since the creation of the AIF. It provides a very strong foundation that can be built upon to further improve Atlantic Canada's productivity and prosperity.

The AAU recommends that the federal government invest \$350 million over five years in support of a university-led initiative called "Solutions for Atlantic Canada's Future". That proposed program is designed to successfully advance the core principles of Advantage Canada in Atlantic Canada. It will further improve regional partnerships, productivity, and prosperity.

The AAU's recommendation is comprised of six integrated program components that will ultimately advance Advantage Canada.

Our universities have responsibility to improve our region and the lives of the people who live there. That is precisely why our universities are embarking on this bold new strategy to create a brighter, more prosperous future for Atlantic Canada. Our approach is driven by the strength of ideas found in our universities and our ability to transform those ideas into economic and social value, which will determine Atlantic Canada's future prosperity. Our initiative, "Solutions for Atlantic Canada's Future", aligns with the goals and priorities of the region's governments, business sectors, and communities. Our universities and their partners will play a powerful role in creating an innovative, successful economy and improved quality of life.

Times does not allow me to review all aspects of “Solutions for Atlantic Canada's Future”; however, I would like to draw your attention to the important role our universities play in Atlantic Canada as talent magnets.

By attracting thousands of new students, academics, and research scholars to the region, our universities play a vital role in Atlantic Canada's population strategy. This academic year, our universities have enrolled over 7,000 international students from over 165 countries worldwide. That is an astonishing 16.5% increase over the previous year. We also know that more than 30% of those international students will apply for permanent resident status in Canada, either during their studies or immediately following graduation. That is why many in our region agree that our universities are probably the single most effective immigration policy instrument for the region.

All of the details of our proposal are in the submission, and I hope you may have the opportunity to review them.

• (0945)

We are working right now on developing a process management and performance measures model for each of those proposed programs, and we would like to share that with the committee in the near future.

Again, thank you for providing me with the opportunity to present our submission to you this morning. I look forward to any questions you may have.

Thank you.

The Chair: Thank you very much, Mr. Halpin. We appreciate your presentation.

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

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

And thank you, witnesses, for the very good presentations by each and every one of you. I'm not going to get to each and every one of you, so I will try to narrow it to three people.

We always have a good presentation by you, Mr. Lazar. You've been many times to this committee and you are always thoughtful and provocative.

I take your overall point that government stimulus is in some respects propping up the Canadian economy at this particular point, although the Parliamentary Budget Officer is trying to figure out exactly what it's doing. That can only run on for so long and then it has to be private stimulus, if you will; the market has to take over.

I buy that basic point. Once that point occurs, which I would say has to be already occurring, we have to get to the game now. In other words, as Wayne Gretzky famously said, it's not where the puck is, it's where the puck is going to be, which I think is the point of your presentation.

Your first point is that the Bank of Canada take action to mitigate the volatility and rise of the Canadian dollar. The Bank of Canada

has precious little money to play with. How do you propose doing that?

Mr. Avrim Lazar: What we've been saying to Mr. Carney is, use what you've got. In the past the attitude and the policy framework have been extremely conservative. The banks should think only about controlling inflation.

We certainly support the concept that the two dollars should be allowed to float to reflect the relative performance of the two economies. That being said, there's a range within which that would happen, and we're well outside of that range when speculation drives up the dollar. So we haven't—

• (0950)

Hon. John McKay: What could Mr. Carney actually do about speculation? He has \$50 billion to play with and that's about it, which is chicken feed in the greater scheme of things. He's a brilliant talker and he can talk it down a bit, but he—

Mr. Avrim Lazar: Well, so far he's done a really good job of that—

Hon. John McKay: I agree.

Mr. Avrim Lazar: —by showing determination, and that's his job.

What we are trying to do is provide clear public support for his stepping in and doing his job in a more muscular way than we've ever seen before. He has talked about quantitative easing. I'm not going to try to second guess the bank as to when to act and how to act. As a client, as an industry that's affected by the bank's actions, as an industry where there are a quarter of a million jobs at stake, and when the dollar goes up by one penny and \$500 million goes out of the pockets of Canadians in terms of earning and people lose their jobs, I'm saying, “Go, Mark Carney, go. Use every instrument you have to keep the dollar at the low end of the responsible range, because we are an exporting nation.”

Hon. John McKay: Okay. Thank you for that.

In the second point within your presentation you mention a variety of accelerated ACCAs, and things like that, keeping the SR and ED things going.

For every year I've been here, the forest industry has come in and said, “We need this, we need that”, etc., and every year the forest industry, as a percentage of the GDP but also as an industry itself, continues to shrink. The question I have for you is this. If in fact the forest industry is almost inevitably going to shrink, aren't we playing at the edges with these kinds of proposals?

Mr. Avrim Lazar: First of all, to talk about your premise, parts of the forestry industry will not only shrink, but disappear. The world changes.

Parts of the forestry industry will be with us for a very long time if we play our cards right. Demand for lumber is going to come back in North America, and we are well positioned to respond to it. Demand for pulp globally is growing. Our competitiveness is increasing. So the market is out there. Many of our competitors are in bigger trouble than we are. Russia, Brazil, and Europe are having more trouble than we are with this recession.

The real question is, how much of it can we keep and what do we have to do? What we have to do is create world-class business conditions so that our companies and the workers in those companies will have a maximum chance. So rather than coming and saying, “You have to save us”, what we’re saying is, “You have to tax us less and bring investment in”, and then we’ll save ourselves.

Hon. John McKay: Okay. Thank you very much. I apologize for running out of time.

My next question is to the Canadian Petroleum Products folks. It is good to see Mr. Macerollo back on the Hill.

I am looking at your point on renewables, and you’re saying cancel all their subsidies, level the playing field, and we’ll be in really great shape. Am I misinterpreting what you’re saying?

Mr. Peter Boag: Mr. McKay, I don’t think we were saying cancel the subsidies; I think we indicated there’s a proper role for subsidies. Our concern is that a subsidy program now may become a permanent program. Our recommendation to the committee is to continue to exercise the due diligence to ensure that subsidy programs pass an ongoing and continuing test of effectiveness and efficiency.

Hon. John McKay: The corollary of the point, though, particularly for the petroleum industry, is that your subsidies, such as the accelerated capital cost allowances for the oil sands, would presumably also be reviewed. Would you adhere to that view?

Mr. Peter Boag: I think that all subsidies need to bear that kind of scrutiny. I’m not an expert on that.

I’m not here representing the upstream oil and the oil sands. Our interests reflect directly on the interests of the refineries and the downstream component of the sector.

Tony, I think you had a further comment.

Mr. Tony Macerollo (Vice-President, Policy and Communications, Canadian Petroleum Products Institute): Mr. McKay, I would like to make two points. First, the refining sector is the manufacturing sector; it’s not the natural resource extraction sector. I’m not sure I could identify a subsidy program for you other than what would otherwise be available to the manufacturing sector writ large.

The second point I would make, though, is that support for renewable fuels in many parts of the world is not a support for a climate change program. It’s an agricultural support program. We have to be clear about what our policy intent is here. Is this to provide subsidies to the agricultural sector, or is it to provide alternative fuels that will ultimately contribute to Canada’s climate change contribution?

• (0955)

The Chair: Thank you, Mr. McKay.

Monsieur Laforest, s’il vous plaît.

[Translation]

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

I want to welcome you to the committee and thank you for being here.

My question is for Mr. Lazar. You provided recommendations for the forest industry, in general, for the future. You talked about one of the worst crises that we have just gone through. We can talk about the current financial crisis, which we have been going through for a year now and which is very serious, but the forest industry has been going through a crisis for several years, three or four, at least. Guy Chevette, the president and chief executive officer of the Québec Forest Industry Council has been making requests for two years now, and the Bloc Québécois has called upon the federal government to give the same level of support to the forest industry as it did the auto industry, namely through loan guarantees.

Do you think that if the federal government had done what was being asked, if it had paid as much attention to the forest industry, we would not be having as hard of a time today?

Mr. Avrim Lazar: That is a very good question. We cannot lay all the blame for the crisis at the feet of the Quebec government or the federal government. It is a market crisis, a productivity crisis, but we have to acknowledge that governments have a role in this, and we need to ask whether the government is doing enough for the forest industry.

We were very clear in the past: access to credit is crucial, because without it, we cannot survive. We are fairly satisfied with what the government has done, even though the guaranteed loans are a bit challenging given the lumber dispute with the U.S. The threat is real. If we take it a step further, we need to ask ourselves what we can do to ensure the industry’s survival. We can look at the past

[English]

what could have happened, and the bottom line is if we want to think not about what happened but about what’s going to happen, then we have to think about transformation

[Translation]

to make us more effective, profitable and productive, and to improve our environmental performance. That is why we are pushing the government right now; we are putting pressure on the government to help us transition to bioenergy, green products, forest products. We have just completed a study that shows that bioenergy in the forest sector holds great potential for our industry.

Mr. Jean-Yves Laforest: Earlier, in response to Mr. MacKay’s question, you also said that the global demand for pulp and paper was on the rise—and that is, of course, good news—and I fully agree with you about increasing funding for research and development. The way I see it, that would achieve the best results for the future.

Thank you, Mr. Lazar.

I have a question for Mr. Zarins.

You talked about a national education program on the safety, use and even certification of sport helmets. You mentioned a ski hill in British Columbia, near Whistler, where they do not keep track of the number of brain injuries. I would imagine that the reason is there are too many. They are not able to keep track of them all.

What I am getting at here is that it is all well and good to regulate protective gear when people are playing sports. But, it is more a matter of regulating the rules of the particular sport. For example, it is, of course, very impressive when you watch Olympic athletes do ski runs and slalom courses, but not every young person or adult who plays a sport has the physiological, physical or neuromotor skills to do what highly competitive athletes can.

To my mind, that is often one of the causes of accidents. A lot of young people think they can do what these athletes can, and, very often, there is no supervision at ski resorts. What's worse, they are allowed to go down runs that should be totally off limits to many young people and even many athletes, in general.

The same applies to hockey, in terms of supervision. Last week, in Ontario, a young boy in the junior league was hit. We can be in favour of better protection for individuals, but I think we also need to work hard on changing the regulations surrounding sports.

Is that part of your planned strategy?

• (1000)

[English]

Mr. Harry Zarins: Thank you for the question.

Oui, it is part of our strategy.

[Translation]

Having regulations is very important. An education program is equally important. The instructor is the leader of the sport team, and good leadership is essential.

[English]

It's important for a leadership role to show and to be the stewards of the sport. And I think it's important that we talk about regulations but that we also talk about leadership and showing the right way to do things.

[Translation]

It is essential that the instructor show good leadership.

[English]

It is important for all instructors to show the way and to reduce the number of injuries and to recognize what those injuries are.

[Translation]

The Chair: Thank you, Mr. Laforest. Your time is up, unfortunately.

[English]

Mr. Menzies, please.

Mr. Ted Menzies (Macleod, CPC): Thank you, Mr. Chair, and thank you to our witnesses again today. As usual, all of us have far too many questions for the amount of time we're allocated. We do appreciate your presentations and do go over them at length.

I'll try to be very focused. Mr. Lazar, something that I've heard you refer to before and I think a lot of people overlook is the fact that many of the corporations you represent are in effect captive shippers. That's the term we use. You spoke just very briefly about railway

monopolies. This is the finance committee, but can you just elaborate very quickly on that—and a solution, by the way.

Mr. Avrim Lazar: And a solution? Yes.

You guys, like the rest of the country, don't like deficits, so there have to be ways of helping stimulate the economy that don't require taxpayers' money. One of them is to look at costs that are imposed by outdated or inefficient regulations.

Eighty per cent of Canada's forest industry mills, and we are the largest user of the railways, are captive to a single line. This, because of monopoly behaviour, imposes costs that we can no longer afford. If we could re-regulate the railways in a way that would create competition, we think there are solutions, and we've been quietly talking with the transport department about those solutions. There are some very elegant solutions for that. We actually could save an enormous amount of money, save Canadian jobs, save the rural economy, without asking the taxpayer to pay for it simply by putting simple competition into our transportation system.

This is not a complaint against the railways. It's a complaint against our regulatory structure that gives them a monopoly position. Everyone serves the client better when the client has a choice. It's the nature of humanity.

• (1005)

Mr. Ted Menzies: Well spoken. Thank you.

I have a question for Mr. Boag of the Petroleum Products Institute. I believe we're still facing concerns. Correct me if I'm wrong. There hasn't been a new refinery built in this country in some time, or is there one in the works that I'm not familiar with?

Is that not a potential...? We've seen it repeated: there was a fire at Petro Canada and all of a sudden service stations in my riding, for example, had no fuel. We can talk about doing things right, but if people don't have fuel to operate... We had people stranded because of fuel—and this wasn't a perceived shortage; these were literal shortages.

How are your people addressing that?

Mr. Peter Boag: To respond to your first comment, you're quite right, there's been no new greenfield refinery investment in Canada for some time. In fact, over the last 15 or 20 years, we've seen a significant consolidation in the number of refineries in Canada.

You're no doubt aware that there have been a number of proposals on the table over the last couple of years for potential new refineries. Unfortunately, the current economy, as one major factor, has caused some reconsideration of that, and those investment decisions have either been made not to invest or at least to defer any decision on that kind of investment.

That's not to say that refiners have not been making investments in increasing capacity and addressing in particular environmental issues. In fact, the investment over the past 10 years by refineries has been in excess of \$10 billion.

Yes, there have been some short-term local situations with respect to unforecast outages at refiners, but I can tell you that refiners don't like that any more than customers do, so they're continuing to work at continuing to strengthen refinery reliability.

That said, if you look on a North American basis—and this is a North American market for refined petroleum products—the investment climate for expansion is not particularly pleasant. Demand is certainly well down from its peak in 2008, more so in the U.S. than in Canada, but still it is a North American market, and there's a lot of talk now about, on a North American basis, the significant overcapacity on a long-term basis, not on a short-term basis, and the need for further consolidation on a North American basis.

The investment environment clearly will determine where investments will be made and what investments will be made, but certainly refineries have been doing that.

Mr. Ted Menzies: Thank you. We're glad that you're aware of the concerns that we're hearing in our constituency offices.

Mr. Peter Boag: Absolutely.

Mr. Ted Menzies: To Mr. Walker, I have a quick question.

You suggested that extending the carry-forward provision of ecological gifts to 10 years comes without a cost. I'd like an explanation of how that works. It's dollars not coming into the government, and you've got to realize the situation we're facing now. We're facing a large deficit and we need to explain to our constituents that we have a plan to pay it off. I'm having trouble getting this to balance.

Mr. Dave Walker: The dollar value you referred to that's not coming in to the government is actually tax credits that the donors would be entitled to if they could use them, so it's a little bit unfair to give them the tax credit but because they can't use it to say that it's not income coming into the government.

What's happening is the donors are dividing their donations into two or three, and it's costing money for charities to administer, plus for governments and the ecological gift program to administer—two or three donations—when if we had the carry-forward for 10 years it could all be done under one donation.

Quite honestly, all we're asking is that donors get an opportunity to use the total tax credit that they're entitled to under the legislation as it's set up.

Mr. Ted Menzies: Very quickly, I would have a little trouble explaining to my constituents why we would be giving a tax benefit to American citizens.

Mr. Dave Walker: The only tax benefit you're giving to Americans is that you're levelling the playing field between the Americans and the Canadians, and the Americans would not have to pay capital gains, as Canadians don't now on ecological gifts. You have to remember this property would be coming back into Canada, at no cost other than this capital gains tax, because the tax credit on the value of the property will actually be looked after in the U.S. system.

It will be the U.S. government that will actually be subsidizing—if you call tax credits subsidizing—to have this land brought back into Canada under Canadian ownership and preserved.

• (1010)

Mr. Ted Menzies: Thank you.

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

[*Translation*]

Hon. John McCallum (Markham—Unionville, Lib.): I want to thank each and every one of you for being here this morning.

[*English*]

As one who has spent twice as many years in academia as in politics, I'd like to focus first on our academic guests.

I certainly have long believed that funding of research and innovation is crucial, not only for its own sake but for economic reasons, particularly in our current circumstances, when many of the jobs are not going to come back and we have to create the new jobs for tomorrow.

I might say in passing that I think this is in contrast with the government's attitude, which is actually to cut funding for granting councils. I think that is a somewhat Neanderthal attitude.

First I would like to ask a question to Madam Fortier.

[*Translation*]

Ms. Fortier, you stressed the importance of agility, not just excellence, but also agility.

[*English*]

I wonder if you could expand on how your agency or research in general in Canada can be more agile. I think that in Canada, being much smaller than the U.S., we have certain disadvantages, but maybe we could capitalize on our smallness by being more agile.

Could you expand on that a little bit?

Dr. Suzanne Fortier: Yes. Thank you very much for the question. I'll start with the context.

We are truly in a global race in science and innovation, and being able to seize exceptional opportunities just in time is enormously important.

I'll mention two things that we've done to increase our agility, to give you an example. In our discovery grants program, which is our program to support basic research, we've introduced a component that is called accelerators. So when people make or are on the verge of making a breakthrough in their research, something that will truly transform their areas, their fields, we can put money in their hands right then so that they can really move faster to make a bigger impact for our country with these discoveries.

The other thing is that in our partnerships with industry, it's enormously important that we increase our agility. We had very extensive consultation when we launched our initiative in the car industry with our colleagues from SSHRC/CRSH, CFI and RC. The industry told us, "We need to come to you when we are ready, when we need you, not on schedules that are imposed by you."

At NSERC, at the moment, we have several avenues for just-in-time responding to industry, in particular our industrial research chairs. No schedule is imposed by NSERC; people come when they're ready.

Our collaborative research and development grants work like that as well.

Hon. John McCallum: Thank you.

If I have time, I'll ask Mr. Gaffield if SSHRC is also agile.

First I'd like to turn to Mr. Halpin. I might agree with your proposal, but I do have one question. Right now we fund research according to whether it's science or social science or health. We do it by discipline across the country. What you're asking is to do it geographically, a special research fund of \$350 million, I think, for Atlantic Canada, as opposed to Atlantic Canada getting its research funding by the various disciplines.

My question is, why would we want to do it geographically? Is there a problem for Atlantic Canada in getting enough money from the granting agencies?

Mr. Peter Halpin: No. On the contrary, I think our universities are very competitive when competing for funding from the national granting councils. However, I think it was your government that created the Atlantic Innovation Fund, if I'm not mistaken, which has been very successful in our region. What we're strongly suggesting is that that's been a great initiative that can be further built upon by a very specific university-led research-based investment in the region.

Hon. John McCallum: Thank you.

I think I have one minute, so I'll give the last word to Mr. Gaffield.

As a former dean of arts, I have particular sympathy for SSHRC, which in the current context perhaps has to justify itself more than the others. I would ask you to explain to the committee, in just a few words, the fundamental reasons you think the funding of social sciences and research—

• (1015)

The Chair: You've got about 30 seconds.

Hon. John McCallum: —is good for the economy.

Dr. Chad Gaffield: It's so interesting. All the questions discussed so far today—monetary policy, global engagement for trade, regulation of a sector's railroad, public policy for petroleum, behavioural change, wearing hockey helmets, *encadrement des jeunes*—are fields that we're actively studying and contributing to.

The Chair: Thank you, Mr. McCallum.

Monsieur Roy, s'il vous plaît.

[Translation]

Mr. Jean-Yves Roy (Haute-Gaspésie—La Mitis—Matane—Matapédia, BQ): Thank you, Mr. Chair.

I would like to come back to you, Mr. Gaffield. You said something I found a bit surprising. You said that companies preferred to hire people trained in the humanities because of their open-mindedness and knowledge—perhaps I should not put it that way.

Dr. Chad Gaffield: In a number of sectors, we have seen that once a product reaches the end of the development line, a relationship has to be established between that product's use and society, culture or an idea of some sort. That means developing a design that attracts customers and adopting uses that meet their needs. More and more with new technologies, it is the use of those technologies that counts. That is the reason BlackBerrys are able to be sold or some other software, for instance. In a world with such diverse societies, you have to understand how a product will be used in a given society.

The trick is to put the technology together with a good analysis of the society where that technology will be used.

Mr. Jean-Yves Roy: You answered my question.

We have repeatedly heard witnesses talk about the disconnect between knowledge at the basic research level and the application of that knowledge to achieve tangible results in business.

Your three agencies are very committed. I am very familiar with the Canadian Institutes of Health Research because I worked in the health sector for a long time.

Do you have programs designed to apply your research in a concrete manner, so that a company could use it to make and launch a product? That is true for universities, as well.

Dr. Suzanne Fortier: We work with 1,500 businesses that invest \$140 million annually in our programs. We have a wide range of partnerships in every industry. I will give you some examples.

We invested in a network supported by the Quebec dairy industry on bovine mastitis, which is a major challenge in producing good quality cheese. RIM is investing in research on large-scale transactions, which are now being done at the network level.

The oil sands industry, for instance, put together a consortium to support a number of research projects aimed at reducing its environmental impact. We also have partnerships with the auto industry and the environmental sector. Canada's industries are making intellectual and financial contributions.

The challenge facing us today is to do a better job of engaging small and medium-sized businesses because they have problems specific to them and do not have nearly as much time to establish partnerships. That is why we are launching a new strategy. This is going to be a major focus for us in the future.

• (1020)

Mr. Jean-Yves Roy: We had a problem in my riding. An SME wanted to launch a product and had to go to Iceland for the necessary research, because it could not be done here. That was just a comment.

Thank you.

[English]

The Chair: *Merci, monsieur Roy.*

We'll go to Mr. Kramp, please.

Mr. Daryl Kramp (Prince Edward—Hastings, CPC): Thank you, Chair, and welcome to all. I'll try to get through a number of questions as quickly as I can.

First, Mr. Walker, the area I represent is eastern Ontario, so I'm well familiar now with land banking. Our forestry industry, quite frankly, is a responsible steward of the land. Yet we find that there's immediate conflict between a number of your thoughts and theirs as far as actually using the land effectively to harvest product and your desire to prioritize that land for land banking. How can you reconcile those differences?

Mr. Dave Walker: First of all, it's not for land banking. We call what you're referring to "working landscapes", and whether they are agricultural or woodlot, they are an allowable use on much of the land the land trusts have. As I say, it's all done under managed forests. It's all done in an environmentally sensitive way. It is being done in eastern Ontario and in other areas as well.

Mr. Daryl Kramp: So they can cohabit. Thank you very kindly.

Mr. Halpin, certainly I applaud your work. You brought a costed strategic plan with a definite ask. It's great to have a presentation to this committee that's not just open-ended. It actually has a want and an ask that we can refer or not.

With regard to the scientific community presenters here, how would your ask tie into or complement or compete with funding requests from the various presenters?

Mr. Peter Halpin: I don't think it would compete at all. All our universities compete for funding from the national granting councils and have had great success doing so. That's based on the quality of their work and their competitiveness. What we're proposing is to build on something that already exists, which is the Atlantic Innovation Fund. That's a fund the federal government created and has funded for a number of years quite successfully. What we're talking about is taking that concept and building on it in perhaps a more specific way so that universities and university-led research initiatives would play a central role. But it's not all about universities. It's all about our ability to partner successfully with business to ensure that we are improving productivity and improving competitiveness in the region.

Mr. Daryl Kramp: Do you partner with ACOA?

Mr. Peter Halpin: Absolutely. ACOA is a very strong supporter of our universities in Atlantic Canada.

Mr. Daryl Kramp: Okay. Thank you.

Now I'll go to our scientific community presenters. Thank you so kindly. Obviously, you are the future of the country. As you said,

without innovation, really, we cannot compete. So we thank you very much.

I'm particularly pleased to see your third recommendation. We want to take a broad cross-section. It is certainly not accurate in totality, but in R and D we're decent. We're not at the bottom of the heap, we're not at the top, but we do very well. But in incubation, we are just not efficient. In commercialization, we're dreadful. By being able to build those strategic partnerships and tie in the entire process so that you are part of that overall solution I think is certainly going to bear fruit for you. I would ask that you be mindful to keep up that direction. I think it's a good point.

Going to my previous comment, your proposal is sort of open-ended. There's not an ask. I'm sort of listening here, flying in the wind and saying, okay, what do you need? We have a budget. This is a budget presentation. We have to make a recommendation to our finance department on behalf of the entire committee. Where are we going? What do you need? How can we help?

Dr. Chad Gaffield: Thank you.

As federal government agencies, I think our mission is to optimize the money we get and also to suggest the opportunity for increased contributions. I think our sense here today is to share with you our vision of what I like to call the 21st century paradigm of building smart communities, smart regions, and a smart country. It is also to indicate the potential for significantly increased contributions, particularly in this time of economic recovery and when we're looking toward a new place for Canada in the 21st-century world.

• (1025)

Mr. Daryl Kramp: But what's significant? Significant in your mind, in my mind, for the finance minister, or for John Q. General Public is different. Are we talking about \$3 billion or \$300,000?

The Chair: A very brief response, please.

Dr. Suzanne Fortier: I'll give a brief response. I think this has to be located on how much we want to up our game, if I can use those words. What I observe around the world is that those who want to up their game significantly because they're way behind—and we see that in countries like China, for example—have targets like doubling their budget in the next five years and so on.

There are others who feel they're in a very good position that they want to maintain. They may have targets of doubling in seven years. This is the way I think we need to look at that. It needs an assessment of where we are and where we want to be.

The Chair: Thank you. Thank you, Mr. Kramp.

We'll have Mr. Pacetti. We have a shortened round.

Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.): Thank you, Mr. Chair. Thank you to the witnesses. I'm going to try to get through it with a couple of quick questions.

Mr. Lazar, you spoke about there being a problem with private investment being held up. I'm just wondering, is that because there's little or low chance of a return on investment, or is it because there's no capital out there?

Mr. Avrim Lazar: It's both. If you look right now, there's very little capital out there, but as markets are returning, there is going to be global competition that is fiercer than we've seen in a generation. Everyone is going to compete fiercely for the little bit of money that's going to be invested, and the quality of the business conditions is going to be a major determinant.

One of the reasons why the accelerated capital depreciation would work now is because speed of return is going to be a bigger consideration than it was before the recession because everybody's hurting.

Mr. Massimo Pacetti: Who are you competing against for that private capital? Are you competing against other sectors, or are you competing against international competition?

Mr. Avrim Lazar: It's both. Obviously we're competing with other parts of the forest industry internationally, but also, money is pretty free. It could go anywhere.

Mr. Massimo Pacetti: Thank you.

Mr. Zarins, just quickly, I've been a member for quite a while and I know your association has asked for a national standard on helmets. I know that in Quebec they're obligating people to have helmets on ski hills. I'm a hockey coach and they have obligated us to have helmets. What has been the problem with having a national standard?

Mr. Harry Zarins: I'll get specific with the alpine and snowboard helmets. CSA has developed a standard, and the standard has not yet been put on the market in terms of saying the standards we want Canadians to purchase are standards we're developing in Canada. Those are the ski and snowboard helmets, and that has not been—

Mr. Massimo Pacetti: Is that at the Canadian level or the provincial level? Is that the national level?

Mr. Harry Zarins: That's the national level.

Mr. Massimo Pacetti: Who has to put that forward? Health Canada?

Mr. Harry Zarins: Health Canada, yes.

Mr. Massimo Pacetti: Thank you.

Quickly, Mr. Halpin, you were saying that the Atlantic universities have about 7,000 international students?

Mr. Peter Halpin: Yes. It is 7,338, to be exact.

Mr. Massimo Pacetti: In terms of percentage with the rest of Canada, would yours be higher than in other areas or regions?

Mr. Peter Halpin: I think our numbers are about average. International student enrollments increased right across the country in this current academic year.

Mr. Massimo Pacetti: How many of those would actually want to stay or be eligible to stay?

Mr. Peter Halpin: What we understand from the Canadian Bureau for International Education...this is a little more anecdotal than the Citizenship and Immigration Canada numbers, but we

understand that about 30% will apply for permanent resident status either during their studies or upon graduation.

Mr. Massimo Pacetti: Thank you.

In conclusion, Ms. Fitzgerald, you talked about leverage funding. How successful is CIHR in being able to get leverage funding, and what are we talking about? Is it dollar for dollar? For every dollar of funding that CIHR puts into a project, you'll get how much? Does it depend?

Mrs. Christine Fitzgerald: It depends on the project, and I mentioned today we—

Mr. Massimo Pacetti: So what would the range be? Would it be dollar matching? How low would you go?

Mrs. Christine Fitzgerald: It could be matching. It could be \$1 for \$2. It depends. We've leveraged \$800 million to date. Of that money, about a third is from health charities, NGOs, and so on. A third is from governments, like provincial governments. The other third is from the private sector.

• (1030)

Mr. Massimo Pacetti: Great. Thank you.

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

I want to thank all of you for being with us here this morning, for your presentations to the committee and your responses to our questions. We will certainly take all of your recommendations under consideration when we prepare our report.

We will ask the second panel to come forward. We will suspend for two minutes, bring the second panel forward, and begin as soon as possible. Thank you.

• _____ (Pause) _____

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• (1035)

The Chair: We have another series of organizations here for our second panel, the last panel of our pre-budget consultations.

First we have Own the Podium 2010, which is obviously very timely with the Olympics. We have the Pallium Foundation of Canada, the Physical Activity Policy Collective, the National Graduate Caucus, the Association of Canadian Airport Duty Free Operators, the Canadian Vintners Association, and the Canadian Restaurant and Foodservices Association. Each of you has five minutes for an opening presentation, and we'll start with Own the Podium, please.

I should say this is our third medal winner at the committee, so a special welcome to Alex Baumann.

Dr. Roger Jackson (Chief Executive Officer, Own the Podium 2010): You've got four, Mr. Chairman, because I'm an Olympic champion as well.

The Chair: Oh, I'm sorry.

Dr. Roger Jackson: But I'm well-decayed, as compared to my compatriot, Alex.

• (1040)

The Chair: What sport?

Dr. Roger Jackson: Alex was a swimmer. I was a rower in three Olympic games.

The Chair: Great. Congratulations.

Dr. Roger Jackson: Thank you.

Thank you very much, ladies and gentlemen, for inviting us to appear, and we will be brief. We have submitted quite a thorough document to you, which will contain the detail of our presentation.

I am the chief executive officer of Own the Podium. Alex is the chief technical officer. We have been the leaders of the program over the last four or five years to prepare our athletes, both for the Olympic Winter Games in Vancouver and the summer games in Beijing and London.

The Own the Podium program, as I think you know, is a very special initiative of the Government of Canada, the Vancouver Organizing Committee, the Olympic Committee and Paralympic Committee, and all the winter sports to try to upgrade the quality of our team performance at the Vancouver Games in 2010. It was determined that if we did not do that, the games would not be a success. They wouldn't capture the interest and the pride of all Canadians, and therefore we should do something about it.

So a consortium was formed with those partners I mentioned. We have had funding for five years, up to March 2010. Our dilemma is that following March 2010, 40% of our funding disappears as a result of the organizing committee ceasing operations and all their corporate and provincial government contracts ceasing at that time. So we're here today to express our interest and ask for your support to provide \$22 million a year of base funding for the winter sport program so that we might continue the great success we've had to date. The success is very clear. Yesterday in the Toronto *Globe and Mail* the front page said Canadian athletes will win the total number of medals at the Olympic Games, as expressed by international media.

It's true. We have come from 4th, 5th, and 6th position six years ago to number one position in the world. We had 17 Olympic medals two games ago. We will have somewhere around 29 to 32 or 33 Olympic medals, more than Germany, more than Russia, more than the United States. Other than bragging about that, because that has been the result of our national sport federations responding to the initiatives, the important thing for Alex and me has been the fact that we have begun to revolutionize how we deliver sport in this country, in partnerships with corporations, with provinces, with the federal government, and with the general public, and we do want to keep that momentum going.

Our team will be enormously successful. We have made great progress, but if we don't have continuing funding, what happened when we held the games in Montreal, what happened when we held the games in Calgary, will happen again. Our funding will stop and all our momentum and achievements will disappear, or at least a great majority of them. We will not be able to fund the 16 winter sports we're currently funding. We'll probably have to cut our program to about half that number. We won't be able to continue the science and innovation and technology programs that have given Canadian athletes the best skis, the best bobsleighs, the best suits, the best sports psychology, the best sports medicine support that you

would find in any country in the world. We will not be able to access a number of the expensive facilities we have to access for the winter sports to keep our programs going.

So we're here today to request your support. The Government of Canada has been the leading partner of this Own the Podium initiative. Obviously, we wish you to continue to assist us in this endeavour, and we will be very grateful for your support.

Thank you, Mr. Chairman.

The Chair: Thank you very much for your presentation.

We'll now go to Ms. Baxter, please.

Ms. Sharon Baxter (Executive Director of the Canadian Hospice Palliative Care Association, Pallium Foundation of Canada): Good morning. Thanks for allowing us to come and present to the finance committee today. We'd like to keep our presentation brief and draw your attention to the brief that we submitted. The written brief is submitted for further details.

The brief is a submission between the Pallium Foundation of Canada and the Canadian Society of Palliative Care Physicians, and it is supported by the Canadian Hospice Palliative Care Association, of which I'm the executive director.

I'm just going to speak for a minute or so and then turn it over to Dr. Pereira. We wanted to bring your attention to some startling facts.

Last year over 259,000 Canadians died. The Canadian Institute for Health Information for the first time tracked access to hospice palliative care programs in the four western provinces and estimated that, at best, only 35% of Canadians had access to these services.

There are some things we know.

We know that a 35% access to hospice palliative care will not support a healthy population, nor will it support the sustainability of existing health care delivery systems. We know that Canadians need to talk about end-of-life wishes, often referred to as advance care planning, but are not necessarily doing this. We know that the population of Canada is aging, and that by 2020 we'll have 33% more deaths in this country.

Family and friends are accepting greater responsibility in caring for the seriously ill and dying than ever before, under tremendous stress. This could easily become a burden that cripples Canadians' workforce productivity in the years to come.

Our existing delivery systems are stretched. They are not designed to support complex chronic care characterized by longer periods of decline and dying. We urgently need to support more practical solutions so that end-of-life care is integrated into acute care, long-term care, complex continuing care, residential hospice, and home and community networks.

The Quality End-of-Life Care Coalition of Canada, of which we're all members, believes it should be the right of every Canadian to die with dignity, free of pain, surrounded by a loved one, in a setting of their choice.

We really urgently need to better understand quality of life and economic factors when making decisions around settings of care and choices of care. We can do better in this country, and in doing so, we could support healthier communities, a more caring Canada, and a healthier, more competitive Canada.

José.

• (1045)

Dr. José Pereira (Founding Director, Pallium Foundation of Canada): Thank you very much. I'm Dr. José Pereira. I'm a palliative care physician and I'm head and professor of palliative care at the University of Ottawa and at the Bruyère Continuing Care facility here in Ottawa.

I would like to speak to the two recommendations in our submitted brief. The first one is that the Government of Canada extend its research investment in palliative and end-of-life care through at least a five-year palliative and end-of-life research innovations fund, in an amount of at least \$16 million.

Canada, through Canadian Institutes for Health Research, has just completed a five-year palliative research initiative. We learned a great deal, but we have much more to learn. Where, for example, are the gaps in services and how can we best address these gaps? Why are so many terminally ill people still dying in hospitals rather than at home or in hospices? Why can we reallocate health care resources to improve end-of-life care and reduce hospital costs in some parts of the country but not in others? How are we going to better provide end-of-life care as the population ages? How can we better alleviate the burden of suffering? How can we improve pain and symptom control? How can we take the excellent Canadian research done over the last eight years on dignity-conserving care to the bedside? What would be the impact on persons with disabilities, chronic illnesses, and the frail elderly?

The second recommendation asks for public engagement and engagement of health care professionals. Many doctors, nurses, and other professionals in practice today have not received adequate training in caring for dying persons. For eight years, starting in the west and now with local and national partners throughout Canada, the Pallium project has been building capacity at a primary health care level. Partners from universities, health care service, government, and not-for-profit agencies have extended their time and expertise to develop essential building blocks for quality end-of-life care.

However, we still have a long way to go. Local leaders throughout Canada have been telling us that their local communities can be compassionate communities, but they need more of the tools and resources to build their confidence and their local capacity.

Thank you.

The Chair: Thank you very much for your presentation.

We will now hear from the Physical Activity Policy Collective.

Ms. Andrea Grantham (Executive Director of Physical and Health Education Canada, Physical Activity Policy Collective): Thank you. It's great to be back on Parliament Hill.

I had the privilege a couple of years ago to speak to many of you on the issue of childhood obesity. We played a role in the Dr. Kellie

Leitch report, "Reaching for the Top". This report provides important recommendations for improving the health of Canadian children and youth.

For more than 16 years, I've worked with an organization called Physical and Health Education Canada, and I've been working hard at promoting and enabling every child in this country to benefit from quality physical and health education programs. In these times, it's hard to imagine anything more important.

I come here today as part of the physical activity policy collective, a group of organizations and leaders, such as the Canadian Fitness and Lifestyle Research Institute, the Canadian Parks and Recreation Association, and many others. These groups and the people who make them up are committed to ensuring that Canada is a country that values the health of its people, a country that offers all Canadians the opportunity to participate and lead healthy, active lives.

What I'll be speaking about today builds on the recent appearance by ParticipACTION, another organization involved with our group. You have our brief, so I won't read it to you. In simple terms, we're asking you to initiate a \$20 million investment to address Canada's physical and health inactivity epidemic.

Today, I'd like to highlight three important considerations to assist you and your officials in drafting your recommendations for the coming budget. Essentially, we're asking the committee to address the Government of Canada's financial role and contribution to promoting a physically active Canada.

The first consideration I'd like to bring to your attention is this: knowing what's the matter is not what's the matter. We have extensive research on the benefits of physical activity and the consequential harm from sedentary lifestyles. We hear this evidence regularly in the media, and the Active Healthy Kids Canada report card reminds us each year of the slow progress we're making in Canada.

The case for the importance of physical activity has been made, yet Canadian physical activity levels continue to decline. More than half of the Canadian population of adults is inactive. Fifty-seven per cent of Canadian children are not active enough for optimal health. In fact, 26% of Canadian children are either overweight or obese. We are one of the top five developed countries in obesity levels.

The second consideration I'd like to bring to your attention is investing in what we know has yet to happen. Considering this evidence that we've heard about, federal government investments in physical inactivity are critical. It just makes sense.

Studies show that increasing physical activity in Canada by just 10% would result in health care savings of about \$150 million. That's about \$6.15 per capita. Yet only a small fraction of that is invested in promoting physical activity in this country.

Current investment in physical activity initiatives sits at around 36¢ per capita, and this investment comes from a patchwork of funding that is declining every year. There was a time when Canada was a global leader. However, this is no longer the case. Currently, Canada is just resting on its reputation.

The good news is that a commitment has been made across all parties to spend the equivalent of 1% of federal health spending on physical activity in sport. This kind of all-party consensus, while rare, is entirely appropriate given what we know, but we have a long way to go before we can get there.

My final consideration is that returns on the investment fit our challenging times. Leading researchers like Dr. Andrew Pipe, who sends his regrets today, Dr. Mark Tremblay, and Dr. Art Quinney, among many others, tell us that the best way to counteract chronic diseases like diabetes, heart disease, stroke, and cancer is to increase physical activity levels among Canadians.

In a society where sedentary activities have long been predominant at work, home, and play, there has never been a greater need to address this issue. Canadians understand this. A recent study about to be published in the coming weeks reports that 93% of Canadians believe that the government should be doing more to support physical activity and sport programs.

In closing, I ask you, how much more evidence do we need? It is time to begin that investment and get back on track to the 1% commitment. This requires a commitment by the federal government of \$20 million to get us on track, leading to \$100 million at maturity.

Without this investment, we will not have public education initiatives, initiatives for our aging population, dedicated programs to support low-income families, or after-school initiatives that support increased physical activity while offering alternatives to youth violence. This investment will result in active community programs and services, more productive workplaces, and much more.

I appreciate the opportunity to speak with you today. I ask that you include this important provision in your report.

Thank you.

•(1050)

The Chair: Thank you for your presentation.

We'll now hear from the National Graduate Caucus.

Mr. Graham Cox (Researcher, Research Branch, National Graduate Caucus): Good morning, and thank you for the opportunity to speak to you today about graduate student priorities for Budget 2010.

The National Graduate Caucus is Canada's largest graduate students organization, representing more than 70,000 graduate students from more than 30 campuses across the country. We see the investment in graduate students and their research as an essential investment in the future needs of the Canadian economy. Graduate

students are the drivers of long-term innovation through their research, and they also go on to become the high-skilled, highly qualified workforce required in the knowledge economy.

There have been modest improvements in graduate student funding in recent federal budgets. However, these increases have still not made up for the cuts to the granting councils that occurred in the 1990s. Also, the latest increases in funding to the Canada graduate scholarships program were geared towards specific areas of private industry, a policy that limits long-term innovation. The short-term increase in the number of scholarships distributed under the Social Sciences and Humanities Research Council was also directed only towards business-related degrees. Canada's research community responded negatively, as the move undermined the independence of the council and internationally recognized peer review standards within academia.

This short-sighted research policy only undermines Canada's world-class research community and damages Canada's international reputation. According to the recent studies carried out by the Organisation for Economic Co-operation and Development, Canada is falling far behind other industrialized countries in the area of private sector research and development in innovation. The use of public tax resources to subsidize private-sector-driven commercialization projects in universities negatively affects incentives for the private sector to invest in in-house research and development.

The policy also reduces the job opportunities for graduate students after they graduate. Public sector funding for university research is essential to reverse this trend. Today, graduate students are also facing increased challenges. Graduate studies have expanded 37% in the last decade as the demand for workers with advanced degrees has grown, with a shift to a more knowledge-based economy. Despite the growth, there has not been an adequate increase in the funding for graduate studies.

This reduces not only the affordability of graduate school but also the quality of research. Graduate students incur increased debt loads during their programs and face a faster rise in tuition fees than undergraduate students. A Statistics Canada report released earlier this year showed that PhD graduates can only look forward to an increase in their pay of an average of \$4,000 over that of masters students, even though they have studied, have done research, and have paid tuition fees for an extra five years of university.

Basic curiosity-driven research that graduate students carry out is the foundation for the future economy and it establishes the long-term innovation possibilities for enterprises. The United States, European countries, and growing economies such as China and India have invested much more heavily in university research in response to the global recession. Canada has been ranked by an international panel to have one of the most efficient and effective discovery grants programs in the world in producing innovation and top-tier research. However, investment by the federal government in the councils that fund university research was cut by up to \$148 million over three years in the previous budget. Our recommendation, then, is to restore the \$148 million to the granting councils and to increase in both proportion and amount that funding to go to basic research by graduate students. We recommend that this money be asymmetrically allocated through the Social Sciences and Humanities Research Council to make up for a historical underfunding of these programs.

Our second recommendation has to do with the increase in the number of graduate students who receive direct funding for their studies. Since 2006, the federal government has provided little in the way of upfront grants to graduate students. The 2008 budget increase in the number of graduate scholarships did not reflect enrolment in graduate studies. Only 15% of new scholarships went to graduate students studying social sciences, humanities, and arts, which is where approximately 50% of graduate students study. The 2009 budget continued this trend, with only a \$17 million increase of the \$88 million invested going to SSHRC and all of that \$17 million going to business-related degrees. This excluded well over 90% of graduate students in the social sciences, humanities, and arts. The recommendation is to double the number of Canada graduate scholarships and proportionally distribute those grants according to enrolment.

I'll end my presentation here. I look forward to providing more in-depth information during the question period. Thank you for the opportunity of speaking with you.

•(1055)

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

We'll go to the Association of Canadian Airport Duty Free Operators.

Mr. Richard Rendeck (Chief Executive Officer of Nuance Group North America, Association of Canadian Airport Duty Free Operators): Thank you, Mr. Chair and committee members, for the opportunity this morning.

I am Richard Rendeck, CEO of the Nuance Group. I'm here with Myron Keehn today, the director of concessions and development at Edmonton International Airport. We're here today representing a coalition of international airports in our country and duty free operators with respect to advocating an arrivals duty free program consistent with over 50 countries throughout the world.

This is clearly a spreading phenomenon throughout the planet, so now we find ourselves at a competitive disadvantage for our Canadian employees due to cannibalization of our business offshore. I think the government has understood this. We've been here for two years now. Last year, the government put a recommendation in its report for consultation for the budget, so they clearly gave a favourable recommendation for arrivals duty free. We've had those

consultations now as well, and we're here today to say thank you for that. We wanted to update the committee on the issue and request that you recommend to the government to include a full implementation in 2010. We've got the ball into the red zone; we're just trying to punch it in.

Really, our point here is that consideration of this program comes at a particularly urgent time, given the economic crisis, the fact that we're a smaller world now, and also the fact that we can't seem to get an international agreement on liquid and gel restrictions, etc. Our business has changed completely, and not for the better, so we're looking for solutions here. With the environment being what it is, I think we present this also as a no-cost stimulus measure for the government. We're not requesting any funding. We're not requesting any assistance. We simply seek a small change in two paragraphs in existing tax law to allow us to recapture some of our business lost to other countries. I think consumers of this country might like it too, but I think you've already determined that.

I'll now hand it over to Myron for a different view.

•(1100)

Mr. Myron Keehn (Director of Concessions, Land and Parking Development, Edmonton International Airport, Association of Canadian Airport Duty Free Operators): The arrivals duty free concept is strongly supported among stakeholders and other groups. The coalition is made up of the airports in Vancouver, Edmonton, Toronto, Ottawa, Winnipeg, Montreal, and Halifax, on the duty free side, with the three duty free operators in Canada, which are Nuance, Aldeasa, and Aer Rianta. The coalition is focused on educating the provinces, as well as working with the already strong support base we have from retailers, chambers of commerce, and regional and civic tourism authorities.

A good quote one of our supporters gave us is that they believe an arrivals duty free program would keep Canada competitive with other foreign jurisdictions in a time of rapid change in the travel retail market.

Mr. Richard Rendeck: Let's get some of the numbers—what they mean.

When I say it's no cost, it's actually probably revenue-positive to the nation. We figure we're talking around 400 new jobs across Canada to repatriate and grow our sales; \$13 million in wages—these are immediate impacts—and \$4 million in federal taxes annually; enhancing our international competitiveness, because certainly in our arena it's coming down; supporting Canada's gateway policy; probably increased customer satisfaction; some environmental benefits on loads that go onto aircraft that leave a trail. I could go on and on, but I think clearly there's a number of benefits to be had by a policy that costs nothing.

Mr. Myron Keehn: ADF would not reduce the current federal or provincial tax revenue base, or create additional costs, as Dick has mentioned, so it's a no-cost stimulus policy. It doesn't require government funding, and we complement the goal of this committee to find policies that will stimulate our economy.

Airports have already invested gated opportunities to locate new stores within the international arrival areas and will assume all infrastructure costs. Federal and provincial governments stand to benefit through additional tax revenue that arrivals duty free would bring. It doesn't compete with domestic retailers. In fact, a number of organizations representing domestic economic interests, including the Retail Council of Canada, support the concept of ADF. Introducing ADF would result in positive local economic benefits in these challenging times by spurring economic growth through sales that would otherwise occur abroad.

Implementation of ADF at Canadian airports would not cost the Government of Canada or effect a province a net tax loss on current revenues. A global review shows that ADF does not reduce purchases at domestic retail locations. Rather, ADF entices passengers to purchase goods upon arrival in Canada, as opposed to purchasing abroad. The experience led Australia to expand their arrival duty free program in 2008, and other countries are actively pursuing the same thing. Airports have facilities that are ADF-ready, or could be momentarily.

Mr. Richard Rendeck: Let me briefly wrap up.

In conclusion, I think our ask here is that we are in the red zone; we want to punch it over. That's our conclusion.

Cynics would say that government can't effect change. I disagree with that completely. I note the H1N1 readiness. Also, the last time I was here, this room was completely different, so clearly change can happen. Our goal is that the government has recognized our efforts all the way along, so we simply want to punch it through.

Thank you.

The Chair: Thank you for your presentation.

We'll now go to the Canadian Vintners Association.

Mr. Dan Paszkowski (President and Chief Operating Officer, Canadian Vintners Association): Thank you, Mr. Chair.

My name is Dan Paszkowski. I am the president of the Canadian Vintners Association. We represent the Canadian wine industry across Canada. We're responsible for more than 90% of wine production. Our members are engaged not only in the grape-growing and wine-producing elements of the business; we are involved in

grape harvesting, bottling, retail sales, and a significant amount of tourism.

I will restrict my remarks today to three areas, which I'll briefly discuss.

Agricultural plant replacement provisions is the first issue. We have addressed it for a number of years in our pre-budget submissions. The Income Tax Act's replacement planting provisions under subsection 44(1) do not provide Canadian farmers with the economic flexibility required to improve their businesses by shifting crops to better value-added opportunities.

The Income Tax Act presently permits the deduction of replacement plant expenditures if the replacement is within the same species group. For example, if I go from one Chardonnay to a Merlot, I'm allowed to write off my replacement expenditures against my taxable income. However, the current interpretation does not allow for the deductibility of such expenditures if we shift from one species to another. So if I go from tobacco to grapes or from apple orchards to grapes, I'm not allowed to write off our expenditures for moving into a new value-added opportunity.

We believe that amending the Income Tax Act or the interpretation of the act makes good sense and reflects the business realities of today's agricultural business. Farming businesses, like other businesses, base their decisions on solid research and sound business practices, and we should be provided the same flexibility as provided to the manufacturing industry, which is permitted to deduct expenditures when shifting production from one widget to another.

Our second element is winery infrastructure investment and taxation. Wine is the highest value-added agricultural product in the world, and our industry is an important generator of value-added revenue across wine-producing regions. We produce high-quality grapes and wine, but we're also a catalyst for complementary economic activity, such as shopping and dining, museum and art galleries, theatres, festivals, etc.

Furthermore, it's important to note, in contrast with the situation respecting most value-added products, that wine sales are restricted to the winery retail and provincial liquor board sales, as well as direct sales to restaurants. Direct consumer winery sales across provincial boundaries are not permitted in Canada by virtue of the 1928 federal Importation of Intoxicating Liquors Act; therefore, we have very limited sales opportunities for our product in this country.

Given this, it's critical that wine businesses be able to attract new and repeat customers and tourists. This requires not only top-quality wines, but first-class winery infrastructure. To meet these needs, we recommend that a two-year vintners investment tax credit be implemented to support winery infrastructure improvements, whether these be building, retail and tourism, production equipment, or environmental improvements. We are proposing a 30% non-refundable tax credit for eligible expenditures of not more than \$1 million, resulting in a maximum annual credit of \$300,000 for participating Canadian estate wineries. The tax credit, as we recommend, would apply to the fiscal years 2010-11 and 2011-12, making a two-year restricted program.

Further, in last year's budget the federal government recognized the importance of increasing the small business income threshold from \$400,000 to \$500,000. We support this measure, but given the large capital investments required by today's wineries, from land acreage to capital investment to tourism and retail stores, the small business deduction qualifying asset test often eliminates the intended benefits through a straight-line reduction for those businesses with capital assets between \$10 million and \$15 million. As winery and small business investments continue to grow, access to the lower rate on the first \$500,000 of qualifying income is restricted, given the qualifying asset test, which has not been adjusted to compensate for inflation since its introduction in 1994.

Turning to wine excise taxes, in 2006 the federal government eliminated the excise tax on 100% Canadian wines; however, it also increased the excise tax by 21% on all wines. Some 85% of Canadian wine production is of blended wine product. What we're seeking is that the excise tax exemption be extended to the Canadian content in those blended wines, given that the excise tax increase has resulted in roughly an \$11-million-per-year increase for our industry, in a difficult climate wherein we're trying to compete with low-cost value wines from around the world.

• (1105)

Thank you very much.

The Chair: Thank you for your presentation.

We will finish with the Canadian Restaurant and Foodservices Association.

Ms. Joyce Reynolds (Executive Vice-President, Government Affairs, Canadian Restaurant and Foodservices Association): Thank you, Mr. Chairman, and good morning, committee members.

I'm very grateful for the opportunity to appear today. I apologize that I wasn't able to make it last week, and I appreciate your fitting us in. Our president, Garth Whyte, sends his regrets, but Ron Reaman has ably stepped in for him. I'm pleased to be here on behalf of our \$60 billion food service industry.

Canada's food service industry accounts for 4% of the national economy, but our real strength lies in the contributions we make to communities of all sizes across this country. Our 84,000 restaurants, cafeterias, coffee shops, and bars are gathering spots for people from all walks of life, and we are proud to serve as a social club for seniors, the boardroom for small business, and a meeting place for community groups. You'll find us wherever Canadians gather to

celebrate, do business, spend time with family and friends, and yes, to talk politics.

We are uniquely positioned to contribute to economic recovery and growth. Every \$1 million in restaurant sales creates 27 jobs, making our industry one of the top five job creators in Canada. Every dollar spent at a restaurant generates an additional \$1.85 in spending in the rest of the economy, well above the average for all industries in Canada. And the diverse nature of our industry means the benefits are felt in every community, not only in major centres.

With more than one million employees, food service operators employ more people in Canada than agriculture, forestry, automotive manufacturing, mining, and oil and gas extraction combined, and they do so without government handouts, bailouts, or subsidies.

In the short time available to us this morning, I want to talk to you about three critical issues facing food service operators in this country: first, a new 7% sales tax on all restaurant meals as a result of GST/PST harmonization in British Columbia; second, the prospect of ballooning payroll tax costs; and third, rising credit and debit card fees resulting from unfair business practices by credit card companies and their processors.

First of all on the GST, it's not a neutral tax, because it treats food differently depending on where it's purchased. The grocery industry has capitalized on this tax advantage by introducing thousands of new products that compete directly with restaurants. The Province of British Columbia has always taxed food fairly, but sales tax harmonization requires a new 7% tax on restaurant meals, which will result in an annual loss of nearly \$50,000 for the average restaurant in B.C.

While it was the provincial government's decision to harmonize, it's federal government rules around harmonization that will cause hardship to the industry. The federal government has limited provincial tax exemptions to 5% of the GST base, and food service alone accounts for 13.3% of the base. The federal government has dictated the timelines for implementation, and the federal government has also provided the provincial government with a \$1.6 billion incentive to harmonize. As a result, the industry needs the federal government to commit to federal-provincial solutions to limit the harm of harmonization to food service operators.

Overwhelmingly, the industry is asking for a full meal tax exemption. At a minimum, both governments must agree to phase in the tax over a three-year period. The precedent has already been set for a graduated implementation with a phase-in of the input tax credits for restaurant meals. A phase-in of the tax will help to avoid the severe sticker shock that will chase customers to tax-free alternatives in grocery stores. We can't repeat what happened in 1991 and change customer habits forever.

A food service business's key inputs are food and labour, and the costs of both have been rising dramatically. Neither is subject to input tax credits. Harmonization, through input tax credits, provides tax relief to capital-intensive companies. Payroll tax reductions would provide relief to labour-intensive food service businesses.

While we appreciate that EI premiums have been frozen in 2009 and 2010, we are concerned about 2011 and beyond, particularly since the government, in its projections, appears to be relying on revenues from increased EI premiums to reduce the country's deficit. Payroll taxes are the worst form of tax, because they are profit-insensitive, regressive, job-killing, and a drain on the economy.

For years we have pressed for a separate EI account, so that EI premiums could not be diverted to general revenue for purposes unrelated to EI. Now that we have a separate account and rising EI costs, we need to ensure that some of the \$57 billion of overcontributions will be diverted back to this fund so that premiums do not have to be increased.

In fact, we are recommending a targeted reduction in EI premiums through a yearly basic exemption, or YBE.

• (1110)

The Chair: Ms. Reynolds, briefly conclude, please.

Ms. Joyce Reynolds: Okay. There's lots more about the YBE in our brief.

I also want to touch briefly on credit card and debit card fees. Again, we appeared before this committee earlier this year. We provided a detailed submission at that time. Our concerns relate to the rollout of the new debit products by Visa and MasterCard, and some of our fears that we discussed at that time are now being confirmed. We are looking forward to the new code of practice. We hope our concerns are going to be addressed in that, and we will provide our comments when we receive it.

The Chair: Thank you. Thank you for your presentation.

We'll start with members' questions, with Mr. McCallum, please.

Hon. John McCallum: Thank you, Mr. Chair, and thank you all for being with us today.

First of all, in terms of access to duty-free shopping upon arrival as well as upon departure, I think this idea has been around for at least two or three years, and to me it's a no-brainer. It doesn't cost the government anything, so the only question really is why the government didn't get this job done a year or two ago. Hopefully, they will this time, so I don't need to ask you a question because it's obviously a good thing.

I would like to ask Ms. Reynolds a question.

You referred to ballooning payroll taxes and you say payroll taxes are the worst kind of taxes. Now, the government is proposing a maximum increase in EI premiums allowed, beginning in 2011, and Dale Orr, who's a respected economist, has calculated that this would cost a small business employing 10 people an additional approximately \$9,000 as a consequence of this payroll increase.

I think a lot of your members would employ something like 10 people. Can you describe how this would impact your industry and whether you think there would be a significant impact on jobs?

• (1115)

Ms. Joyce Reynolds: Absolutely. We have many restaurants across this country that are barely hanging on right now, and for them, payroll taxes represent a large percentage of their tax load. They just can't tolerate increases in payroll taxes, and they will object vehemently to any increases to payroll taxes, after having over-contributed \$57 billion to a rainy day fund. That rainy day is here and we need that money back.

Hon. John McCallum: So are you suggesting that if EI premiums have to go up more moderately...? Or what are you suggesting?

Ms. Joyce Reynolds: What we are suggesting is implementing a yearly basic exemption in the EI program so that they don't go up as dramatically for low-income employees and labour-intensive businesses.

Hon. John McCallum: Okay. Thank you.

Perhaps I may now turn to Mr. Cox, on the graduate students. I certainly agree with you that the \$148 million of cuts should be returned. I certainly agree with you that for the government to single out business-related degrees for support is an unwarranted intrusion of government into the academic priority-setting. But my question for you is this. When you ask for additional funding for graduate students, which I agree with, but you say it should go, in some sense, disproportionately to social sciences and humanities, can you explain why that should be? In what sense has that group been underfunded in the past, and according to what criteria would they get a disproportionate share of additional funding?

Mr. Graham Cox: Sure. The Social Sciences and Humanities Research Council covers about 50% of graduate students enrolled in universities, and we're asking for that increase to the Canada graduate scholarship, which is not money for infrastructure. It's not money for laboratories. It's not money for advanced research costs. It's for graduate students. We see that there's quite a lot of money going through the Canadian Institutes for Health Research and the Natural Sciences and Engineering Research Council, but SSHRC is underfunded.

It was started later than those two programs, and we see many social sciences and humanities graduate students not having enough money to pursue those types of degrees. Those types of degrees include a vast variety of things that we need in Canada with regard to analysis of social trends and economics, and so on.

Hon. John McCallum: If there were, let's say, \$100 extra in graduate funding, under today's rules how much would social sciences get, and how much would it be under your proposal, approximately?

Mr. Graham Cox: According to the latest budget, about a third of the money or less goes to social sciences and humanities. We would like to see at least 50% of the money go to the social sciences and humanities graduate students.

Hon. John McCallum: Dr. Pereira, I'd like to ask you a question about physician-assisted suicide, which is in your brief. I'm sure you know there is a bill on this subject before Parliament. I think I know the answer, but I'd like to ask for your organization's view on this topic. The bill before Parliament may have inadequate safeguards.

Is there any kind of law on the subject that you would support? Let's suppose it had the best possible safeguards. Would your organization be open to that, or would your position be that there is no such thing as an adequate safeguard? Is it something you would oppose under all circumstances?

• (1120)

Dr. José Pereira: Thank you very much for that question.

First of all, one of the most important stands we're taking is that there are still too many gaps in adequate palliative care services in the country.

I had a very interesting experience. I'm probably the only palliative care physician in Canada who has worked in a jurisdiction that allows assisted suicide. I worked for three years in Switzerland. I learned during that experience that it's probably impossible to put foolproof safeguards in these types of law.

But before we even get there, in making the decision we need to understand what we're talking about. We need to address the fear society has about talking about dying. We need to address the misinformation that people have—for example, many people believe that withdrawing futile treatments is euthanasia. It's not. That's good palliative care. It's good end-of-life care.

Health professionals still think that using morphine and opiates—I heard this from someone I was speaking to just last night—are dangerous at the end of life and they shorten life. That's absolutely incorrect.

Hon. John McCallum: Thank you.

Thank you, Mr. Chairman.

The Chair: *Monsieur Laforest, s'il vous plaît.*

[*Translation*]

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

Good morning and welcome to the Standing Committee on Finance.

My first question, or at least my first comment, is for Ms. Reynolds.

In your presentation, you talked about—and I think this is very relevant—your fear that the federal government will use the employment insurance fund for something other than employment insurance. You pointed out that it plans to increase premiums in 2011 and, at the same time, does not plan to raise taxes, all the while, paying down the deficit.

For some 15 years, the government has been using the \$57 billion surplus in the EI fund to pay down the deficit. It is not an independent fund, and the money is generated by the employment insurance program.

There is real cause for concern over the future, both for businesses and for the workers paying into the system through their premiums.

One government after another, Liberal and Conservative alike, has failed to take responsibility for this situation.

You are right in stating very clearly that we need to avoid adopting such a measure and using that money to bring down the deficit. There are other ways to do it, and we should not, at least not now, plan to raise EI premiums. I think you are absolutely right to raise this issue.

I assume that when you say \$57 million, you are talking about a comprehensive analysis of the past few years, and that your members called on you to put together such a report.

[*English*]

Ms. Joyce Reynolds: We have long been on record as objecting to funds being diverted from the EI fund to general revenue. People heard from me repeatedly throughout the 1990s and the early 2000s about this. We know it's a notional account and it didn't happen on this government's watch, but the fact is that our members don't care. All they know is they over-contributed. Now unemployment has gone up and costs have gone up, and we cannot afford a 15¢-per-year increase in premiums. It will kill jobs. It will hurt our members.

So we're saying don't plan to use EI premiums to reduce the overall deficit. It's time to start reversing the process and diverting money from consolidated revenue into that EI fund so you can avoid increasing the worst form of taxation.

• (1125)

[*Translation*]

Mr. Jean-Yves Laforest: Exactly, and that would pave the way for an exhaustive review of the employment insurance system, as we have been calling for. That way, in times of crisis, workers who lose their jobs could really get the support they need. But, unfortunately, that is not what the current government is choosing to do.

My next question is for Mr. Jackson and Mr. Baumann.

You believe that the performance of the athletes is directly linked to the fact that the Canadian government is investing millions of dollars in the Olympic program. Generally speaking, are the private sector and the public also called upon to help fund Olympic programs, and, if so, how?

[English]

Dr. Roger Jackson: Thank you very much for your question.

Almost 50% of the funding for Own the Podium comes from corporate sponsorship, public donations, or participating provincial contributions to this program. It's an extremely interesting program, because never before in my experience have we been able to have a project with a national focus that has attracted provincial governments, the federal government, corporations, and the general public.

One example I can give you immediately is the red mitten campaign, where you can buy a pair of mittens with the Olympic symbol on it.

[Translation]

Mr. Jean-Yves Laforest: We saw that yesterday.

[English]

Dr. Roger Jackson: That program was initiated by us, and it's expected to generate probably \$4 million to \$4.5 million between now and Christmas as everybody buys mittens for their children. So it's one example.

We have also launched a national donation campaign for the general public to contribute \$20.10. There are huge banners in the *Globe and Mail*, and it's promoted strongly by CTV. That is another initiative we have taken to encourage the general public to feel they're a part of the games.

So while we are requesting \$22 million from the federal government, I can assure you we have a number of other plans to try to work with the Canadian Olympic Committee, the Paralympic Committee, and the general public on the initiatives I've just described to add resources to what we require.

Thank you.

[Translation]

Mr. Jean-Yves Laforest: Thank you very much.

My question is for Mr. Rendeck.

What you are asking for, on behalf of the Association of Canadian Airport Duty Free Operators, is very simple: you want citizens returning to Canada or Quebec to be able to shop at duty free stores.

In terms of alcohol, for instance, would that not create problems? In the case of the SAQ in Quebec, would it not lead to problems because of the monopoly?

[English]

The Chair: Please give a very brief response.

Mr. Richard Rendeck: In terms of difficulty, there should be a net benefit to SAQ, because these purchases are incremental to the sales already made by SAQ to restaurants and duty-free operators. As a duty-free operator I can only purchase my liquor from the state

monopoly. The reality is that the volume of sales should increase for SAQ or LCBO because these are net new sales; these are not cannibalizing domestic sales. We're competing internationally, not within our own market.

The Chair: Thank you.

We'll go to Ms. Block, please.

Mrs. Kelly Block (Saskatoon—Rosetown—Biggar, CPC): Thank you very much, Mr. Chair, and thank you to each of you for presenting here this morning.

My first two questions will be for Dr. Pereira.

In your submission, you referred to the universality of dying and that there ought to be a sufficient shared interest in quality process outcomes. I'm wondering if you could tell me what is happening at the provincial level in regard to this issue.

• (1130)

Dr. José Pereira: At the provincial level it's a hodgepodge. There are centres of excellence and there are regions with excellent coverage. In Alberta, for example, they have been able to reallocate acute care dollars. They haven't taken any more new dollars; they have just reallocated acute care dollars to invest into proper home care palliative programs and hospices. It's turned out, at the very least, to be neutral to the health system. People are not dying in acute hospitals, but have access to hospices and good home care.

In other provinces, that's not the case. In many provinces, hospices, for example, are struggling to make ends meet. There's a threat that many of them will close down. That ricochets down the system, because those patients sitting in acute care units who cannot go home for whatever reason and are ending up in hospital, but need good palliative care and end-of-life care, stay in those acute beds at great cost to the system. Then people who come into the emergency rooms needing acute care for pneumonia and blood clots cannot get into those beds.

If we reinvest and reallocate in a standardized way across the country, we can see great changes in the system.

Mrs. Kelly Block: Thank you.

For my second question, I'll just refer to something my colleague said in terms of dying with dignity and physician-assisted suicide. We often hear of dying with dignity when we hear that.

Could you define dignity, or expand on dignity for me?

Dr. José Pereira: That's a core question and it goes to this great debate that we as a society are engaged in. It's interesting, because it's terminology that gets thrown around a lot without us really understanding it and with many of us imposing what we think on someone else in terms of quality of life or dignity.

Interestingly, over the last eight years the palliative care community, with some of the money that came through from CHIR, has gone to terminal patients asking them, what does dignity mean for you? I have a colleague in Winnipeg who's done most of this work. I once asked him to summarize in one sentence what that means. He said to me, dignity is how I see myself in your eyes.

I am reminded of when I worked in Switzerland, in the Centre Hospitalier Universitaire Vaudois, which is the university hospital that was the first hospital to allow assisted suicide within its walls in Switzerland. The reason why that occurred in that hospital was because a gentleman was admitted with an advanced disease. Cancer had gone to the various parts of the body. He was too weak to go back home. He had no family at home. He lived on the fifth floor of an apartment without elevators.

After two months sitting in acute hospital, out of desperation, he said, "This is not quality of life. I want you to end my life." Instead of responding by asking the questions as a society, what are our social networks, how can we value you as a person, and how can we provide you that dignity you say you don't have at the moment, the response was to look at assisted suicide as an option to introduce in the hospital.

I think we need to have this discussion. It's an incredibly important debate. One of the recommendations we are asking for—the \$20 million a year for at least five years—is so we can engage the public in these discussions and inform the public and health professionals as well.

Mrs. Kelly Block: Thank you.

I have one more question. This would be for the Canadian Vintners Association. You have brought forward interesting suggestions on four items, all of which have merit. If you were to put a priority ranking on them, what would your order of importance be?

Mr. Dan Paszkowski: I think if we were to put a priority ranking on them, number one would probably be the vintners' investment tax credit. Given that we have limited sales opportunities in Canada, we really have to make sure that our wine facilities not only have the best infrastructure to produce the best-quality wine, but also the infrastructure to attract tourists to be able to sell wine from the wine gate.

The second would be the excise tax exemption on the Canadian content in blended wines. The government went halfway by exempting the excise tax on 100% VQA wines; however, they're the same grapes that are going into the product, and they're limiting our profitability as we get consumed by foreign wines.

The third would be the small business tax deduction thresholds, which haven't been indexed to inflation.

The fourth is an equity issue, and that's on the replacement plantings.

• (1135)

Mrs. Kelly Block: I have one more question, just following up on what you said about the excise tax on blended wines. Currently what is the excise tax on blended wines?

Mr. Dan Paszkowski: The excise tax is 62¢ per litre.

Mrs. Kelly Block: How does that compare with other products such as beer and spirits produced here in Canada?

Mr. Dan Paszkowski: They're different products and there are different categories for different per cent alcohols. For beer, anything over 2.5% would be 31¢ per litre, and for spirits, it would be 29.5¢ per litre for low alcohol spirits. Anything over 7% would be based

on ethyl alcohol content, so it would be roughly \$11.70 per litre of ethyl alcohol.

Mrs. Kelly Block: Thank you.

The Vice-Chair (Mr. Massimo Pacetti): Thank you, Ms. Block.

Mr. Atamanenko for seven minutes.

Mr. Alex Atamanenko (British Columbia Southern Interior, NDP): Thank you very much for your very enlightening presentations.

Dan, it's good to see you here again. It's also an honour to be sitting beside Roger Jackson, who was at UBC the same time I was there. He was one of these disciplined athletes, rowing every morning for two hours. I was part of Frank Gnuip's rowdy football bunch.

Alex, you may remember I was struggling to get across the pool at the chateau, and you were up there giving me encouragement. So thanks for being here.

I'll try to be quick. Ms. Reynolds, a lot of us are trying to mount a campaign against HST, across the political spectrum in B.C. We're working at it, and I think we've been in communication. If it doesn't work, would it satisfy your association if HST were exempt from meals so that you wouldn't have this competition with these ready-to-eat foods?

Ms. Joyce Reynolds: That would be the best-case scenario for our sector.

Mr. Alex Atamanenko: The second question is, we hear a lot about credit cards, but we don't hear a lot about the campaign whereby the banks are getting into the Visas and the Visas are getting into the debit cards. The small businesses that I talked to worry that this will be catastrophic. Are you getting any positive response in your campaign in that regard?

Ms. Joyce Reynolds: Right now Visa and MasterCard are in the process of rolling out new debit products, and they're doing so in a way that is very concerning to our members. There are things like a percentage fee on debit cards. They're doing some priority routing to their debit card over Interac, which is not something that the restaurants have been informed about or have authorized. They won't allow you to continue to accept their credit card product if you don't accept their debit card product. So there are all kinds of practices that our members don't know how to respond to. They don't know how to react, and they are really looking to their associations and to their government to navigate this whole new world of Visa and MasterCard moving into debit products.

Mr. Alex Atamanenko: Thank you.

Turning to physical activity, Ms. Grantham, I understand the situation. I understand that obesity, diabetes, and clogged arteries are being found in kids and I understand the savings through health. If we had this money, how would we do it specifically? We found in the past that when moneys have been given to provinces, especially in my province of B.C., it's often not targeted towards education, for example. It goes somewhere else. We know that budgets today are being cut in British Columbia, and a lot of that will involve cutting down on physical education.

Is there some specific way that this money can get into the school system? Do you have any suggestions? In other words, how specifically can we get these kids moving again?

Ms. Andrea Grantham: We have a national plan, a pan-Canadian strategy, that has laid out many areas where we could take a more comprehensive approach to addressing physical activity in Canada for all levels of the population.

In terms of physical education in schools—a personal passion of mine—absolutely there needs to be more leadership towards making it a mandated requirement in every province, ensuring that resources are in place for qualified physical educators to be delivering the subject to students, and that adequate time is put in the curriculum to ensure that the kids are receiving the quality programs in their resources, tools, and equipment. That's certainly one component of this national strategy that would allow us, with better investment, to take a much more comprehensive, planned, and targeted approach to work together federally and with our provinces.

● (1140)

Mr. Alex Atamanenko: Thank you.

Dr. Jackson, I come from the Kootenays, and we have some really top-notch biathletes there, and some of them are spending a lot of money out of pocket. Is this money just for those people once they're on the Olympic team, or does that go to other national programs gearing up to the Olympics? Obviously, if we want to have good athletes, we need to support them, but at what level would this money kick in?

Dr. Roger Jackson: In the first five years, all of the money has been spent on targeted athletes, which includes junior national teams as well as national team athletes. As we go forward, we recognize, exactly as you said, that the depth and quality of our programs are weak. Only in hockey and curling can we say that we have national depth in our program. Other than that, almost every sport is struggling. So as we go forward, we want to support more junior and developmental athletes, and we're looking not at a five-year target but at each year as leading to the next two Olympic games.

We're going to be working in partnership with the provinces. We've begun discussions with the Province of British Columbia. In fact, I have a meeting next Friday with the deputy minister to talk exactly about how we're going to coordinate the national program with his provincial program.

Mr. Alex Atamanenko: Thank you.

Mr. Cox, I have a couple of questions. One, I met with the Canadian Federation of Students, and I learned that the average debt of those finishing degrees is around \$37,000. What's the average debt of graduate students? Do you know?

Mr. Graham Cox: I don't know that off the top of my head, but it's certainly higher than that.

Mr. Alex Atamanenko: For example, they want needs-based grants. So should there be targeted needs-based grants for graduate students specifically?

Mr. Graham Cox: One of our recommendations was for graduate students to be allowed to apply for the national system of needs-based grants that the current government implemented this year. Currently graduate students are not allowed to.

Mr. Alex Atamanenko: Thank you very much.

The Chair: Thank you, Mr. Atamanenko.

We'll go to Mr. McKay, please.

Hon. John McKay: There's something supremely ironic about locating palliative care in between Own the Podium and the Physical Activity Policy Collective.

Voices: Oh, oh!

Hon. John McKay: I must admit, after hockey on Sunday nights, I do need palliative care.

In the concept of choosing life, maybe I'll direct the first question to Mr. Baumann and Dr. Jackson.

As the excessively proud father of an elite athlete, I spend way more time in swimming pools than I want to. My observation is that the physical plant regarding swimming pools and athletic facilities generally is substantially deteriorating. Your request is basically to keep the money available for our elite athletes. It's pretty hard to keep our elite athletes going, whether elite or not, if in fact the physical plant is deteriorating. I'd be interested in your observations, because you spend way more time in pools than I do.

Mr. Alex Baumann (Chief Technical Officer, Own the Podium 2010): Thank you for that question.

You're exactly right. I think from an Own the Podium perspective, the two key priorities to have success at the high performance level are, one, having the proper coaching and technical leadership, and two, making sure our athletes have access to quality facilities. So within that \$22 million, within our budget as well, we have put aside some funding to make sure that our top athletes actually have access to facilities.

In addition to this, we all realize, particularly in Ontario and in the greater Toronto area, that there is a dearth of facilities. If we're successful tomorrow in hosting the Pan American Games in 2015, the legacy aspect of those games will go a long way in putting infrastructure in place for some of our top athletes.

It is an issue that we have to address. We have to work with the federal government, obviously, and the provincial governments as well, to ensure that we have adequate facilities for our top athletes, because you're right, without those facilities, they cannot succeed and would otherwise have to train in other countries.

● (1145)

Hon. John McKay: I'm rather hoping we are successful because the pool for that venue will be located at Morningside and Military Trail. I have a rather keen interest.

I appreciate the presentation by Sharon Baxter and Dr. Pereira, and Ms. Block's and Mr. McCallum's questions sort of anticipated mine. I was rather interested in the spectrum, if you will, that you present, the spectrum being that you simply don't have to go directly to assisted suicide, that there's a long way in that spectrum of life. I appreciate, in particular, your presentation.

I speak to the issue of the accelerated demographic in this country. I think Canada is depressingly unique in that respect.

Ms. Sharon Baxter: Let me tackle that one.

On the first part of your statement, we don't like to consider euthanasia and assisted suicide as any part of palliative care, and they really aren't. Hospice palliative care is a set of services delivered to help ease people at the end of their lives. It constitutes a lot of things besides that.

The demographic issue is a huge one for Canada. We are an aging population. We're not expecting to be hit by any huge epidemic. It's just that we're going to be hitting the magic 65 and older.

One of the things we need to consider is that many years ago we died of our chronic diseases in a year or two years. People over 65 in this country will be living with, on average, two chronic diseases and will be living in declining health for up to 12 years as opposed to two. So what does that mean?

There's some irony in that I'm sitting between two sports people.

How are we going to handle the number of Canadians who are living longer—which is obviously a really good thing—but in declining health for a longer period of time? What are the stresses? I think we have to tackle this not just as a health issue but as a socio-economic issue also, because it's the only way we're going to be able to handle it.

We start talking about things like caring communities and how we engage others in caring for people. Maybe older seniors will be using younger seniors. There are some innovative programs we need to start thinking about, but we need to think about this now, because we're all hitting it. And having been caring for a family member, I know it just causes great burdens.

The Chair: Okay.

Dr. Pereira, you wanted to comment. Be very brief, sir, if you can.

Dr. José Pereira: I think it's great that we're sitting next to the sports people, because palliative care is not just about the last few days or weeks of life. Palliative care begins much earlier in the illness trajectory. We have to start changing our concept of what palliative care is.

One of the programs we're starting up in Ottawa is a palliative care rehabilitation program. People are exercising to help them live as best as they can for as long as possible at home.

I was wondering if we could append our briefing to the minutes, because I understand that it wasn't done.

Thank you.

The Chair: Everybody has your brief.

Thank you, Mr. McKay.

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

[*Translation*]

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

Ms. Baxter, palliative care is an issue I am especially interested in. You say that we need to do more to educate people and make them aware of the fact that palliative care will become increasingly important in our society.

Quebec has a sort of hospice system, in my area, in particular. And these hospices are entirely run by non-profit organizations and are often administered by a board of directors made up of volunteers. There is a lot of involvement required from people. And 99% of the funding for these hospices comes from grassroots fundraising.

Another such hospice is currently being built in Quebec. I know of three or four in my area alone, and a few others in the rest of the province. And I know that they really do not get much support. I believe that they should. Essentially, what Quebec's program does is give the public control over its own services. Obviously, we cannot run on volunteers alone. We need nurses, doctors and other healthcare staff. But a large share of the work is being done by volunteers.

Is there a similar program elsewhere?

• (1150)

[*English*]

Ms. Sharon Baxter: You're totally right. The residential hospices in this country are predominantly in Ontario and Quebec, with some in B.C. They aren't universal in the country. We know that they're a good program to offer. They are well supported in some areas, but they are struggling with the model of being a charity. I know that in Ontario the provincial government put up some money for increasing the number of residential hospices in Ontario.

The problem is that they gave them money to create the building and the space but not the operating funds. In Quebec, there are different models, but they are asking the Quebec government for more operational funds so that they can strike a balance between what they need to raise as a charity and what they get from the government. They are contributing to the health care system. It's an ongoing issue. I think we need to look at all the services we need at the end of life—acute care hospitals, residential hospices, home care programs, and others. They are all funded in a different way.

The integration between long-term care and acute care is not there in many places. People sit in hospitals when they could be in a residential hospice or at home with supports. It costs our system a huge amount of money to keep people in acute care, because we haven't thought downstream. With respect to residential hospices and long-term care facilities, we have to start thinking in more than a two- or three-year gap. We have to look at what the needs of our population are going to be over the next ten years.

Residential hospices are great. There are less than 200 hospice programs in the country. There are less than 50 residential hospices in this country. Quebec and Ontario have the bulk of them. If the population can support a residential hospice, it is a great way to go. But we're not there yet.

[*Translation*]

Mr. Jean-Yves Roy: I am fortunate then because there are at least three in my area. I am fortunate because there are fewer than 50 altogether, but at least three of them in my area.

My next question is for Ms. Grantham. A littler earlier, we heard from representatives of the Brain Injury Association of Canada. I would like to give you an example. In the early 1970s, we had programs to encourage people to take up biking, but we did not have any bike paths. Within one year, there were 18,000 people injured throughout Canada as a result of biking accidents. Some were more serious than others, but the people were not wearing helmets.

I am in favour of encouraging people to play sports, but I think we also need to do some education. I think that situation had a devastating effect on services in Canada. Some 18,000 people were injured in biking accidents. We sent people out bike riding, but there were not even any bike paths, no helmets. Here we were using an advertising campaign to push people to go bike riding. I think we had a problem there.

I hope that governments will realize that when you send people out to play sports, you have to educate them a bit beforehand. I have no objection to encouraging people to play sports, but I want us to encourage them to play safely.

[English]

Ms. Andrea Grantham: Absolutely. That's an excellent point, and it's part of the strategy to educate children and youth on skills, providing programs within communities that support knowledge, awareness, and practice.

There is a lot of information on active transportation and on developing communities that are safe and supportive of physical activity, so that children can ride their bikes in a safe environment, and it's part of a larger infrastructure. This is the comprehensive approach that we believe we need to take in this country.

The Chair: Thank you, Mr. Roy.

Mr. Wallace.

Mr. Mike Wallace (Burlington, CPC): Thank you, and my thanks to you all for coming today.

I'm going to focus on sports and physical activity. I'm hoping that we win tomorrow's bid. I'm from the GTA, from Burlington. My daughter is a competitive heptathlete. She'd be of age to compete for Canada if she could make it that far.

Mr. Baumann, I have a question for you. The Own the Podium program, is it just for the Winter Olympics, or is it for all Olympics? It's for all high-performance athletics. Is that correct?

• (1155)

Mr. Alex Baumann: It's for summer and winter Olympics and for the Paralympics.

Mr. Mike Wallace: I believe you came back from Australia. Was it not Australia? Was it because of this program? What is the difference between what they are doing in Australia for their high-performance athletes and what we're doing here?

Mr. Alex Baumann: There's a number of differences. The main reason I came back was that I saw a definite shift. Part of it was because of the Own the Podium program, but part of it was also that Canada was starting to focus on excellence, and our athletes no longer seemed afraid to try to be the best in the world. I saw that change in attitude, and it was a critical piece for me.

Mr. Mike Wallace: How long ago did that attitude change happen?

Mr. Alex Baumann: It really started some time in 2003-04. The evidence was really in 2006 in Torino, where Canada won 24 medals, so that shift was there. I'm seeing that attitude is starting to shift more and more; we're getting out there and we have the confidence to compete against the best in the world.

The question in terms of Australia...certainly Australians value sport. They see the benefit not only in high-performance sport, but sport in general, that it creates role models, it unites the country, and it creates patriotism as well. And ultimately there's a trickle-down effect to increasing participation as well.

Mr. Mike Wallace: Here's my general question, then, and I'm going to gear it to Ms. Grantham. We've had ParticipACTION and other Olympians in front of us asking for money for different programs.

In your presentation you talked about 1% of public health money going to this. I don't know what that number is off the top of my head. Can you all work together? It's very difficult for us when we have different groups asking for money, including yourselves, to be frank with you. But can the physical activity and health groups all work together so there would be one budget: some of it would go to high performance, some would go to recreation, and some would go to getting me off my couch on Sunday afternoons instead of watching football on TV? Is there a movement for that to happen, or are we going to continue to see individual organizations.... And I'm not sure what the output is on many of them, to be honest with you. That's what I'm asking from you. You're representing a number of groups. What's the future? What are the outcomes in relation to physical activity, in general, for Canada, that you see could happen?

Ms. Andrea Grantham: I'll go back to our strategy, the strategy that's looking at a \$20 million initial investment, up to \$100 million. It is a comprehensive approach, which will allow all the organizations, including ParticipACTION, to work together. Within this plan there is social marketing, which is what ParticipACTION is so involved in. There are plans for the active transportation groups, for workplace groups, for school groups, and for the advancement of girls and women in sport. So in answer to your question, we absolutely can work together.

Mr. Mike Wallace: High-performance sports is a separate concept for you?

Ms. Andrea Grantham: Yes. The focus of our physical activity is promoting the importance of all Canadians being physically active and inspired by Olympic athletes. If a child chooses a path toward Olympic athletics, fantastic. We want to ensure that every child, from active start through to older adulthood, has the knowledge, the ability, and the will to lead a physically active lifestyle, and we need a community that can support that.

Mr. Mike Wallace: Okay. I appreciate that.

I have one question for our friends from the graduate students' group. I'm glad you're here today. Can you clarify something? The \$148 million in cuts you're talking about restoring, did those cuts happen over time in the nineties or did that happen all at once? And is that just for graduate students or is that for...?

Mr. Graham Cox: There was a general cut for student education funding, and that included cuts to the granting council.

Mr. Mike Wallace: So that includes all.... Okay.

I know we've put some money in the budget, added money back, but you're saying you want to go back to where you were in 1991, or 1992—something like that? So you had cuts all through the nineties.

Mr. Graham Cox: That's right.

Mr. Mike Wallace: Okay. Thank you very much for that.

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

I want to thank all of you for your presentations and your responses to our questions. We appreciate that very much. There were obviously a lot of very good ideas. You are our last open panel on pre-budget consultations. The committee will begin deliberations the week after next on the actual report.

I want to thank you all for being here.

Colleagues, there is just one item of business, very briefly. The subcommittee met, and all four parties agreed.

• (1200)

Mr. Mike Wallace: I move the item.

The Chair: The item is moved.

Monsieur Laforest.

[*Translation*]

Mr. Jean-Yves Laforest: I have something to say. When the subcommittee met, it completely disregarded Bill C-290.

Since the committee was not scheduled to meet the week of November 16 to 20, I move that we meet on November 17 to consider Bill C-290, which, like Bill C-288, seeks to amend the Income Tax Act. By the way, that bill was referred to us last week.

Since we do not have anything that week and given the fact that these workers have lost money because of their pension plan, I move that we hear from them that week. It would give us an opportunity to expedite our work, even after the holidays.

[*English*]

The Chair: Monsieur Laforest, can I get some clarification? We had an hour of discussion on this at subcommittee and you agreed to this report, as a member of that subcommittee. Are you now saying you don't agree with the report you agreed to at the subcommittee?

[*Translation*]

Mr. Jean-Yves Laforest: No, I am saying that....

[*English*]

The Chair: Perhaps we'll need another subcommittee meeting.

[*Translation*]

Mr. Jean-Yves Laforest: I am not saying that I do not agree with the report. I am simply saying that we could have added that. It is as if we forgot. I spoke to colleagues, and I talked on the phone with those affected by this bill and who asked me to expedite the process if possible. That is the reason for my suggestion.

I fully agree with the other part of the report, Mr. Chair. I was there. I am simply suggesting that we add something. That is what I am getting at.

[*English*]

The Chair: Well, all four parties agreed at the subcommittee. The NDP has a replacement and Mr. Mulcair is not here. That's why we have subcommittee meetings, so that we can get agreement by all four parties. So I'm hesitant to amend the subcommittee report that we all agreed to at subcommittee. I will, perhaps, look at revisiting it at another subcommittee, but I'm not going to change this report that we all agreed upon two days ago.

Mr. Menzies.

Mr. Ted Menzies: Very quickly, because I don't want to belabour this, but my office has already started planning other meetings for this time because we looked at this and assumed we were going forward with that.

We put forward EI legislation just this week to address many of these concerns. The subcommittee meets to make a final decision. I would suggest we adopt this.

The Chair: Okay.

Mr. Pacetti.

Mr. Massimo Pacetti: I don't want to belabour the point, but I will not be here. We had decided that on the 17th we were going to meet, so I'd prefer not to change. I also consulted with my colleagues and I also have agreement with my colleagues, so I think in terms of not breaking rules that we've already decided in subcommittee, I would say that we vote for the report from the steering committee, unamended.

The Chair: Okay. All those in favour?

(Motion agreed to [See *Minutes of Proceedings*])

The Chair: It's carried. Thank you, colleagues.

The meeting is adjourned.

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