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Chair

Mr. James Rajotte

Standing Committee on Finance

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• (1530)

[English]

The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)): I call this meeting to order. This is the 34th meeting of the Standing Committee on Finance. We are continuing our pre-budget consultations 2010.

I want to welcome all of our witnesses this afternoon. Thank you all for coming in.

We have seven organizations in this session. We have, first of all, Canada's Research-Based Pharmaceutical Companies, the Alberta Pulse Growers Commission, and the Alliance of Canadian Cinema, Television and Radio Artists. We have the Canadian Festivals Coalition, the Canadian Caregiver Coalition, Fédération des communautés francophones et acadienne du Canada, and BIOTE-Canada.

Ladies and gentlemen, we have a lot of witnesses here today and a lot of members with questions, so we are going to ask you to stick very firmly to the five-minute opening statement round. I will indicate when you have one minute left.

We will start with Rx&D, Canada's Research-Based Pharmaceutical Companies.

Ms. Wendy Zatylny (Vice-President, Government Affairs, Canada's Research-Based Pharmaceutical Companies (Rx & D)): Thank you, Mr. Chairman, and good afternoon.

My name is Wendy Zatylny, and I'm vice-president of government affairs at Rx&D, Canada's Research-Based Pharmaceutical Companies.

With me today is Rob Livingston, director of government relations at Merck Frosst Canada Ltd.

[Translation]

We are very pleased to have the opportunity to be here today. You already have our written proposal, so I will use my time to tell you about our recommendations.

We are a national association representing 15,000 people who work in highly skilled positions for 50 innovative biopharmaceutical companies in Canada. Our objective is to develop new medicines and vaccines that are essential to Canadians so they can enjoy longer, healthier and more productive lives.

[English]

Rx&D companies are leading investors in private sector health science and technology-based R and D in Canada. In 2009, our

members invested \$1 billion in scientific research and development. Our network of partnerships and collaborations has represented tens of thousands of jobs and an investment of more than \$20 billion in this country over the last two decades.

These are major achievements, and they create a uniquely Canadian platform for future success. But our industry's capacity to continue these investments and to maintain and build our presence here in Canada is under significant threat. Canada is facing increasing global, competitive pressures, because other countries have acted aggressively to capture the economic value created by our sector and to seize the health benefits that come with a strong research-based biopharmaceutical industry. The plain fact is that if Canada does not keep up with the advantages offered by other economies, we will fall behind, and indeed we are falling behind.

We would like to commend the government on its recently announced review of private sector research and development. Canada must equip itself with the policies and programs that allow it to compete on the global stage. I cannot overstate the need. Such policies are urgent.

In our brief we have proposed four key ways in which Canada can improve the policy environment for our sector.

First, Canada needs a more globally competitive intellectual property regime. This would involve implementation of an effective right of appeal for innovators within Canada's patent regulations. Canada needs a vigorous defence by the federal government of the current data protection regulations in the event of adverse court decisions. And we need the creation of a patent term restoration regime that is competitive with those of our G-7 competitors.

It is important to note that these proposals are aimed only at getting Canada back to parity with our key trading partners. For example, the European Community, with which Canada is negotiating a comprehensive trade agreement, already provides innovators with two years more data protection than Canada does. And Canada is the only G-7 country that does not have any form of patent term restoration, placing us at a distinct disadvantage relative to key competitors for jobs and investments.

Second, because Canada's former leadership in clinical research is being eroded, we propose expanding the SR&ED credit to better capture all aspects of clinical research and clinical trials.

Third, we are calling for more efficient Health Canada review processes for drugs and biologics. Submissions to Health Canada currently take 390 days, more than the 350 days in the United States and almost 100 days more than Europe's 275 days.

Fourth, since vaccines have saved more lives in Canada over the last 50 years than any other health intervention, we recommend the development of a more predictable funding mechanism for vaccines to be added to public immunization programs.

These four priorities we are advancing today can be summarized in two points: access to new medicines for patients, and growing the Canadian economy.

When development dollars and expertise flow to other countries because of Canada's weak intellectual property regime, innovative research focuses on the priorities of others instead of on the needs of Canadians. When clinical research is done elsewhere, Canadians have to wait longer to realize the benefits of new drugs and therapies.

Our country has a strong research base to build upon. We have many of the key ingredients for success in an increasingly competitive global research environment. This base includes multi-year investments by governments in public research enterprise, private investments by our members, averaging over \$1 billion per year, and globally recognized clinical research capacity.

[Translation]

In conclusion, Canada cannot rest on its laurels. It must constantly strive to maintain its competitive edge if it wants to capitalize on the innovative potential of its own innovative companies.

Our industry is prepared to work with the federal government to create the kind of stable and predictable environment described, so that the research-based pharmaceutical sector can be competitive and contribute to Canada's economic development.

Thank you.

[English]

Thank you for your time.

The Chair: *Merci beaucoup.*

Now we'll go to the Alberta Pulse Growers Commission.

• (1535)

Ms. Sheri Strydhorst (Executive Director, Alberta Pulse Growers Commission): Mr. Chairperson, honourable members, and guests, my name is Sheri Strydhorst. I have a PhD in production research. My husband and I farm in northwestern Alberta, and I'm the executive director with the Alberta Pulse Growers Commission.

With me today, and sharing my time, is Richard Phillips.

The Alberta Pulse Growers Commission represents 4,700 pea, bean, lentil, and chickpea farmers in the province of Alberta. I've also been asked by the Saskatchewan Pulse Growers, who represent an additional 18,000 farmers, to let you know that these requests are relevant to all members of the pulse sector.

Last year we had the opportunity to present to the finance committee, and today, while we're talking about the same subject, our requests are more specific. More funds are needed for public research, but properly allocated funds are just as important. We sincerely thank the federal government for Growing Forward contributions to agriculture research; however, there are some critical gaps in the public research system that need to be addressed with future funding programs. Today I'm going to touch upon four of those.

The first is long-term federal funding for agriculture research. We are requesting 10-year funding allocations. Current funding programs are typically three years in length. This makes sense for some types of research, but it's unrealistic and creates burdensome paperwork for other areas of research. For example, to create a new crop variety or to study crop rotations requires a minimum of six to nine years of research to complete the data set. Forcing researchers to work in three-year funding blocks means they collect incomplete data sets or put projects on hold as they seek new funding. This creates inefficiencies and diverts scientific expertise away from research.

The second request is to provide adequate resources to young, leading-edge scientists. The number of Ag Canada scientists has dropped by 7% in the last three years. The majority of Ag Canada scientists will be of retirement age in less than 10 years. Ag Canada is suffering a corporate memory loss. As agriculture research expertise leaves Canada, it will be an impossible resource to replace. Agriculture's future economic prosperity is linked to our bright, young innovative workforce; Ag Canada needs to ensure that they attract these people to agriculture and provide sufficient funding to keep them there.

Our third request is to ensure flexibility in future funding programs. The Growing Forward programs have provided funding for agriculture research; however, some of the conditions make it difficult to take full advantage of that funding. For instance, in the pulse agri-science cluster, the plan had to be scaled back due to a lack of technical help at Ag Canada facilities. One of the program funding conditions prevents using the funds to hire full-time staff. You can hire summer staff and post-doctoral students, but there's simply a labour shortage that prevents the necessary research studies from being conducted. This funding restricts private investment in Ag Canada research stations, and private companies will not increase their contributions when they recognize there's insufficient staff to complete the work.

Finally, we respectfully request the return of Ag Canada A-base budget research funding to 1994 levels. This would require an investment of \$28 million for 10 years. Recent studies have shown a 12-time return for investments in breeding research for Canadian farmers, and we're not asking the government to do this alone. Investments in pulse breeding and agronomic research by Alberta and Saskatchewan farmers exceeds \$3 million per year. Investments in public research do pay off, which is why producers invest their own money into public research. APG's most important funding allocation is to research, and our refund rate of only 3% is a strong indication that Alberta pulse growers believe this too. It is the one issue everyone agrees on, and it's critical to the pulse sector, as pulse crop research is conducted almost exclusively in the public sector.

There are different funding models that need to be considered. For example, Australia is light years ahead of Canada. Starting years ago, they began taking larger check-offs and funnelling the money into research and encouraging public-private partnerships.

In summary, our requests are to provide long-term funding for agriculture research, to provide adequate resources to recruit young scientists, to ensure the flexibility of future funding, and to increase the A-base budget to 1994 levels of \$28 million. There's tremendous value in public research. It will allow Canada to remain a strong leader in agricultural production and it will reduce government support payments to producers. Invest with us in public research so that we will remain competitive and remain an important contributor to the Canadian economy.

Thank you for this opportunity.

We look forward to your questions.

The Chair: Thank you.

We'll now hear from the Alliance of Canadian Cinema, Television and Radio Artists, please.

Mr. Tyrone Benskin (National Vice-President, Alliance of Canadian Cinema, Television and Radio Artists): Good afternoon. My name is Tyrone Benskin. I am a professional performer and vice-president of ACTRA, the Alliance of Canadian Cinema, Television and Radio Artists. Joining me is Stephen Waddell, ACTRA's national executive director.

It is our honour to be here today as a voice for the 21,000 professional performers, members of ACTRA, whose work entertains, educates, and informs audiences in Canada and around the world.

As you prepare your recommendations for the 2011 federal budget, we are here to talk to you about something not often talked about in the arts and culture sector: job creation by building a mature and sustainable digital economy through smart investments in Canadian content. Content is a serious business. Many say that content is king, and they are right.

Canada's cultural industries contribute more than \$85 billion, or 7.4%, to our GDP, and more than 1.1 million jobs to our economy, and at the heart of that is content. In addition to TV, film, and radio—much of which is now recorded digitally—we are now performing in video games and webisodes. For example, in 2009 Montreal members saw their collective earnings in video game

motion capture and voicing surpass the \$1 million mark, far outpacing the once dominant animation market.

What needs to be made clear is that the digital economy is about more than just hardware and delivery systems. The reason why we buy BlackBerrys and iPods isn't just because they look cool; it's because they deliver content. For this reason we believe that success for a strong and sustainable digital economy requires public policy designed to support content and content creators.

Today we are here to propose three pieces to a sustainable digital economic plan: public investment in content creation, incentives to encourage private investment in content, and ensuring shelf space for Canadian content by making sure control of Canadian communication companies remains in Canadians' hands.

The government must invest in Canada's cultural institutions. We urge this body to commit to renewed and increased long-term funding for the Canada Media Fund, Telefilm Canada, the Canadian Broadcasting Corporation, and the National Film Board. These institutions are key to maximizing the potential of digital technology in the creation, innovation, production, and distribution of compelling Canadian content.

These proven success stories are showing what Canada's creative communities are capable of in a digital economy, and they must be given the resources they need to flourish, create jobs, and make Canada a leader in the creation and production of digital content.

I'll turn now to Stephen Waddell.

● (1540)

Mr. Stephen Waddell (National Executive Director, Alliance of Canadian Cinema, Television and Radio Artists): Thank you, Tyrone.

Our second recommendation is greater incentives to trigger greater private investment in content creation. Tax credits are an efficient way to increase Canada's competitiveness, attract investment, and reward risk. We urge you to look at increasing the value of Canadian film or video production tax credits and the production services tax credits. The government should join the provinces in expanding these credits to include all spending, including post-production costs, and not just labour costs.

The government might also explore the possibility of investment funds, for example, setting up public funds to trigger private investment in companies working in screen-based media.

Creating great content isn't enough. In a world where access to content increasingly has no borders and the supply is seemingly endless, we must make sure audiences can find it. Canadian content must be given shelf space, and it must be marketable and accessible.

In our view, the CRTC should be regulating broadcasting on the Internet, which is just another platform for delivery of content. Until the CRTC sees the logic of this approach, we urge the government to provide incentives to private companies to feature Canadian digital content on their websites.

We propose that the government amend the Income Tax Act to give advertisers tax deductions for advertising on Canadian-owned websites featuring our content. This idea is based on the existing section 19.1 of the act, which provides incentives for broadcasters to advertise on Canadian television stations instead of U.S. border stations.

We urge the government not to use this federal budget to once again weaken Canadian sovereignty, but instead to use this opportunity to make us stronger by bolstering regulations and making smart investments in our cultural industries. We must continue to control our own telecommunications and broadcasting industries. Convergence in these industries means foreign ownership rules for telecommunications cannot be relaxed without affecting broadcasting and control over our content.

Given the right tools in today's digital economy, Canada's cultural industries will continue to be an engine of Canadian economic innovation and growth. We urge the government to harness the full economic potential of this important industry with a solid, long-term investment in the coming budget and the years ahead by implementing our recommendations.

Thank you.

The Chair: Thank you for your presentation.

We will now go to the Canadian Caregiver Coalition.

Dr. Judith Shamian (Signatory, Canadian Caregiver Coalition): Thank you.

Good afternoon. I'm Judy Shamian. I'm the president and CEO of VON Canada, and I am here to speak on behalf of the Canadian Caregiver Coalition.

The focus of this consultation deals with the best place for families and a strong and prosperous economy. My comments around family caregivers deal with both of these issues.

I want to say a word about the Canadian Caregiver Coalition. It's a national body representing and promoting the voice, needs, and interests of family caregivers, with all levels of government and community, through leadership, research, information, and communication.

I am here as one of the sustaining partners, including VON Canada; Canadian Home Care Association; CSSS Cavendish, in Montreal; Saint Elizabeth Health Care; and ComCare.

In addition to the sustaining partners, there are many other organizations that support our agenda, such as the Alzheimer Society; Caledon Institute; the Law Foundation of B.C.; federal

commissions and committees, such as mental health commissions, the Special Senate Committee on Aging, the parliamentary committee on palliative and compassionate care, and others. As you can see, this is a broad agenda.

There are over three million Canadians in this country who are unpaid family caregivers and who provide extensive care. I'm sure if I were to go around the room, members of the House and others would have stories from either their constituents or family members that are heartbreaking. Families do it with great love, and they are asking for our support.

Research shows that if family caregivers were to go on strike today, it would cost us \$25 billion a year, which is close to 20% of what we invest in our mainstream health care. Family caregivers provide an enormous contribution to this country, and we offer them very little in return.

There are four recommendations that I am putting in front of you, and I will go into each one as time permits.

The first recommendation is to announce a national caregiver strategy to demonstrate that the federal government is seriously committed to addressing the challenge facing Canadian families.

The second recommendation is the enhancement of financial tax credits for caregivers to help compensate for expenses incurred by families who must purchase services, equipment, and supplies that assist individuals requiring care to live independently at home. Some of you are probably getting bored of hearing this message; I gave you the same message last year.

Recommendation three is to modify the Canada Pension Plan, CPP, so that those with reduced income as a result of family caregiving are protected.

Recommendation four is to support cross-country consultations with families to enhance the general social survey, GSS, cycle 26, which is dedicated to family caregiving.

Let me cycle back to the recommendations.

Recommendation one is to establish a national caregiver strategy, and there are various tax benefits that can be considered. The caregiving strategy requires a group of experts who can work with the jurisdictions and communities—the for-profit corporate Canada and the not-for-profits across the country—to see how we are going to support our caregivers.

If we don't support our caregivers, we are also risking our workforce. Research clearly shows that those who are caregiving—and there are over 700,000 people, for example, who provide more than 10 hours of caregiving a week—are unable to accept promotions and they work less than they otherwise could if we were to support them.

The second recommendation, which talks about enhancing caregiver tax measures, is an immediate measure. The federal government should provide increased support for the caregiving and infirm dependant credit.

The credit could be enriched in three ways, and these are mechanisms that already exist: they could be enriched by increasing the amount of both credits, which will help caregivers with more of the costs they incur; modifying the caregiver credit to phase out more gradually; and making the caregiver credit refundable, such as in Manitoba. Our recommendation is that an expert advisory committee be put in place to look at the tax system.

The third recommendation is enhancing the employment benefit, and that's the CPP. We already have mechanisms by which individuals can discount some of their unproductive years. We should pay attention and do the same thing with family caregivers. We should institute government pension contributions on the hours of work provided by family caregivers, effectively ascribing a value to caregiving, and create a caregiver-specific pension that would operate like an income supplement.

• (1545)

The final point is on our data component. We need data. All the data we have is from 1997.

Thank you.

• (1550)

The Chair: Thank you very much for your presentation.

We'll go *ensuite* to Madame Kenny, *s'il vous plaît*.

[*Translation*]

Ms. Marie-France Kenny (President, Fédération des communautés francophones et acadienne du Canada): Mr. Chair, members of Parliament, on behalf of the 2.5 million French-speaking Canadians living in 9 provinces and territories who I am representing here today, I want to thank you for inviting us to appear this afternoon.

We are here today to talk about efficiency, productivity and Canada's success. We are here to tell you that we share those priorities of the Government of Canada and that they are not just hollow words to us. They are the guiding principles at the heart of hundreds of organizations and institutions in francophone and Acadian communities that work every day to develop programs, activities and services to support French-speaking Canadians in all aspects of their daily lives.

The Government of Canada has built innovative partnerships with these organizations through investment mechanisms, such as the Roadmap for Canada's Linguistic Duality initiative and Canadian Heritage programs that support official languages. These partnerships help the government adopt new approaches to many social challenges, an objective outlined by the government in its throne speech this past March. These partnerships enable the government to meet its objectives and obligations under the Official Languages Act in a more cost-effective manner; pursuant to the act, the government has a duty to support the development and vitality of official language communities. These partnerships also enable the government to more efficiently and cost-effectively fulfill its role, which, as the Minister of Finance indicated on Tuesday, is to provide the infrastructure, programs and services necessary for the economy and society to prosper in the long term. Whether their focus is health, education, the economy, job creation, access to justice or literacy,

these organizations tackle local and regional challenges while enhancing Canadians' ability to live in French across the country.

Did you know, for instance, that investing in organizations in francophone and Acadian communities helps welcome and integrate immigrants? Did you know that investing in organizations in francophone and Acadian communities helps small and medium-size businesses grow and enhances employability? And did you know that investing in organizations in our communities promotes health training?

The work carried out by organizations in francophone and Acadian communities reflects the government's priorities and helps the government meet its objectives. Organizations that contribute to the development and vitality of French-speaking communities across nine provinces and three territories use federal funds in efficient and innovative ways to help the government achieve its objectives of strengthening the francophone identity and supporting local communities. That is one of the reasons we are here today.

The other is that we are aware of the two review and reporting exercises currently underway focusing on the organizations in our communities and their ability to help Canada grow and prosper.

On one hand, the Government of Canada has undertaken a review of programs and spending in an effort to restore fiscal balance in the next few years. That is why you invited us to appear today. On the other hand, the Government of Canada is in the midst of a mid-term report on the Roadmap for Canada's Linguistic Duality 2008-2013. Both activities are necessarily interconnected.

Our message for you today is this: assuming that organizations in francophone and Acadian communities are essential partners delivering services to Canadians and thus helping the government meet its objectives, the Roadmap for Canada's Linguistic Duality is one of the levers allowing those organizations to fulfill that role. I say "one of the levers" because it would not be to the government's advantage to have just one. Programs to support official languages and investments in francophone and Acadian communities provided by such departments as Human Resources and Skills Development Canada, Justice Canada, Health Canada, and Citizenship and Immigration Canada are all important in their own right.

As we mentioned in our brief, nearly 60% of the revenue provided by the Government of Canada is invested by community organizations in projects and services for residents. The remaining 40% is used to build financial or other types of partnerships with provincial, territorial and municipal governments, as well as the private sector, foundations and other community agencies. These investments should be maintained and ultimately even enhanced.

Because they understand this environment, francophone and Acadian community agencies are able to help the federal government meet its objectives of supporting local communities and enhancing the presence of French culture throughout Canada in an efficient and more cost-effective manner. By strengthening the role and capacity of these organizations, the government will have all the tools it needs to work with these communities to create jobs, stimulate investment and contribute to our country's growth.

Thank you.

• (1555)

[English]

The Chair: *Merci beaucoup.*

Next we'll have BIOTECanada, please.

Mr. Anthony Giovinazzo (President and Chief Executive Officer, Cynapsus Therapeutics Inc., BIOTECanada): Mr. Chairman, honourable members, thank you for the opportunity to appear in front of your committee. My name is Anthony Giovinazzo and I am the CEO of a biotech company in Toronto that has a lead program in Parkinson's, applicable to worldwide markets.

I am here today to plead for your support on the proposal presented to you by BIOTECanada to build a better business case for companies like mine to grow and, more importantly, stay in Canada.

For a number of years we've reached out to the government, and you and your colleagues, to your credit, have responded with expansion of the SR and ED credits and with the elimination of the applicability of section 116 of the Canadian and U.S. tax treaty.

The issue is not funding for scientific research or seed capital; it is for what we call the valley of death: the development and commercialization piece of the value chain.

In addition, times have changed. Global competitors to match our early biotechnology leadership have upped their game and further exacerbated the problem. Many countries have begun to outpace us with both research and investment capital. They have also understood the inextricable link between research and commercialization.

In order to simply sustain what we have here in Canada in this industry today, our companies need to attract at least \$1 billion a year of capital.

I'm here to tell you that we can build companies that will provide tax returns and real returns on investment to Canadian taxpayers. To do so, we must have access to the full continuum of capital.

Why are we here recommending flow-through shares? The traditional capital markets have changed. Where there was once a strong and competitive VC market, we are down to a couple that are struggling to replenish investment funds. Flow-through shares offer a new marketplace for investment to be drawn into our companies. They reward investors who are able to accept the risk-reward paradigm that our industry can provide. This industry is almost identical to the minerals and resources industry in terms of risk and timelines.

The flow-through shares program is a smart choice because at its core it is market driven as to which companies are funded. For many biotech companies with significant current or near-term commercialization needs, monetizing historical losses is the only asset that can provide capital.

lization needs, monetizing historical losses is the only asset that can provide capital.

The long-term health of our national economy requires a strategic prioritization of the life sciences-related commercialization funding. There are large amounts of taxpayer money in health care, post-secondary education, and research funding. The availability of commercialization funding through a basic structure like flow-through shares complements that funding and further provides for a measurable return on it.

As a result of the flow-through share provisions, an internationally competitive mining industry has been built and has attracted foreign investment. To this end, the federal budget last year expanded these provisions for certain renewable energy sectors.

I'll now hand you over to Peter Brenders, the president of BIOTECanada.

Mr. Peter Brenders (President and Chief Executive Officer, BIOTECanada): In addition to flow-through shares, Canada works on a number of leading innovative sectors, and it boasts a world-class portfolio of research organizations and leading companies developing innovative vaccines for debilitating diseases.

Our companies are doing much to help Canadians and Canada's health care system. In 2003 the federal government launched the national immunization strategy, which has since contributed approximately \$100 million a year in federal funding toward immunization programs for new vaccines related to chicken pox, pneumococcus, adolescent whooping cough, meningitis, and HPV-related diseases.

We need you to keep building on the success of the NIS program, to create a permanent fund of a minimum \$100 million per year to ensure newly recommended vaccines can reach all Canadians. The investment will not only save lives, but it will send a signal to the world that Canada remains at the forefront of vaccine discovery.

The Chair: You have one minute.

Mr. Peter Brenders: Our final recommendation is to call for support for industrial biotechnology companies that are developing new, dedicated biomass crops, transitioning our forestry industries into centres of biorefining, and developing renewable materials for our auto and housing sectors, all helping Canada to achieve commitments to reduce greenhouse gas emissions. Such technologies produce broader and more integrated supply chains, creating economic opportunities and new jobs for Canadians.

The commercial deployment of industrial biotechnology is capital intensive. Public support of pilot-stage technologies is critical to bridge the development from laboratory science to private equity investments.

The SD Tech Fund of Sustainable Development Technology Canada has been crucial in helping these companies transition to market. The pace of Canadian innovation in this sector has outstripped the funding allocated to the SD Tech Fund, and additional funding is needed.

To help ensure the bioeconomy continues to grow here, BIOTECANADA urges the federal government to secure Canada's place in the global bioeconomy by renewing and providing a minimum \$100 million per year to SDTC to continue to support the next generation of industrial biotechnology and clean tech innovations and to expand this fund's eligibility to include more diverse bio-based technology.

•(1600)

The Chair: Thank you.

We'll now go to the Canadian Festivals Coalition for their five-minute opening statement, please.

[*Translation*]

Mr. David Heurtel (Vice-President, Corporate and Public Affairs, Just for Laughs Group, Canadian Festivals Coalition): Mr. Chair, members of the committee, good afternoon. My name is David Heurtel, and I am the Vice-President of Corporate and Public Affairs for the Just for Laughs Group, which puts on the Just for Laughs festivals in both Montreal and Toronto.

On behalf of the Canadian Festivals Coalition, I would like to thank the committee for including our voice in its discussions regarding budget priorities. In addition to the report you have already received, we have provided the members with a copy of our impact study on the 2009 funding for the marquee tourism events program.

The Canadian Festivals Coalition is an organization that brings together 12 world-class festivals and events from across Canada. The CFC's goal is to promote the growing major festivals and events sector, which contributes significantly to the Canadian economy, most notably through tourism development. World-class festivals and events helped to drive Canada's economy during the recent crisis, according to an independent study based on the reports submitted by these organizations to the federal government in 2009. The study showed that 15 of the largest festivals and events in Canada attracted 12.6 million attendees annually, contributed \$650 million to local economies and supported the equivalent of 15,600 full-time jobs nationwide. This substantial economic impact was derived primarily from operational spending by these organizations and tourism spending, for a total of \$1.1 billion per year. Tourism and operational spending related to these 15 events generated approximately \$260 million in tax revenue for all three levels of government. These figures clearly show that major festivals and events, especially major cultural events, form a sector of the economy that generates significant economic returns. This study recognizes the tremendous economic impact that major cultural festivals and events have across the country.

The federal government's investment in major festivals, through the marquee tourism events program, helped our events expand and diversify their programming and extend their marketing reach at the international level, which was especially important during a period of global economic instability. The study demonstrates the immediate positive effects of that investment and highlights the incredible ability of this sector to grow and develop. Not only does the industry believe that the study results prove its ability to grow, but it is also certain that it can continue to develop the tourism base and deliver excellent economic results in the future.

At a time when Canada's tourism industry is in trouble, it is essential to invest in leading-edge products that have been proven and that have the potential to further benefit the tourism sector and the economy.

I will now hand the floor over to my colleague, Janice Price.

[*English*]

Ms. Janice Price (Chief Executive Officer, Luminato, Canadian Festivals Coalition): Thank you, and good afternoon.

The government's financial investment through the marquee tourism events program allowed Canada's major festivals and events to update their infrastructure, expand their marketing research, and improve their product offerings. These activities resulted in a direct impact on job creation and generated major economic spin-offs across the country. A long-term, sustainable funding program would allow major festivals and events to plan for future growth and would go a long way toward establishing Canada as a world-class tourism destination in a very competitive global market for many years to come.

Although the CFC recognizes that MTEP was established as a temporary stimulus program, now that major festivals and events have clearly proven themselves to be significant economic generators—particularly for the tourism industry—and that the impact of federal investment in this area has been demonstrated, the CFC recommends that the government invest \$50 million annually for a permanent program for major festivals and events in order to continue and build upon the success of what MTEP has achieved.

Since 2002 Canada's tourism sector has been experiencing a period of serious decline. While there are many reasons for that tourism deficit, one significant cause is a lack of an internationally competitive product. After years of marketing ourselves as a destination for moose, Mounties, and mountains, Canada is simply less compelling. On the other hand, Canada's major festivals and events sector is one of the areas in which we can compete on a global level. Festivals such as the Toronto International Film Festival, the Carnaval de Québec, the Calgary Stampede, Luminato, and the Stratford Shakespeare Festival are world-leading events. Therefore, the CFC is calling on government to invest in an area in which we are strong and to help us further develop the festivals and events sector.

Canada's major festivals and events provide an economic and cultural gateway to their respective communities and regions. They provide a platform from which other events, destinations, and organizations can draw patronage, sponsorship, and audience. In a way, the marquee event has the potential to be the tide that lifts all local boats.

Thank you.

• (1605)

The Chair: Ms. Price, thank you very much for your presentation.

We'll now start with members' questions.

Mr. Szabo, please.

Mr. Paul Szabo (Mississauga South, Lib.): Thank you.

Ms. Shamian, I very much enjoyed your presentation. I wish we had more time, but we don't, so let me get right to it.

The national caregiver strategy recommendation is absolutely essential, simply for the reasons you have articulated. It is cross-jurisdictional, and if we don't have everyone, we'll make no progress.

I'm going to skip to the CPP. We have in there what used to be called a child rearing drop-out provision, which I think is more sensitively described now as the child rearing provision form. The interesting thing is that it is a very good parallel for what you require. The importance is not only that they lose some credit or value for the earned pension benefits, but they lose years of opportunity to increase them from where they are. So I agree there.

I want to ask you to speak a little more about family caregivers. Probably the vast majority of families in Canada are facing those situations now, with our aging society. Tell me more about your views on financial assistance through tax credits or other bases for family caregivers.

Dr. Judith Shamian: Thank you.

Recommendations two and three both deal with those kinds of potential supports.

Let me talk first about CPP, which you raised. You're absolutely right that we have parallels in both recommendations two and three. We mention recommendations where the mechanisms are already there, and they need to be transferred and expanded to include family caregivers.

For example, around CPP and the drop-out for individuals who have left work in order to provide care for adult family members, we can apply the same thing you're talking about. Institute government pension contributions on the hours of work provided by family caregivers, effectively ascribing a value to caregiving. So count them toward the contribution—you talked about that. Create a caregiver-specific pension that would operate like an income supplement.

Those are the kinds of things we have to look at. Basically it's unrealistic to expect that, voila, it's going to happen. Maybe there is a need for a CPP working group to look at those issues as we move forward. Many of us are willing to help with that.

The second area we talked about had to do with increased support through a caregiver, an infirm dependant tax benefit. Your party has raised those issues in recent weeks. Increasing the amount of both credits would help caregivers with more of the costs they incur. Then multiply the caregiving credit to the phased-out credit we talked about before. The drop-off rate is minimal—about \$18,000—and the minute you earn \$18,000 you can't phase out those benefits. Also, make a caregiver credit refundable, as in Quebec and Manitoba.

Again, if we can't get those things included, maybe an expert advisory committee of your own should be looking at it and moving that forward.

Mr. Paul Szabo: Do you have any idea of the dimensions of the demand or shortage to meet the demand for long-term chronic care or respite care that Canadians are asking for?

Dr. Judith Shamian: I would answer it in a different way. I think there is a lot of provincial commitment to build tens of thousands of beds. In my opinion, they are not necessary, per se. We need some, but there are some very innovative programs in Ontario and other places across the country. In one program I am very familiar with, a third of the people came off the long-term care list because they could manage at home if they were able to keep the support they needed. That's what they are asking for.

• (1610)

Mr. Paul Szabo: I want to give you the last minute to finish off anything else you want to say. Yesterday I was with my mom, who is pre-Alzheimer's, and tomorrow we're taking her to a care facility for probably the rest of her life.

Dr. Judith Shamian: That is the hardship that over three million Canadians experience who want to do their very best. It's very difficult to do so.

The supports caregivers need are around technology, health human resources, education, and tax support. Then there is the whole component of volunteers and how we support volunteers. That's for another day.

The Chair: Thank you, Mr. Szabo.

Monsieur Paillé, *s'il vous plaît*.

[Translation]

Mr. Daniel Paillé (Hochelaga, BQ): I would like to come back to the brief submitted by the Canadian Caregiver Coalition. In your brief, you stated that the tax credit should be refundable, as it is in Quebec and Manitoba. That should be a key recommendation in the committee's report.

A bit earlier, Mr. Szabo asked the same question. I would like you to specify, either today or at a later date, the number of people affected. We know that the problem is growing, but you give several figures on page 2 of your report. We do not know whether it is 10% or 1.5% of people, and you also mention 5 million people. That is a lot.

I am not sure whether you have a Quebec branch of caregivers in your area, but I encourage you to pay close attention to areas of jurisdiction. Would it not be possible for the federal government to hand over this domain and give the provinces a certain number of tax credits so that provincial health ministries could administer them?

Furthermore, have you given any thought to the volunteer compensation project that was submitted to the Quebec government? A caregiver always needs volunteers, especially when the patient requires an increasing amount of care. There was a project on that, and I want to know whether you have anything in your files about that. I would ask that you please keep your answer brief.

[English]

Dr. Judith Shamian: I'm definitely not getting into the FPT agenda on federal or provincial jurisdiction. I'm going to stay out of that.

As it relates to volunteers, absolutely—

[Translation]

Mr. Daniel Paillé: You are wise.

[English]

Dr. Judith Shamian: I used to work for the federal government, so I know my place.

As it relates to volunteers, you're absolutely correct. There are a lot of interesting initiatives in different countries. For example, there are initiatives where volunteers can bank the hours they volunteer, and when they need it they get those benefits.

As it relates to tax benefits, they absolutely need to get some recognition. As we move into the baby boomers, we need to look at volunteers not just as a service we need. Research clearly shows that when you volunteer and have meaning, you stay healthy longer. So we're looking at the economic return on that investment and some form of recognition.

In my organization we have 10,000 volunteers. We pay their mileage and give some other awards recognizing them, because without them lots of people would have no meals or exercise programs, and so on.

[Translation]

Mr. Daniel Paillé: Thank you very much, Ms. Shamian.

My second set of questions is for the representatives from the Canadian Festivals Coalition. I would encourage you to be careful and to make sure that your festival names are in French. On page 18 of the French version, for instance, it reads "Quebec Winter Carnival". I do not think Bonhomme Carnaval would be too pleased to see the name of his festival in English in the French document.

Nevertheless, I do not see any mention of last year's federal cutbacks, which were drastic, severe and even savage. I would like to know whether that had a significant impact on your end.

• (1615)

Mr. David Heurtel: Indeed, some of our members had to deal with some harsh cutbacks. The past two years have been very tough, and our members have had to respond quickly. It was talked about rather extensively in the media, for that matter.

We hope that, in the future, the government will adopt slightly more permanent measures based on more objective criteria, which would provide Canada's major festivals and events with a stable and increased source of funding, in turn allowing them to grow and develop.

Mr. Daniel Paillé: Thank you.

I have just 30 seconds left. I have a question for the BIOTECanada representatives. You want the government to start a flow-through shares program. Why not simply create limited partnerships, a system that exists already?

[English]

Mr. Anthony Giovinazzo: Chairman, through you to the honourable member, the amount of capital required is significant. And having it based on market trends and having the market making the decision, we believe, is a more appropriate way to allocate funds. Of course, there are a number of organizations that provide funding, such as the Alzheimer's organization and the Parkinson's organization, and there are also venture capital funds, as you probably appreciate. But that sector has been decimated over the last several years and does not have the breadth and depth of capital it had several years ago.

[Translation]

The Chair: Okay, thank you.

Ms. Block, your turn.

[English]

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

Welcome to all of you. I've certainly appreciated your presentations here today.

My first questions are going to be for the Alberta Pulse Growers Commission.

I appreciated reading through your brief. I just want to focus on your third recommendation on ensuring flexibility for research scientists, and I'm wondering if you could clarify for me a statement you made. In your brief it says, "One of the program funding conditions prevents using the funds to hire full time staff." Then you talked a little bit about labour shortages.

Can you explain that a little bit more for me?

Ms. Sheri Strydhorst: Certainly. Maybe it's easiest to give you an example.

In the bean breeding program we have at Lethbridge, there's investment from the private sector and from government. The private sector wanted to scale up the work going on there, but they could not hire technical staff to carry that out using science cluster dollars because they are not allowed to use it for staffing funding. That is what prevented private industry from investing. That's where the labour shortage is. They were able to hire summer students, but that's only good for four months of the year, and of course work needs to be done outside of that. And post-docs certainly have projects to complete and other things to do. So it's that technical shortage we suffer.

Mrs. Kelly Block: Thank you.

I have another question. I represent a very large rural riding that I think is known for its pulse crops. I'm very glad to have you here. I'm just wondering if you can explain to me what A-based research is. I'm not familiar with that term.

Ms. Sheri Strydhorst: Actually, I'll maybe pass that over to Richard. He's a little more versed in some of that.

Mr. Richard Phillips (Representative, Alberta Pulse Growers Commission): The A-based fund is just the core agronomic dollars that fund the Ag Canada research stations and the actual Ag Canada scientists. That's kind of what we call the core agronomic research that goes on in Canada.

Mrs. Kelly Block: Thank you.

I would like to move on to the folks representing Canada's research-based pharmaceutical companies and just ask a couple of questions.

In your first recommendation you state that Canada's intellectual property regime needs to be improved. You talk about the "effective right of appeal" and "an existing legal imbalance".

Can you explain that for us?

Ms. Wendy Zatylny: Absolutely, and thank you for the question.

The current regulations provide a system that encourages the resolution of patent infringement issues before a generic drug actually enters the market. Often this is done through litigation. Under the current system, if a judgment goes against a generic company, that generic company has a de facto right of appeal. It can go back and ask the courts to reconsider the decision. Should the decision go against an innovator, most often we do not have that right of appeal, so we cannot go back and ask the courts to reconsider the decision. We consider this a fundamental inequity in the system, and it destabilizes the IP system here in Canada.

For that reason, we believe that the regulatory amendments to create a time limited but effective innovator appeal mechanism are really needed to restore that balance in the operation of the regulations in a way that would also allow us to create jobs and bring investment into the country.

• (1620)

Mrs. Kelly Block: Okay.

In your third recommendation you talk about "[i]mprovements to the efficiency of Health Canada's regulatory review processes", and you state that they need to be improved so that they do "not negatively impact core operations budgets".

Is that happening right now? Are those budgets being negatively impacted?

Mr. Rob Livingston (Director, Federal Government Relations, Merck Frosst Canada Ltd., Canada's Research-Based Pharmaceutical Companies (Rx & D)): Yes. Our concern is that the workload for the drug approval process has been increasing as the complexity of the reviews increases and as the A-based funding—as was explained with respect to Ag Canada—is being eroded. They are recommending a cost-recovery program, which they're going to bring forward this fall, which we've supported on the grounds that it's tied to efficiency. But our concern has been that the A-based funding mechanism hasn't kept up with the workload.

Mrs. Kelly Block: Okay.

My last question is for the folks from BIOTECCanada. In your submission you talk about the need to maintain a sustainable community of biotechnology companies. Can you explain what that would involve? How many companies would ensure that you had a sustainable community?

Mr. Anthony Giovinazzo: Honourable member, I don't have a specific number for you, but I can tell you that there are approximately 175 biotechnology companies in Canada that are focused on therapeutic development. Then there are others that are related to a variety of research in related fields, such as diagnostics and medical devices. Canada is a rich developer of science and technology. We invest heavily in that academic and research-based area of investigation, but we need to further support that investment with commercialization and the availability of a continuum of capital to allow us to do that.

On the opposite side of the coin, I've been instructed not to say anything negative here, but I think it's important to share with you that we've had a number of companies leave this country and bring with them technologies and individuals who have been paid for and trained in this country, the most famous of which was announced a few days ago. Geron, in the United States, is becoming the leader in stem cell therapy by being one of the first in North America to be allowed to run clinical trials. They're in California; they were in Hamilton. The science that developed that technology was from Canada and was funded here in Canada, but it couldn't find the commercialization capital it needed. In fact, it couldn't find the venture capital it needed several years ago and it ended up moving.

The Chair: Thank you.

Thank you, Ms. Block.

Monsieur Mulcair, s'il vous plaît.

[Translation]

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

I will start with the people from ACTRA, an alliance better known by its English acronym.

Mr. Waddell and Mr. Benskin, welcome. I want to thank you once again for your contribution, which is one of the most important in these deliberations. I recall that, last year, you made a plea for an income averaging system for tax purposes to benefit artists. They must have to deal with huge fluctuations in income at times. This kind of income averaging was already allowed in Quebec, and you asked that it be implemented elsewhere as well. Today, you again provided the committee with one of the most interesting reports. You reminded us that when it comes to creating jobs and wealth, culture is one of Canada's most valuable sectors.

I am going to try to understand one part of your analysis. I want to be sure that I have understood it properly. You call for incentives for the private sector. Right now, the most profitable companies enjoy the highest tax cuts. That is obvious. Are you telling us that the richest companies are the ones that need it most and should receive huge indiscriminate tax cuts while companies that are not profitable get nothing?

Are you making a case for these types of investment incentives for private companies in order to create more jobs, which would be the most productive approach? That would be similar to what was done in Montreal in the cases of the companies you mentioned, in video gaming, for instance. Those are precursors in North America. Is that the idea behind your recommendation for further incentive measures benefiting the private sector?

• (1625)

[English]

Mr. Stephen Waddell: Thank you for the question, Mr. Mulcair.

There are a variety of means by which we would like to see investment in the industry increase. We already have a tax credit system that is quite efficient. However, it could be expanded, and as we suggest, we would like to see and we urge the government to consider expanding the tax credit system to include all costs associated with a production. Right now those costs are limited to the labour costs.

A couple of provinces—Quebec followed by Ontario—have adopted what's known as the “all-spend” formula, which has generated a significant increase in production in Ontario and Quebec specifically. We would hope this government might consider adopting such an all-spend formula for the federal tax credits.

Similarly, like our colleagues from the biotech sector, the idea of flow-through shares from the mining sector could apply very well in our sector as well. As we have also suggested, an innovative approach to establishing a place for Canadian content in the digital environment would be to take the model that has already been established in the broadcasting jurisdiction and amend and expand section 19.1 of the Income Tax Act to include digital media productions; that is to say, if you created a website in Canada, you would have the opportunity to deduct the advertising expenses as a taxable expense, thereby encouraging advertising on Canadian websites.

Thank you.

[Translation]

Mr. Thomas Mulcair: Thank you very much.

I will now turn to Ms. Kenny. Even though it was not of our doing, as members of Parliament, I want to tell you how deeply we regret the decision made by the government, for ideological reasons that are totally baffling, to do away with the long-form census—a tool that gave us the data and figures necessary to deliver the services you should receive, the services you are entitled to under Canadian law. As a lawmaker, I wanted to apologize to you, even though our party had nothing to do with the decision.

We are here to study budget considerations, and the bottom line is that the whole issue of service offerings has to do with public spending. Would you be so kind as to check the definition and to give us an idea of what that means in terms of lost investment in Canada's francophone and Acadian communities?

Ms. Marie-France Kenny: Are you talking about the census?

Mr. Thomas Mulcair: Precisely, and I am also talking about what it means when you do not have an adequate statistical basis on which to make informed decisions.

Ms. Marie-France Kenny: Thank you for your apology and your question. However, I must say that the FCFA has discussed and debated the census issue at length. I would be happy to discuss it with you at another time. But, as for the money and investments we are looking for today, it is important to recognize that francophone and Acadian communities are active in every arena, the same arenas as the English-speaking majority, and that we are a key partner to the government that can help it fulfil its obligations and role with respect to linguistic duality.

So that is where we stand. Earlier, I heard a woman say that if caregivers were to disappear, it would be a lot more expensive for the government. The same goes for francophone communities and agencies across the country. Basically, they are able to deliver the services that the government is required to provide, but at a lower cost. If we were to disappear, it would be at a huge cost to the government. Keep in mind that there is a law and that the government still has to meet its obligations, which we are doing right now.

So it is a tremendous loss in terms of linguistic duality and Canada's French-speaking community.

• (1630)

Mr. Thomas Mulcair: Thank you, Ms. Kenny.

Lastly, I have a quick question for Mr. Heurtel.

Thank you very much for your presentation, which addressed one of the most important issues. I have a quick question about definitions. It is always tempting to raise the drawbridge of our citadel once we are inside and we have what we need. How do others gain access? Is there a problem with the definition in terms of what can be funded?

Mr. David Heurtel: The CFC is in the process of developing criteria. As you can appreciate, we already have certain models, based on what was done in Quebec and Ontario. We use those models to establish objective criteria of what constitutes a major international event. Even in Quebec, we have identified various categories. There is the definition of a major international event, which sets out criteria on tourist percentages, budgets and participation rates, as well as several other objective criteria based on economic considerations.

There is also a category for up-and-coming major events, because there are more than just those that are already in the club, as you say. The idea is to develop the sector and to eventually develop others. So we are in the process of establishing criteria that also take into account the geographical representation of events.

The Chair: Thank you very much, Mr. Heurtel.
[English]

Mr. Pacetti, please.

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

Thank you to the witnesses for appearing. It has been interesting.

I just have a couple of quick questions. I'll start with Rx&D, with Wendy. I think Ms. Block already asked you a question concerning intellectual property, but what is the difference if we are at a disadvantage in Canada versus the rest of our competitors worldwide? My understanding is that most of your companies are international. So does it really matter that Canada is at a disadvantage when it comes to intellectual property? Could you make that point a little bit clearer? What are we losing out on, as a country?

Ms. Wendy Zatylny: We're losing out on a lot. Our industry is, at its heart, a knowledge-based industry, and intellectual property protection is very much at the heart of the sustainability of the industry and its ability to innovate. So by Canada falling behind in a number of areas—and you'll see in our submission that we talk about data protection, we talk about patent term restoration. We're the only G-7 country that does not have that, and we already talked about right of appeal. In these three areas the global economy has become increasingly competitive to attract research mandates, and one of the factors that does get looked at is the IP regime of the country.

Much as on the surface it might appear that we are not losing much, the reality is it makes it much more difficult for our member companies, certainly for Canada, to compete on the global stage to attract the kinds of researchers, to attract the research mandate—

Mr. Massimo Pacetti: I'm sorry to interrupt, but our time is limited. The basis is that if you can't compete, you'll take your research elsewhere. Is that it?

Ms. Wendy Zatylny: We can get the research brought into Canada to create jobs and bring in more investment.

Mr. Massimo Pacetti: That's what I wanted to hear. Thank you.

I have just a quick question for ACTRA. Mr. Waddell and Mr. Mulcair also alluded to this. In terms of attracting more investment... on the other side, you also said that you want CRTC to regulate some of the content on the web. For my Conservative friends, if we start

regulating, how is that going to help you to get private investment on the private side? How do you reconcile the two?

Mr. Stephen Waddell: Thank you for the question, Mr. Pacetti.

Just to clarify, we're not talking about regulating the Internet. We're not suggesting that this is Saudi Arabia or China. We're talking about broadcasting specifically, and about 50% of the material that's currently on the Internet can be said to be broadcasting, so we are suggesting that the Internet and broadcasting on the Internet is just another platform for content delivery. So CTV, in terms of conventional broadcasting, is regulated, and yet ctv.ca, in its broadcasting on the Internet, is not. It's completely inconsistent.

We would want to see some form of regulation to encourage Canadian content in broadcasting on the Internet. That's what we're referring to.

Mr. Massimo Pacetti: Would that help with tracking private investment?

Mr. Stephen Waddell: It certainly hasn't hindered investment in the broadcasting sector, as we've seen, and there has been a lot of consolidation going on recently, as you are well aware. There is money to be made in the sector and we would suggest there is money to be made in broadcasting on the Internet as well, and it would attract investment, sir.

[Translation]

Mr. Massimo Pacetti: Mr. Heurtel and Ms. Price, in your proposal, you requested \$50 million. Last week, representatives from the Canadian Football League asked for \$12 million for a nationwide celebration. Could that money come from festival funding? The CFL representatives did not have an answer. If the CFL were to submit a request for \$12 million that were to come out of the \$50 million, it would affect your other requests, would it not?

• (1635)

Mr. David Heurtel: You want to know what would happen if \$12 million were given to the Canadian Football League?

Mr. Massimo Pacetti: If the Canadian Football League submits a request for \$12 million and that money comes out of your \$50 million, you would not have a lot left.

Mr. David Heurtel: I would support that if all the money were to go to the Montreal Alouettes.

Some hon. members: Ha, ha!

Mr. David Heurtel: Forgive me, Mr. Chair, but I could not resist the chance to make a joke. Remember that I work for the Just for Laughs Festival.

In all seriousness, though, I think they are two completely separate issues. We are talking about a \$50-million fund that the government has already created in the past two years. We want it to be renewed, to be made permanent. This fund could help foster wealth and attract foreign dollars to Canada. The money could generate more jobs in a sector that has already been proven to benefit tourism and that has the potential to benefit other industries if our partnership with the federal government were restored to previous levels.

Mr. Massimo Pacetti: The people at the Canadian Football League could always argue that they are going to attract people from abroad. That aspect is quite easy to sell.

Do your members get together and decide to submit a request? Are you making another request because the coalition got together to decide who would do it? Is it open to everyone?

The Chair: Please keep your answer brief.

Mr. David Heurtel: As far as the request goes, we try to bring together a number of different stakeholders who generate significant economic benefits for the tourism industry in the area of major international events.

[English]

The Chair: *Merci.*

Thank you, Mr. Pacetti.

Monsieur Carrier, *s'il vous plaît.*

[Translation]

Mr. Robert Carrier (Alfred-Pellan, BQ): Good afternoon, ladies and gentlemen. You represent a number of worthwhile organizations. Unfortunately, however, we must focus on certain groups because of time restrictions. That is why I will pick up on the questions already put by my colleagues and address the representatives of the Fédération des communautés francophones et acadienne du Canada.

In your document, you reiterate that the throne speech clearly states that we are a bilingual country. It is all well and good to be bilingual, but we understand the necessity of having a federation with a budget to deliver services to Canada's French-speaking minority.

Earlier, I heard you tell my colleague, Mr. Mulcair, that your budget was very useful in providing the services you do to your community, services that the government would have to provide if you did not exist.

Your services could be improved dramatically given that you replace the government. I do not want to get into the whole issue of the government's responsibility to ensure that the country is bilingual, but you replace the government in terms of the services it is supposed to provide to this community. Therefore, you are filling a need. But it is shameful that you replace the government, and yet you have to ask it for money in order to make up for its failure to fulfil its duty of national bilingualism.

Am I right to think that way?

Ms. Marie-France Kenny: We see ourselves as key partners of the government. My first concern is that you are saying we did not fully respect the Official Languages Act because we were the ones delivering the services in French to the communities. In fact, for

40 years now, there have been compliance issues when it comes to the Official Languages Act, but we are a key partner of the government.

Is the government required to do everything that needs to be done? We see it in some other sectors, health, especially. We see the government working with people, something it talked about in its throne speech, by the way. It works with people on the ground who understand the realities, such as our organizations. We are there, on the ground, and we work with the communities scattered all over the country. We may be a supplier or a key partner of the government. It is not up to us to meet the obligations under the Official Languages Act, but the government, despite the investments.

I should also mention that the investments in our communities need to be maintained and enhanced, as they did not even keep pace with the rate of inflation. So we are simply treading water, but it is clear that if the government were to provide the services itself, it would have to spend a lot more money.

• (1640)

Mr. Robert Carrier: I do not see your funding request in the document we have here. Are you asking for an increase, a set amount? Surely, one of your objectives must be to promote the French language throughout Canada. Your needs must be rather significant given that we have a long way to go. You do not mention any specific requests; all you seem to say is that you exist and that you need assistance.

Ms. Marie-France Kenny: There are investments through the Roadmap for Canada's Linguistic Duality. There are also multi-year investments. Today, we are asking the government to maintain its current investments and to increase funding to at least keep pace with the rate of inflation.

For more than 10 years, our operating budgets have not increased. We are inevitably talking about an increase.

Mr. Robert Carrier: I have a question for the representatives of the Alliance of Canadian Cinema, Television and Radio Artists.

When you talk about Telefilm Canada, you do not mention the fact—and this ties back to the previous questions—that 95% of the country's French-speaking population lives in Quebec. You do not ask for funding specifically for Quebec, which is in desperate need of money to produce films, given that Quebec's cultural production is much higher when it comes to films.

I would like to hear your thoughts on that.

[English]

The Chair: Mr. Waddell, make a very brief response, please.

Mr. Stephen Waddell: Thank you, Mr. Carrier, for that question.

The situation in Quebec is clearly difficult. I leave it to our Quebec francophone colleagues to petition you on that matter.

The situation with English language feature film is even more desperate. Just to quote a quick statistic, over 99% of films shown in Canada in the English language are non-Canadian feature films. We have a very desperate situation in English Canada.

The Chair: Thank you.

Merci.

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

[Translation]

Mr. Bernard Généreux (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, CPC): Thank you, Mr. Chair.

Thanks to all the witnesses. I will ask my questions quickly.

Ms. Kenny, I am also on the Standing Committee on Official Languages, and we have met before in that context. By the way, we will soon be submitting a report on official language minority communities.

Earlier, you mentioned the Roadmap for Canada's Linguistic Duality. Based on your analysis, where would you say things currently stand with the roadmap?

Ms. Marie-France Kenny: We did not perform a detailed analysis. We talked about the roadmap before the Standing Committee on Official Languages to say that we could still not get a clear idea of where the investments were, that the money was coming in dribs and drabs. We knew money was being spent, but we did not have a clear understanding of how, where or when the money was being used.

Our position is that the investments are necessary and need to be maintained. The national community as a whole developed a community strategic plan in which it set out priorities. I think that, first of all, the midterm report should take all those things into consideration, examine where the investments are and then determine whether they are adequate or need to be increased.

Mr. Bernard Généreux: Fine, thank you.

I also want to commend you on your document, as it is quite nice. I am a printer, so I know what it cost.

Ms. Shamian, I want to know whether you were able to put a dollar value on all the requests listed in your brief. Are you able to make some sort of estimate, be it a tax credit or other measure, to help caregivers?

•(1645)

[English]

Dr. Judith Shamian: I think some of the tax credits are in the realm of \$75 million to \$80 million.

Mr. Bernard Généreux: Is that all?

Dr. Judith Shamian: That's part of it. There are other components. That's why we're recommending that we probably need an expert group to sit down to work with us and figure out some of those things together.

[Translation]

Mr. Bernard Généreux: Fine.

Last week, in Quebec, the minister launched a new program for caregivers. It is being tested in four regions. Are you familiar with that program?

[English]

Dr. Judith Shamian: I am not. But I know that Quebec has been very progressive in supporting caregivers, and I will definitely follow up on that program. Thank you for telling me about it.

[Translation]

Mr. Bernard Généreux: Okay.

Mr. Heurtel, it is odd, but I have been working in Ottawa for 11 months now, and it seems that there is some confusion around the word "temporary". Our government put \$50 million on the table for all celebrations and festivals in Canada to help them get through the crisis. And I think the government made it clear that the aid was temporary.

Obviously, if I were to turn to Ms. Zatylny and give her \$1 billion this year, and then if she were to come back to me in two years' time saying she depended on that money, it would be expected—inevitably, she would have expanded her activities and generated significant creativity and economic benefits.

We are going to be accused of cutting \$50 million, when the reality is that is not what we are doing, because the funds were already there before. We added \$50 million to that, with the stipulation that it was temporary. Where do you stand on that? I know there were a lot of problems when it came time to make certain decisions, especially this year. Can you answer that quickly?

The Chair: You have one minute.

Mr. David Heurtel: First of all, the Canadian Festivals Coalition did not accuse anyone of anything regarding the cancellation of the marquee tourism events program. We were very clear on the fact that it was temporary.

But what we are saying is this: before the economic crisis, we were trying to raise the profile of our industry, we wanted to be on equal footing with Canada's other major industries, such as the aerospace and pharmaceutical sectors. Those industries receive continuous support at an increased level from the Canadian government. And that is why we are here before you today, now that the storm has passed, trying to get continuous support at an increased level for our industry in order to enhance our economic returns and raise our international profile.

The Chair: Thank you.

[English]

We'll now go to Ms. Bennett, please, for five minutes.

Hon. Carolyn Bennett (St. Paul's, Lib.): Thank you very much.

Both Rx&D and BIOTECanada suggested that there be stable funding for vaccines in Canada. Do you want to say a bit more about that? Other than the prevention side, which we all understand, can you explain what the \$100 million actually does and why it's good for the federal government to do it? As well, do you know if you're getting that money for next year?

Mr. Peter Brenders: I'll take a first stab at that. I'll leave it to my colleagues there as well.

Do we know what's happening next year? No, we don't, but what we do know that is good for Canadians is that the \$100 million through the national immunization strategy goes to vaccines and goes to treat children. We know it goes to prevent future diseases and other disabling conditions, from pneumococcal to HPV, or any number of other advances that are out there. The value in this one is showing the federal leadership, which then plays down to the provinces to engage them in terms of delivering local programs.

Mr. Rob Livingston: In terms of the impact, I think probably the biggest impact we can demonstrate occurred after the program was initiated in 2003. At that time there were, I believe, four pediatric vaccines that had been approved and were on the market. What happens is that the federal government approves them; then they go through a review process through the National Advisory Committee on Immunization, and then it's up to the provinces to adopt them into their immunization schedules.

What we saw with that money in 2003 was that the provinces put them into their schedules at a much quicker rate than they had previously. We think that demonstrated benefits. We are now starting to see the health benefits. We are also starting to see the health benefits of the HPV vaccination program, which was announced in 2007, with a reduction in various symptoms such as genital warts.

We think those are the kinds of things that come of that investment.

• (1650)

Hon. Carolyn Bennett: I would like to go now to ACTRA.

If it's only 1% of Canadian English films on the screens, what is the number in Quebec?

Mr. Stephen Waddell: I was just trying to find out exactly, but it's over 5%, Ms. Bennett.

Hon. Carolyn Bennett: They are doing five times as well.

Mr. Stephen Waddell: Yes, they are doing five times as well.

Hon. Carolyn Bennett: Obviously in creating stars and being able to create an appetite to see Canadian films, they are doing five times better in Quebec than we are in English Canada.

Mr. Stephen Waddell: Yes.

Hon. Carolyn Bennett: One of the things in your recommendations is the cross-pollination between television and film and the Internet, but mainly it's that the regulation of some of the private broadcasters is not strong enough, so they don't necessarily do what they said they were going to do. Then we watch a lot of American content.

I think there is a need, obviously, in certain parts of Canada, to be employing people in making product for other countries. This is the finance committee, not the heritage committee; what would you want to actually see in the budget, other than the tax credit? Do you want orthodontists back getting tax credits and paying for our films, or do you think the government actually has a role to play?

Mr. Stephen Waddell: The capital cost allowance structure that was in place in the eighties certainly created a lot of product, and not necessarily the best. Certainly, lawyers and dentists and accountants, as you said, made a lot of money, and not necessarily good films, in that process. We're looking for tax credits that encourage production,

and encourage investment in this country. We're looking for private-public partnerships in the nature of the SODEC model that's available in Quebec, which has certainly encouraged production in that province.

Hon. Carolyn Bennett: In terms of the CBC, do you think they should be showing *Jeopardy* instead of dramatic film or dramatic products?

Mr. Stephen Waddell: Ms. Bennett, you hit on something that of course is an ongoing irritant for us, and it is *Jeopardy* and the *Wheel of Fortune* being used as lead-ins to the Canadian content that we find in prime time on the CBC. Certainly, we support the Canadian Broadcasting Corporation and believe not only that its public support should be maintained, but it should, in our view, be increased. We would like to see more funding for the Canadian Broadcasting Corporation. That said, of course, we're not happy with some of that product that is there right now, and we'd like to see Canadian content replace it.

Thank you.

The Chair: Thank you.

Thank you very much. You forgot *The Simpsons*, Ms. Bennett, as well.

Voices: Oh, oh!

The Chair: You see, the chair can make a joke once in a while.

All right, we'll finish with Mr. Wallace, please.

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

I want to thank our guests for coming on a Monday afternoon.

As you know—it was mentioned I think when we heard from the last group—this is the finance committee. We're not talking about the Broadcasting Act at this one. I have another committee I happen to belong to that had some discussion on that.

Just for clarification, we have the R and D groups here today, and I'd ask the biotech folks, are you members of this group, or are they members of your group? How does this work?

Mr. Peter Brenders: The short answer is, a number of companies that are a part of Canada's research-based pharmaceutical companies are also participating in BIOTEC Canada. Our membership is probably a little broader because we don't just have those leading global companies. We also have small, emerging Canadian enterprises in health, as well as industrial biotechnology, as well as agricultural biotechnology, and research institutes, in our broader platform. So there are very much similarities in the continuum.

• (1655)

Mr. Mike Wallace: Okay.

My next question is this. As you all know and you've heard, part of my responsibility I think here is...we've gone through a difficult time, and we provided stimulus funding to try to get the economy going. We're looking at pulling out of that stimulus funding this next year, but we do have a deficit of \$52 billion or \$53 billion—it doesn't matter, but it's over \$50 billion. We need to find ways to try to get back to a balanced budget. I don't think any of your companies operate in the red for long before the banker, or whoever, comes to see them to put them out of business. So we need to get back to balanced budgets. Can anyone here today, in this first panel, tell me where in your suggestions it saves us money? There are three places where we get our funds: we either raise taxes, which I'm not on for; or we reduce spending; or we have growth, which helps produce revenue.

I'd be happy if someone would like to volunteer—we have a volunteer down here—on how your recommendations help us get back to a balanced budget. I think there are a few hands going up.

The Chair: We'll go to BIOTECanada first.

Mr. Anthony Giovinazzo: Honourable Member Wallace, that's a very good question, and a very difficult question, as you know. I'm CEO of a company, and throughout my career in 17 years I've had to fire people, I've had to make very difficult decisions about resource allocation, which you as honourable members do on a daily basis. My suggestion is that there are strategic areas of the economy that are both strategic currently and in the long run, and this might be a starting place for considering allocation of resources.

Certainly, in my bias in the area of health and therapeutic developments, again, I reiterate a point I made in my submission, which was that there are several tens of billions of dollars per annum of the expenditures that are related to education and health and research. It is the additional support and capture of long-term revenue on a world-wide basis that could contribute eventually to the balancing of that budget.

That certainly is my comment.

The Chair: Thank you.

We'll go down the line. *Madame Kenny, s'il vous plaît.*

Ms. Marie-France Kenny: My short answer is to continue investing in the partnerships you have with the francophone communities in order to fulfill those obligations under the Official Languages Act.

We are quite a bit cheaper than setting up your own shop, and the government has said it would work with organizations that are on the ground. Our base investment, since 2005, has been at \$27 million; it was at \$24 million for more than 10 years before that, and we have not had an increase. That was to provide services to 2.5 million French-speaking people outside of Quebec, so continue investing with us.

The Chair: Thank you. We have a minute left for everyone else.

Ms. Shamian.

Dr. Judith Shamian: I have two very quick comments.

There are hundreds of thousands of Canadians who are not fully engaged in the labour market because of their caregiving responsibilities. If you help them, they will help the productivity.

Second, look at the home care agenda that is not being resourced and managed properly. We end up with very expensive acute care beds instead of doing it very cheaply in the home care arena.

The Chair: Thank you.

I see more hands now.

Ms. Price, very, very briefly. We have 15 seconds for four people.

Ms. Janice Price: Thank you. As you can see in the brief, we've made a case from our sector for economic impact, but we didn't speak specifically in our remarks to the diversified nature of our funding. For most of us in the festival events sector, particularly the not-for-profit organizations, we receive significant funding also from individuals through philanthropy and from corporate partnerships. That balance of diversified funding is very important.

The Chair: Thank you.

Mr. Waddell, please.

Mr. Stephen Waddell: Thank you, Mr. Chairman. And thank you, Mr. Wallace, for the great question.

Each dollar invested in our industry creates green jobs. For each dollar invested you're going to generate seven dollars worth of investment out of that, creating good jobs for Canadians.

Thank you.

The Chair: Thank you.

The pulse growers, please.

Ms. Sheri Strydhorst: The federal government is spending more than 40% of their annual budget in agriculture on bailout programs. If we can invest in research to prevent that type of stuff, the savings would be astronomical.

• (1700)

The Chair: Thank you.

Rx&D.

Ms. Wendy Zatylny: There are two areas where we can help.

On the health care side, every dollar spent on pharmaceuticals saves seven dollars in downstream medical care costs, so anything that helps us along the lines of the clinical trials assistance or faster approvals on the Health Canada side helps generate savings further on.

On the economic development side of our intellectual property recommendations particularly, right of appeal costs nothing, but it will help us to stimulate the kind of research investment that will help grow the economy at this level.

The Chair: Thank you.

Thank you all for your interesting presentations and responses to our questions. It was a very interesting discussion.

Colleagues, we will suspend for a couple of minutes and we'll bring the next panel forward.

Thank you. *Merci.*

- _____ (Pause) _____
-
- (1705)

The Chair: Thank you, colleagues.

Ladies and gentlemen, thank you for turning over so quickly. I would request that our audience respect the witnesses.

We again have seven organizations for this panel: the Canadian Vehicle Manufacturers' Association, the Council of Ontario Universities, the Canadian Solar Industries Association, the Canadian Foundation for Climate and Atmospheric Sciences, the Canadian Automobile Dealers Association, the Recreation Vehicle Dealers Association of Canada, and the Canadian Teachers' Federation.

Welcome to all of you. You will each have a maximum of five minutes for an opening statement, and I will hold you to that time.

We'll start with Mr. Nantais for his opening statement.

Mr. Mark Nantais (President, Canadian Vehicle Manufacturers' Association): Thank you very much, Mr. Chairman.

Good evening, and thank you for inviting me here to speak to the 2011 federal budget priorities on behalf of the Canadian Vehicle Manufacturers' Association.

Throughout their significant Canadian operations, the auto industry directly and indirectly employs about half a million Canadians in a wide range of activities, including manufacturing, sales, and research and development. They directly and indirectly remit billions of dollars annually to the government.

Over the past several years there have been very dramatic changes in the global industry brought about by the global recession and its huge impact on overall sales volumes for vehicles and the related drop in vehicle production, as well as significant impacts related to changes in government policies and regulations. Canada was not alone in experiencing the impact of these realities. However, these changes are bringing new opportunities, on which the industry is now focused, and the CVMA believes that the government should similarly focus its priorities on these in order to strengthen and encourage the growth of Canada's auto industry.

The manufacturing industry is global in nature, and governments around the world recognize the economic importance and spinoff benefits that a strong automotive manufacturing sector provides to both local and national economies. Despite the automotive restructuring, significant global overcapacity continues to exist, and manufacturing facilities that are not globally competitive continue to be at risk.

As a result of consumer demand and changing vehicle technologies, auto assembly plants require continuous, high-capital investment to remain globally competitive and attract new model mandates for production. In order to maintain auto manufacturing and attract the essential new investments to keep these plants globally competitive, the overall business environment must be conducive to large-scale investments, including competitive incentives, and efficient taxation and regulatory regimes.

In recent years, changes to the taxation system in Canada, in particular the elimination and lowering of capital and large corporation taxes, have been helpful in continuing to attract investment. However, the recent increase in employment insurance rates, while lower than originally proposed, will substantially increase auto manufacturing operational costs in Canada. Based on the most recent auto sector wage data publicly available, CVMA estimates that the rate increases will cost auto manufacturers roughly \$28 million and their employees an additional \$20 million in 2011 alone. These are additional business costs that are difficult to absorb in a highly global competitive environment and difficult economic times.

At the same time, the U.S. is introducing a series of actions aimed at securing domestic manufacturing jobs. These include a variety of policy focuses, including a \$25 billion loan package being offered to automakers by the Department of Energy for investment in the design and production of fuel-efficient, advanced technology vehicles. These supports were the result of U.S. EPA estimating that meeting the very aggressive new vehicle GHG emission standards will cost auto manufacturers in excess of \$115 billion.

In Canada there have been no investment supports established to date. Previously, the federal government established a \$400 million fund that successfully helped attract over \$10 billion in new automotive manufacturing investment between 2002 and 2007. To ensure that Canada secures a portion of this ongoing investment in manufacturing and research and development, Canada needs a competitive national fund to provide effective incentives to attract automotive investments. As such, the CVMA recommends that the 2011 budget introduce a globally competitive federal investment incentive program that will signal Canada's strategic intention to be globally competitive in attracting new manufacturing investment.

While manufacturers are researching and introducing new vehicle technologies to the market aimed at reducing GHG emissions and improving fuel efficiency, it is critical to support consumers' adoption of these technologies as well. The federal government introduced the counter-productive ecoAuto/green levy program in 2007. While the rebate portion of the equation has been eliminated, the green levy remains and penalizes primarily domestic manufacturers by adding up to \$4,000 on a new vehicle purchase price. This actually discourages consumers from purchasing new vehicles equipped with more advanced safety and environmental technologies.

Instead of taxing new vehicle purchases and discouraging fleet turnover, the government should consider programs aimed at encouraging consumer adoption of these technologies. As an example, the U.S. is currently offering consumers a tax rebate of up to \$7,500 on a wide range of advanced technologies. The CVMA recommends the introduction of similar consumer incentives for the purchase of these technologies.

That concludes my remarks. I'll certainly be pleased to answer any questions the committee members may have.

• (1710)

The Chair: Thank you, Mr. Nantais.

We'll go to Ms. Patterson, please.

Ms. Bonnie Patterson (President and Chief Executive Officer, Council of Ontario Universities): Good afternoon, Mr. Chair, and thank you for having me here today on behalf of the Council of Ontario Universities.

Issues with respect to post-secondary education are integral to the future prosperity of this country, and I do look forward to your questions and our discussion.

Innovation, productivity, and technological savvy are key predictors to success in the new economy, and these things cannot be achieved without a solid investment in education and research. Ontario's universities are well positioned as educators and researchers to help ensure that Canada remains a leading player in the global economy. We look forward to continuing our work with the Government of Canada in achieving this goal.

Representing Ontario's 21 universities with over 400,000 full-time students and graduating over 98,000 per year, we advance higher education through advocacy, research, and policy development. Our institutions are unified by a shared commitment to student success, research excellence, and community engagement, along with the belief that education and research matter.

We're proud of our contributions to Canada's economic, cultural, and social well-being. Of all research carried out in Canada, 43% happens in Ontario. We are also major magnets for talent. Over the last 10 years international enrolment in Ontario's universities has risen by 59%. This year alone, Ontario universities are home to over 28,000 full-time international students.

Universities are where the rubber hits the road for research and innovation policy. Through the development of critical thinking and skills, universities grow talent, many different kinds of it: engineers, lawyers, doctors, physiotherapists, entrepreneurs, marketers, administrators, scientists, journalists, teachers, financial and accounting professionals, and historians, to name a few.

Students leave our labs and classrooms equipped with the expertise and know-how that is required to support Canada's ongoing social and economic prosperity. People are Canada's greatest natural resource, and the preparation and development of the next generation of innovators, entrepreneurs, and educators is critical to Canada's future. In addition to our role as educators of Canada's future talent, we train and retrain individuals whose work environments demand new skills and capabilities. That's in addition to our high engagement in the advancement of research excellence.

This research takes many forms, some of it driven by a passion for invention or fundamental research that ultimately pushes the boundaries of our thinking, experience, and understanding beyond our world today. Other research is driven by a desire to enable innovation that results in more immediate development of new practices and products, often done as contract research for companies, both domestic and international. No matter where research falls along that continuum, the contribution it makes is fundamental to the social and economic outcomes of our country and to regional economies.

In front of you today is our formal written submission to the Standing Committee on Finance in which we outline a number of important investments in a number of areas. Given the short time we have here today, I'll not take you through our full brief, many parts of which reflect our support for the recommendations that will be put forward to this committee at a later date by colleagues at the Association of Universities and Colleges of Canada. Rather, I'll take a few moments to speak to you about two elements of our brief that are of particular interest to Ontario universities: high performance computing and an Ontario innovation fund.

High performance computing, or HPC, as it's often called, is a supercomputing system that provides researchers and their students with the processing, storage, networking, and visualization power required to undertake complex research and analysis that exceed the capacities of normal high-end computing. It's an essential piece of research infrastructure that's required for work in a wide variety of areas. An example is the Ontario Cancer Biomarker Network to virtually connect and share resources and knowledge among protein labs across the province in the quest to better understand and diagnose cancer. There are many other examples. Canada is home to seven university-based high-performance computing consortia. Three of these, SHARCNET, SciNet, and HPCVL are housed in Ontario. Ontario networks are not only linked nationally but also globally to the United States, Shanghai, Rwanda, Brazil, and South Korea. Ontario's HPC system is currently facing significant operational and capital funding pressures, and we encourage the federal government's attention to the need to continue to invest in these areas.

• (1715)

We'd also like to see an expansion of an Ontario innovation fund coming out of the current ARC program, the applied research and commercialization initiative.

Thank you very much, Mr. Chair. I look forward to your questions.

The Chair: Thank you, Ms. Patterson.

We'll now hear from the Canadian Solar Industries Association. Go ahead, Ms. McDonald, please.

Ms. Elizabeth McDonald (President, Canadian Solar Industries Association): Good afternoon. My name is Elizabeth McDonald, and I'm the president of the Canadian Solar Industries Association, or CanSIA, as we're more commonly known.

CanSIA is the national trade association for the Canadian solar energy industry. We represent almost 600 corporate members, a diverse range of businesses active across the full breadth of solar electric and solar thermal technology value and supply chains present in every province of this country.

Since 1992, CanSIA has worked to develop a strong and efficient Canadian solar energy industry with capacity to provide innovative solar energy solutions while playing a major role in the global transition to a sustainable clean energy future. In 2010 the Canadian solar energy industry labour force has grown to almost 4,000 full-time jobs and has had, for the first time, a market value of over \$1 billion Canadian.

The benefits of a solar energy industry to the economy are well understood. Germany, for instance, has industry sales of over €19 billion, export sales of over €6.5 billion, and a labour force of over 80,000 in 2009.

With me today is Dr. Phil Whiting, president and CEO of EnerWorks in Dorchester, Ontario, Canada's largest manufacturer of solar thermal systems. Dr. Whiting is chair of CanSIA's solar thermal committee. We are very appreciative of the opportunity to meet with your committee today, and we do understand that you're facing some difficult challenges in these pre-budget consultations, as you must balance the realities of attempting to address the deficit this country now faces against the need to encourage economic development and innovation.

Before I go any further, let me address the question, why solar energy? Solar energy is a valuable part of Canada's clean energy portfolio. It is, after all, the renewable energy resource that is more abundant and ubiquitous than any other natural resource native to Canada. Solar energy has the potential to contribute to Canada's economic growth, rising energy demands, greenhouse gas emissions reduction targets, and balance of trade, and to maintain Canada's global leadership role as an energy superpower. Up against all that, Canada actually ranks near the bottom in per capita generation and utilization of solar energy among its industrial trading partners.

Basically, there are two types of solar technology: solar electric and solar thermal. Both convert sunlight into clean electrical and thermal energy. Solar electric technologies have a long history in Canada for use in off-grid locations, and now, more and more, on-grid; however, today we are going to focus on solar thermal technologies.

I now turn it over to Dr. Whiting.

Dr. Phil Whiting (Representative, Canadian Solar Industries Association): Thank you.

Solar thermal is the most cost-effective renewable energy available to Canada. It's a fact that we are not all that aware of as Canadians. As a result of the program called ecoENERGY for

renewable heat, over the last four or five years the solar thermal industry in Canada has grown by over 50% a year to create hundreds and hundreds of jobs across Canada. At the end of Q1 of this year, the ecoENERGY program was cancelled, and that industry, including my company, has seen serious effects, including revenues reduced by well over 50% just in the six months since the demise of the ecoENERGY program.

This industry is a fledgling industry and needs support in the early days to grow and achieve its potential. We're asking for \$10 million a year to grow an industry that has the potential to produce thousands and thousands of jobs for Canada.

Canada right now has its own domestic solar thermal technology and industry, and right now Canadian companies are satisfying more than 50% of Canada's needs in solar thermal, but without support that industry is going to decline and eventually disappear. This is a time when Canada needs investment in renewable energy, and right now we need investment in solar thermal at this critical time.

Over the next five to ten years there will be the growth of a massive solar thermal industry across North America. The question we have to ask is, do we want a Canadian industry? If we want Canadian manufacturers for now, we need support from the federal government.

Thank you.

• (1720)

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

Ms. Elizabeth McDonald: So Canada's solar energy industry has great potential, but the solar thermal industry is now at a crossroads, and we need the federal government to partner with us. Federal leadership will support Canada and its provincial governments to achieve our sustainable economic development goals.

CanSIA's most urgent recommendation is that the ecoENERGY programs for solar thermal technologies be reinstated. Jobs have already been lost, and capacity and momentum are diminishing. Each cycle of boom and bust makes investors more apprehensive and signals that Canada is not open for the solar business, while the rest of North America is poised to be wide open.

On behalf of Phil, myself, our members all across Canada, and all of the Canadians who are benefiting from and support the use of solar energy, we respectfully request that the federal government continue to invest in our industry so that we can continue to grow and benefit the Canadian economy, its environment, and its communities.

Thank you.

The Chair: Thank you for your presentation.

We'll now hear from Ms. Conway, from the Canadian Foundation for Climate and Atmospheric Sciences.

Ms. Dawn Conway (Executive Director, Canadian Foundation for Climate and Atmospheric Sciences): Mr. Chairman and honourable members, thank you very much for the opportunity to present on behalf of the Canadian Foundation for Climate and Atmospheric Sciences.

As you've already heard, science and technology are of course vital to Canada. They are the backbone of our innovation economy, the drivers of the kinds of innovation we need to propel our economy to the future and to drive competitiveness.

Furthermore, this is certainly recognized by the government. It has invested regularly in its budgets in science and technology, and we certainly congratulate the government for that.

But there is still a gap. There is a gap in the S and T strategy in the area of the environment, in particular, in research on weather and climate. We need investments to close that gap.

Until recently that gap was filled by the Canadian Foundation for Climate and Atmospheric Sciences, the main funding body for university-government-industry partnerships that deal with areas as important as air quality; extreme weather or violent weather; marine predictions, including sea surges and the like; weather predictions; and climate sciences.

We need this for a host of areas. This work provides the strategic policy-relevant work needed both by the public and private sectors.

I might just mention that there are about 460 scientists across Canada in universities who have benefited from foundation funding and 140 government scientists from about seven federal departments. They are participating because they need this science, they don't have the in-house capacity, or it provides additional critical mass, including sharing of infrastructure and access to the intellectual resources of technicians, scientists, and students. Of every dollar the foundation has provided—and to date that's been over \$117 million over 10 years—50¢ has gone to training of young people. That's a considerable investment.

But we have been unable to fund any new work for the last four and a half years. That means there's been no work on emerging Canadian priorities or the work that the industries you're hearing about today need to advance their businesses.

The foundation's coffers are bare, and unless there's renewed support for the foundation, its support will stop next year. I might just add that there is no alternative funding body.

I would also mention that we're supporting work on Arctic conditions; on ozone conditions; on drought; and on the speed of melting of our glaciers and the implications for the hydro industry; regional modelling; and on a whole host of areas relevant to the Canadian economy, including water security, and so on.

So an investment is necessary to meet today's and tomorrow's needs; for our public safety; for our investment decisions and economic development; and to meet our need for skilled young people.

What we're recommending is renewed support for this work through an established body such as the foundation.

We haven't put a dollar figure on it in our brief. I think that can be dealt with at a later time, but we really want a commitment to continued support for weather and climate work.

Why is it necessary? I would challenge you to think of a single sector in the Canadian economy that does not require information on weather. Weather-dependent industries account for about \$300 billion of the Canadian economy every year. It's also needed to support federal policies for northern development and for international agreements. And our weather is changing; we need to be able to better predict events and to adapt. Also, we need to further our people advantage, the training of our people.

Finally, I'll just conclude by saying that the foundation, through focused research, its intersectoral research involving different partners on specific areas of national priority, is meeting policy and operational needs and training people. This will help us today and in the future, and we recommend a renewal of support for this vital sector.

• (1725)

Thank you.

The Chair: Thank you, Ms. Conway.

We'll now hear from the Canadian Automobile Dealers Association.

Mr. Gauthier, please.

Mr. Richard Gauthier (President and Chief Executive Officer, Canadian Automobile Dealers Association): Mr. Chairman, good evening.

Mesdames et messieurs, bonjour.

My organization is the national organization for franchised automobile dealerships that sell new cars and trucks. Our 3,300 dealers represent a vital sector of Canada's economy. They directly employ 140,000 Canadians in well-paying jobs from coast to coast and in every riding in the country. When you think of our members in your riding, visualize the Ford dealership or the local Honda store. Our members represent all 21 manufacturing brands available in Canada.

CADA acknowledges the extraordinary efforts made by governments of all levels in recent years to enact measures designed to stimulate a recessionary economy in general and to support the automotive industry in particular. Though these were very difficult steps to take at the time, the results we are now beginning to see demonstrate that it was necessary and the right thing to do.

In the context of an economic recovery that is still far from certain, particularly given our strong ties to the U.S. market, which still suffers from stubbornly high unemployment and a housing market still in chaos, our recommendations will focus on the need to restore economic growth that is both sustainable and self-fulfilling. Accordingly, our association has three recommendations to make to your committee today.

First, we recommend that the government establish fairness in the access to the small business deduction for automobile dealers. Most automobile dealers are small businesses run by entrepreneurs and family members. An automobile dealer begins to lose access to this deduction once his accumulated taxable capital exceeds \$10 million, and it is completely eliminated at the \$15 million threshold. We believe this is unfair to capital-intensive retail industries like automobile dealerships. Other less capital-intensive businesses of similar size and profits enjoy far greater access to the small business deduction. The technical aspects of this recommendation are addressed in our submission.

Second, we would recommend that the already announced corporate tax reductions be fully implemented in coming years. The best way for the federal government to spur investment in job creation is to allow businesses to reinvest more of their profits to fund self-sustaining private sector growth. Our members, and indeed all businesses, require a large degree of stability and certainty regarding tax policy in future years. To plan for one set of previously announced tax reductions while conducting medium- and long-term business planning only to learn down the road that they may not be implemented is the very opposite of the certainty businesses need to create self-sustaining economic recovery. In addition to the corporate tax cuts that have already been planned, we recommend that the government substantially reduce the federal corporate rate of income tax for all privately owned businesses with revenues under \$50 million. Allowing thousands of small businesses to reinvest more money would be the one single most economically stimulative step the government could take.

Finally, it is of great importance to our members that there be a level playing field with regard to the application of sales taxes on all used vehicle transactions in Canada. At the current time, there is a significant inequity in this area. Currently, in non-harmonized provinces, dealers are required to charge GST on all vehicles sold, while private individuals can sell a used vehicle GST exempt. If a dealer buys a used car from an individual for resale, the full tax applies. If the individual, however, sells the car to another individual, no GST applies. Our recommendation here is simple: require that GST be applied on the sale of all used vehicles in non-harmonized provinces. In the harmonized provinces, this issue has already been addressed. In the rest of Canada, this would make level a playing field that has become seriously distorted in favour of private sellers of automobiles and at the expense of franchised new car dealers. In addition, we would highly recommend that the federal government work towards harmonization with all provinces currently not under an HST regime.

I thank you for your time, and I'll be happy to answer your questions later on. Thank you. *Merçi.*

• (1730)

The Chair: Thank you, Mr. Gauthier.

We'll now hear from Mr. Devenish, please.

Mr. Shane Devenish (Representative, Recreation Vehicle Dealers Association of Canada): Good evening, and thank you, Mr. Chair.

We appreciate the invitation to be here today in the context of your 2010 pre-budget consultations and hereby take this opportunity to

convey to your committee that the wholesale credit crisis continues for the Canadian RV industry today.

As in 2009, as was previously conveyed, RVDA of Canada's 420 dealer members reported difficulty adequately financing their retail operations throughout 2010. This has had a detrimental effect on RV sales and an undesirable adverse ripple effect on employment, tourism, and tax revenue for the provincial and federal governments. Without adequate floor plan financing, RV dealers have not been able to maintain an appropriate number of RVs in their inventories to maximize their retail sales and profits.

In 2008 inventory in Canada had an estimated value of between \$650 million and \$750 million. As a result of the credit crisis, inventory levels were reduced by 30% to 40% in 2009, as dealers were not able to adequately finance their products. While inventories have marginally increased in 2010, the limited number of wholesale finance sources in the industry has adversely impacted the average dealer's ability to meet consumer demand and business needs.

Our industry recognizes and appreciates recent attempts by the Government of Canada to help alleviate the financial crisis, such as the \$12 billion CSCF in 2009 and the \$500 million VEPF program announced by the federal government in 2010 as part of the federal budget. However, to benefit from the program, we would first need to find a suitable lender whose sole barrier is the required capital to use the securitization platform under the program. Unfortunately, we have not been able to bring forward such an institution, despite continued solicitation of asset-based lenders, Canadian banks, and insurance companies. It is unfortunate that the RV industry, along with marine, power sport, and so on, which require floor plan financing, do not have access to captive financial institutions to finance the resellers, as in the automobile example.

Given this distinct difference, the RVDA of Canada strongly feels that it requires a more targeted, focused approach than any program currently in effect. To this end, the RVDA of Canada has held discussions with the BDC and both Industry Canada and the Department of Finance regarding a proposal that outlines a mitigated secondary loss guarantee for potential institutions that are reviewing our industry. Unfortunately, as of this date, it has proved unsuccessful. It has become increasingly evident that the barrier to enticing new lenders into our industry is not the availability of capital via the CSCF or VEPF programs. Rather, among lending institutions that are looking at wholesale lending to recreational product dealerships, not only in Canada but also in the States, it is the perceived risk in today's economy.

We are hereby requesting implementation of a program in Canada similar to what the U.S. government has introduced through the small business administration. Loan guarantees have been made available to a wide variety of lenders to the recreational vehicle dealerships in the States. Under this scenario, the BDC or other federal means of support would guarantee a secondary loss position above an institution's normal risk model. If provided, we would then be in a position to successfully entice suitable specialized wholesale finance lenders to fill the current credit shortfall.

The recreational vehicle industry is vital to the industry and to tourism in Canada and makes generous contributions to the Canadian economy. Without additional wholesale finance sources, the credit void has led to lower inventory levels, decreased product availability for consumers, and, for RVDA members, lower reported income. We believe this trend will continue until we can find alternative financial lending sources for our industry.

We are eager to work collaboratively towards finding a credit solution that makes sense for all stakeholders and the Canadian public. The RV market has stability, profitability, and a long history of low-risk loans. We therefore take this opportunity to provide the following recommendation.

The RVDA of Canada hereby recommends that the Government of Canada establish a wholesale finance lending program, solely dedicated to and for the benefit of the RV industry, either by providing funding or via a mitigated loss program that would assist and entice new financial institutions to our industry.

The increased promotion of the RV industry would be an important component of Canada's tourism policies, highlighting new and exciting ways for Canadians to see the country at its best.

We also recommend that the Government of Canada establish a national tourism strategy that provides dedicated funding for the RV industry to ensure that RVing in Canada is recognized as a prosperous tourism activity.

•(1735)

In conclusion, please consider the following: the retail RV sector is not simply a one-time retail sale; RVing and the RV lifestyle make critical economic contributions to ongoing tourism and recreational spending.

The Chair: Thank you very much.

We'll now go to the Canadian Teachers' Federation. Ms. Donnelly, please.

Ms. Mary-Lou Donnelly (President, Canadian Teachers' Federation): Thank you, Chair. I certainly appreciate the opportunity to appear before the committee.

My name is Mary-Lou Donnelly, and I'm president of the Canadian Teachers' Federation. The federation is the national voice for teachers in Canada on education and related social issues. We represent upwards of 200,000 teachers across the country, through 16 provincial and territorial teacher organizations.

Our presentation and brief will focus on an issue that Canadian teachers have pursued before this committee and other House of Commons and Senate committees for the past two or three years. It

demands the immediate attention of the Canadian public and all levels of government, and it is child poverty.

Many of the recommendations contained in our short brief will be familiar to some of you.

Too little has changed over the past 20 years to positively address the issues that children in this country face on a daily basis.

On November 24, 2009, marking and mirroring the twentieth anniversary of a similar event, the House of Commons unanimously passed a motion resolving that the Government of Canada develop an immediate plan to eliminate poverty in Canada for all. We believe that was a commitment by Parliament to a federal plan for the elimination of poverty.

There were promising pieces of the poverty puzzle that were addressed in the report of the 2009-10 House of Commons Standing Committee on Finance entitled, "A Prosperous and Sustainable Future for Canada: Needed Federal Actions".

One of the key problems for low-income families is the care of young children, both from the perspective of the parents' availability for employment and the opportunity for the child to have access to early educational development through quality programs. The committee recommended that the federal government implement a national child care plan providing high-quality, affordable, and inclusive child care services. Other recommendations included significant improvements to the employment insurance program and a recommendation that programs for aboriginal Canadians be designed to address, among other things, education, housing, and early childhood development and care. All of these support the proposals that CTF made last year, and that it continues to make this year.

We need consistent recommendations of this nature from the finance committee if Canadians are to realize, in the 2011 federal budget and subsequent budgets, the kind of federal programming and assistance that is necessary to address poverty reduction in a meaningful fashion.

We were extremely pleased that early in 2010 the Senate adopted the report "In From the Margins: A Call to Action on Poverty, Housing and Homelessness". Among the 74 recommendations in the report are those that address increases to the minimum wage; significant improvement to the employment insurance program; increases to the national child benefit; affordable housing initiatives; assistance for first nations, immigrant, and refugee children, and their families; additional support for access to post-secondary education; and a national federal-provincial initiative on early childhood learning. Again, these are recommendations that are supported by the CTF brief.

While the government's response to the report does a good job of outlining what it was doing under programs that are directed toward poverty reduction, unfortunately it does not specifically address any of the recommendations in the Senate report. We believe this committee should carefully review the Senate report and incorporate elements that support a coordinated effort to reduce and eliminate child poverty in Canada into your suggestions for the 2011 federal budget.

The child poverty rate remains essentially at 1989 levels, just over 11%. Nearly one in every nine Canadian children lives in poverty. Child and family poverty rates are at double digits in five out of ten provinces. One out of every two children living in a family that recently immigrated to Canada lives in poverty. One in two aboriginal children under the age of six who are not living in first nations communities live in a low-income family. The use of food banks since the 1989 unanimous House of Commons resolution to end child poverty has increased by over 80%.

The Canadian Teachers' Federation has extensive policy on children and poverty. It is based on the fundamental premise that all children, regardless of circumstances or family income, have the right to the full benefits of publicly funded education. In supporting this, teachers and their organizations participate in the development of educational and public policies designed to reduce the incidence and impact of child poverty. Our policy stresses the importance of child care and early intervention and the role of government in addressing that concern.

Teachers, probably better than most, are able to see the evidence of poverty in their classrooms when students change schools frequently during the year because the family does not have enough money to pay rent, when they shrink from shame or lash out from anger because of the stigma of poverty, and when they can't afford to buy books at the book fair or go on school trips with the other kids.

• (1740)

We know what the problems are. We know what needs to be done. What we now need is to determine how the research and the recommendations fit in a national strategy, how they are connected, and how best we can focus our energies to make good things happen.

Finally, we believe that education and training must be protected from cutbacks that may be generated as a result of exit strategies from economic stimulus spending put in place during the recession. There is a well-established correlation between socio-economic status and children's academic performance, and there's also a direct relationship between economic prosperity and how children and youth fare in schools.

Thank you.

The Chair: Thank you, Ms. Donnelly.

We'll start members' questions with Mr. Szabo.

Mr. Paul Szabo: Thank you. And thank you to the translators. I see the smoke is coming from their roof over there.

I want to address Ms. Conway and Mr. Aston.

This is an area that concerns many parliamentarians: the lack of discussion on climate change and environment policy issues. In your

presentation, and let me quote it, you call for "immediate and sustained investment in the generation and analysis of new knowledge on climate and atmospheric processes and their impacts, on earth systems science, on developing the science support", etc., but you conclude that the costs of inaction are simply too high.

Now, in that context, if I understand your presentation about the Arctic, and about the ozone and the glaciers, and about water security and its impact and the ripple effects—those are all good things—are you familiar with the PEARL research site in the North Pole?

Ms. Dawn Conway: Absolutely. We fund the research there.

Mr. Paul Szabo: Okay, you know of them.

Ms. Dawn Conway: All of it.

Mr. Paul Szabo: Can you tell the committee what is happening to the funding for this research site in the North Pole?

Ms. Dawn Conway: Thank you for asking the question.

The easy answer is that I can't tell you what's happening. It's like a pack of cards; there are 11 bodies funding that agency. Canada Foundation for Innovation has helped support the facility. NSERC is helping to run the facility. We are supporting the work being done at the facility; our funding runs out. Where that research money will come from is anyone's guess, because NSERC is not able to pick up that portion.

Mr. Paul Szabo: I understand that. The outlook right now is pretty grim, I would think.

Ms. Dawn Conway: It is indeed.

Mr. Paul Szabo: Because there is no guarantee; this could be over with....

It surprises me because I've heard from the government—notwithstanding that we don't hear about the environment—that we do care about Arctic sovereignty. I'm wondering how you rationalize having a priority of Arctic sovereignty without investing in climate research in the North Pole.

Do you want to comment on that?

• (1745)

Ms. Dawn Conway: I don't think it's for me to respond to that one.

But I agree that it's a unique facility. It's part of a small number of circumpolar facilities. We're partnered with countries around the globe, and when this one disappears it will be a huge gap for the rest of the world.

Mr. Paul Szabo: I appreciate your diplomacy. I shouldn't have asked the question; I understand that now.

But I want you to know that everybody now knows there is a lack of support and that the days of the PEARL research site in the North Pole likely are numbered. The government does not consider this to be a priority, and I think it's a shame.

I want to turn now to the automobile dealers, to the manufacturers, with regard to the moneys that were given. I guess the money was ultimately only taken up and used by General Motors to take care of the dealers who did not want to get into the class action suit to sue for losing their dealerships. The problem that occurred, as I understand it, is that the federal government gave the money to General Motors, which then gave the money to certain dealers who weren't going to sue, and a number of those dealers decided they weren't going to pay any severance to any of the employees who were going to lose their jobs.

My question, for clarification, is whether either of the groups, CADA or the automobile manufacturers association, are aware of any conditions, strings, requirements, etc., that were put on the federal moneys to ensure the employees weren't thrown out of their jobs without getting any compensation or severance.

Mr. Richard Gauthier: Not being a recipient of government funding, I would have to defer that to my friend, Mark Nantais.

Mr. Mark Nantais: The steps General Motors took with their dealer body to ensure that they responded to the crisis facing them were not really known to the CVMA. I do not know the terms and conditions of that money, but I would suggest that any settlements and whatnot were done in compliance with the laws in place.

Mr. Paul Szabo: I do understand, and we have talked about this before, Mark. The fact remains—and it's unfortunate—it's a case where the Government of Canada didn't follow the money through with requirements, and people got hurt. Those people who took the money didn't provide severance, but now that all the four tranches have gone out and they have the money in their pockets, they are free to sue General Motors for compensation for losing their dealerships. That is a double-whammy to the employees, because the employees will have absolutely no recourse.

Is that the case?

Mr. Mark Nantais: I don't know. I simply don't have the knowledge to answer your question.

Mr. Paul Szabo: My point is—and I wish it weren't the case—the Government of Canada seems to have dropped the ball in securing some conditions under which those bailout moneys were made available.

The Vice-Chair (Mr. Massimo Pacetti): Okay. Thank you.

Mr. Nantais, very quickly.

Mr. Mark Nantais: I just want to be clear that I don't think we can leave anybody with the impression that the incidents you refer to are widespread and across the board. We're talking potentially about an isolated incident here.

The Vice-Chair (Mr. Massimo Pacetti): Thank you, Mr. Szabo.
[Translation]

There are six minutes left in the first round.

Mr. Paillé, you have six minutes.

Mr. Daniel Paillé: Thank you, Mr. Chair.

My colleague will no doubt talk about solar energy and the environment, but you must know that in order to increase research and development budgets for solar energy, the environment or the atmosphere, it takes a long-term vision. And as you know, we do not form the government but are part of the House of Commons. We are members of a committee that makes recommendations to the government.

I hope that you will continue to turn up the heat on the government, raise the temperature, so to speak, so it becomes more sensitive to these kinds of issues. But we have a government whose vision extends only as far as the very short term. It is unfortunate, but that is the way it is.

Ms. Donnelly, I want to turn to the study on child poverty. I get the sense that the further away we get from the government source, the harder it is to understand. Of course, the House of Commons unanimously adopted a motion on November 24, 2009, pointing out that 20 years before, it had adopted, no doubt unanimously, a motion to eliminate poverty. Despite the fact that so much time has gone by between the two motions, family and child poverty still exists.

I remember November 24, 2009 quite clearly. I did not take part in the debate because I had arrived in the afternoon. My colleague across the table, Mr. Généreux, arrived the following day because Rivière-du-Loup is even farther away than Hochelaga.

Do you not get the feeling that the fight against poverty is a sort of catch-all, a sort of generic measure to make ourselves feel good?

As you say, it involves many elements: family incomes, housing—by the way, the Bloc Québécois introduced a bill today on the CMHC surplus—minimum wage, employment insurance, education, child care and so forth.

You are talking to the federal government here, but I feel that this level of government may be too far removed. At the end of the day, should the federal government not send all that money to those levels of government that are more directly involved with poverty issues, the people affected, and that can take direct action, whether it is municipalities, groups or provincial ridings? Do you feel as though you are yelling at the federal Parliament, when the federal government is quite far removed from the actual issue, as compared with the provincial government?

• (1750)

[English]

Ms. Mary-Lou Donnelly: Thank you for the question.

No, I don't believe Ottawa is too far removed from these problems at all. This is a national strategy that we are supporting and that we are recommending to the federal government. Indeed, some of the provinces and territories, but not all of them, have taken it upon themselves to have a strategy in place. We believe that if we can get at the national level, where something can be put together so that all our provinces and territories can follow a strategy and at least have the same goals, that would help to eliminate poverty across Canada.

When we deal with issues at the federal level at the Canadian Teachers' Federation, we do deal with large-scale issues. We recognize, of course, that a lot can be done if you're much closer to the issue at the local provincial-territorial level. However, we advocate on the national level so that can all trickle down and that as a country we will all be on the same page.

We don't feel far removed from this at all—this is what we do at the Canadian Teachers' Federation—and we feel very strongly that a national strategy is needed to eliminate poverty. If the federal government passes a resolution to do just that, then the federal government should be stepping up to the plate. And we recommend that the federal government take a look at what we have submitted here, because every single day in our classrooms we see the effect of child poverty in front of us. That's not just in one province and that's not just in one territory; that is across this country. We see it every single day.

Some of the things we've cited for you in this brief or I have spoken about today only touch the surface. We could go very deeply into that.

So at the national level it is very important to have our national ministers, our federal ministers, looking at this and our government giving important consideration to child poverty in Canada.

[*Translation*]

The Chair: Mr. Paillé, you have 30 seconds left.

Mr. Daniel Paillé: I fully appreciate the gap financing problems that automobile dealers and RV dealers are having.

I just want to say that I do not think it is the government's job to adopt a measure promoting floor-plan financing.

Given that the supplier of your vehicles is here today, perhaps you could use this opportunity to talk a little bit. My feeling is that it is basically a matter of end product financing. It is the one doing the manufacturing, so it should support them.

• (1755)

[*English*]

The Chair: Mr. Nantais, very briefly.

Mr. Mark Nantais: If I may just take a stab at that, I think you're suggesting as part of your question that the vehicle manufacturers should support their dealerships. The answer to that is that they are; they have been and they continue to do so.

The issue was access to credit. Access to credit was a problem that not just the auto industry experienced, but any retail, high-capital transaction that fell subject to access to credit. Dealerships could not get the credit based on the crisis we were experiencing that was not precipitated by anybody in Canada. So we have and we will continue to provide that support to them, but we need it through the Secured Credit Facility, as one example.

The Chair: Thank you.

We'll have to come back to that. I know others may have comments, but unfortunately we're well over Mr. Paillé's time.

I'll go to Mr. Hiebert, please.

Mr. Russ Hiebert (South Surrey—White Rock—Cloverdale, CPC): Thank you, Chair.

Thank you all for being here.

So many questions, so little time.

My first question is to the solar industry. You're asking for \$10 million to create a thousand jobs. Just briefly, the \$10 million you're asking for, is that in the form of tax credits or is that something more direct?

Dr. Phil Whiting: No. It would be a program similar to the ecoENERGY program, which is a direct incentive to the homeowner.

Mr. Russ Hiebert: Gotcha.

How close is the solar industry to being self-sustaining? Another way to say that is, when will solar energy be attractive in its own right, without government incentive?

Ms. Elizabeth McDonald: What we're looking at right now is a program to bridge from where we are now, which is just on the precipice, to a four- or five-year period where we would work with government to look at how we could do it. We are very aware that you don't want us to be taking public money forever. And, frankly, we're entrepreneurs, so we would also like not to have this.

So our proposal is four or five years. During that time, we'd work with government on what would help us transition. Some of those could be assistance with, say, mortgages, etc.—Phil has some great ideas—and also trying to find a way to deal with regulatory challenges and perhaps turn them into opportunities.

Mr. Russ Hiebert: Okay.

What's the differential in cost? What are the alternatives to the consumer right now? They can get conventional energy from their local hydro company or they can go solar. What's the difference?

Dr. Phil Whiting: The cost of energy to produce solar hot water across Canada is about 7¢ a kilowatt hour, which is comparable to grid energy. Grid energy, averaged across Canada, is about 7¢ or 8¢ a kilowatt hour. It's less in Quebec and higher in places like the Maritimes. The challenge is that the consumer who chooses to do this has to spend money up front to buy the system to get the energy savings in the future. So what we need to do is bridge that gap, to help them bridge the gap, to get the payback time shorter and shorter and shorter as the industry grows and expands and get economies of scale.

Mr. Russ Hiebert: Thank you.

For the Recreation Vehicle Dealers Association of Canada, would you elaborate, if you can, about the proposal that was introduced, the loan guarantees that you're asking for, a guarantee of secondary loss position? Is it basically that the government would come in and say to a bank, "We'll backstop your loans to RV dealers; if they go bust, we'll cover your loans"?

Mr. Shane Devenish: A secondary position, yes.

Mr. Russ Hiebert: Right.

To any limit? Is there any precedent for this in any other industry?

Mr. Shane Devenish: Our proposal was always up for discussion. The lenders who we have been talking to might only need \$3 million or \$4 million of secondary loss backstop. The losses in this industry typically are between 30 and 75 basis points. We've proposed a secondary loss guarantee starting at maybe 100 basis points.

• (1800)

Mr. Russ Hiebert: But the risk is significant enough that the banks are cautious about proceeding without additional support?

Mr. Shane Devenish: The banks aren't willing to lend to the recreation vehicle industry on a floor plan basis any more than what they do right now. So we're trying to entice other lenders into this market.

Mr. Russ Hiebert: All right. It's an interesting issue.

The last question. Your second recommendation or request is a national tourism strategy that provides dedicated funding to the RV industry. Was that the same loan guarantee program or something else?

Mr. Shane Devenish: I was being cut off there so I skipped a few paragraphs. Sorry about that.

The Chair: Mr. Devenish, could you just back up a bit? We're getting some feedback on your microphone here.

Mr. Shane Devenish: Okay, sorry.

That was a secondary position, over and above what the recommendation is for the loss guarantee. It was just to provide more funding to the RV industry in tourism.

Mr. Russ Hiebert: For what?

Mr. Shane Devenish: It's just general exposure, an increase in exposure.

Mr. Russ Hiebert: Is it marketing?

Mr. Shane Devenish: Yes.

Mr. Russ Hiebert: Okay.

I have another minute.

Let's talk a little bit further then about this loan guarantee issue. I have met with representatives from your organization, and the gist of it is that they want to increase their inventory, but the banks won't provide them with financing to do that. Is that correct?

Mr. Shane Devenish: Currently there's only one floor plan national lender and it's GE.

Mr. Russ Hiebert: There's no competition?

Mr. Shane Devenish: There's very little competition among the Canadian banks, and it's only on a very selective basis. The banks have withdrawn from this market, so tomorrow there could only be GE. The next day GE could say they're going to withdraw. We're in an extremely vulnerable position right now, and we're trying to get some secondary lenders into the lending market.

Mr. Russ Hiebert: Thank you very much.

The Chair: Thank you, Mr. Hiebert.

We'll go to Mr. Dewar, please.

Mr. Paul Dewar (Ottawa Centre, NDP): Thank you, Chair.

Thank you to our guests. It has been very compelling testimony, and I appreciate the fact that you had to combine a lot of your presentation into a short time. I understand that. We go through a lot around this table, and one day we'll actually be able to have a committee approach that will give us more time to discuss these ideas.

I want to start with solar. We believe we should go with what has worked in the recent past, and we have recently come out with a proposal to the government, which I hope it takes, and that is to go back to the ecoENERGY program and invest in it substantially, at the same time reducing the costs for those who are going to see their energy bills go up. We saw it as a balance, because right now we have consumers right across the country who are going to be paying a lot more on their hydro and heating bills. Our proposal is to reduce the amount paid for that through the HST/GST, but at the same time to bring back the ecoENERGY program.

I am interested in what I've heard around the table on multipliers. If we're going to look at investment, I want to make sure we're going to have a multiplier on our investment. The recession in 2008 wasn't just about the capital markets tumbling. We're in a transition in our economy. I'm afraid we haven't really woken up to that.

Can you share with us, if we were able to support through the government's budget, what the multiplier effect would be in terms of jobs with regard to ecoENERGY?

Ms. Elizabeth McDonald: It is interesting that you ask. This morning at 9 o'clock I got on my BlackBerry—I've been at meetings all day—work that's been done by Ernst & Young on our behalf on all the solar technologies and what the multiplier effect is per megawatt of investment and per megawatt thermal investment as well.

I'd like to be able to read the whole thing, but I don't know if you have ever read Excel off a BlackBerry....

I'd be very happy to review that, and review it with Dr. Whiting, and then we'll send a letter to the committee with that information, which will be extracted from our strategic plans.

Mr. Paul Dewar: If you could just submit it to the committee, it would be most welcome, I'm sure.

Ms. Elizabeth McDonald: Absolutely, and it's preferable to have that translated because it will take a bit of time.

• (1805)

The Chair: You can send it to me, as the chair, or to the clerk.

Mr. Paul Dewar: It's safe to say, though, without having seen the data, there is a substantive multiplier.

Ms. Elizabeth McDonald: Yes. I started to panic and I couldn't remember the number. On electricity, it is 14 jobs per megawatt, but it's a bit different because it's mathematically more complicated on the thermal side. Ernst & Young has done significant work, taking European numbers and other numbers and putting them into the Canadian experiment, rather than just using somebody else's.

Mr. Paul Dewar: I'll look into that. I am sorry I'm short on time, but I think it's really important to many to see that data and to see that argument.

I want to turn to Ms. Conway. I just want to understand fully. I'm thinking of Nicholas Stern; the cost of doing business as usual is going to be more costly. I'm thinking about what is about to happen to us.

Just to get this straight, if there is no funding in the upcoming budget, you will have to close your doors.

Ms. Dawn Conway: Absolutely, yes.

Mr. Paul Dewar: You were very clear in your submission that there is no alternative funding in your case. Is that correct?

Ms. Dawn Conway: That's right. No other agency funds the partnerships we support, the intersectoral partnerships. NSERC funds basic research. It funds some strategic initiatives. It doesn't fund this kind of partnership. In fact, its strategic priorities specifically exclude climate areas.

Mr. Paul Dewar: Yes. I think NSERC does great work, particularly on the research side. I assume the government is well aware of your dilemma.

Ms. Dawn Conway: Yes, I believe it is. We're currently in the process of submitting a brief to the Minister of the Environment, at his request, detailing the situation. But the reality is that our last funding came in 2003 and we have lived off the principal and interest. We've stretched \$110 million effectively into \$127 million, through use of the interest and through our careful management. It has covered \$117 million in grants and all of our admin costs.

You see that we're lean and mean. Two of our six staff are here, so a third of our staff are in the room with you.

Mr. Paul Dewar: I hear you.

Ms. Dawn Conway: I have to say that the scientific community has written.... We've presented to this committee before. We will be releasing next month a book of some of the achievements of the work we have supported, including achievements on air quality and Arctic conditions that have come out of PEARL.

So yes, we—

Mr. Paul Dewar: And I think most providers of energy will be interested to see the work you're doing on adaptation, particularly around hydro, because that will change the way work is done and the need for adaptation.

I want to follow up, if I may, with Ms. Donnelly. I have a very quick question, Chair.

Are you aware of any G-7 country that actually does not have a national housing strategy?

I can answer actually—

Voices: Oh, oh!

Mr. Paul Dewar: —because we don't have much time.

Ms. Mary-Lou Donnelly: Well, Canada.

Mr. Paul Dewar: There are none.

I was just very appreciative of the fact that you included housing as well as child care in the package around education, because I guess you understand what has been elusive for both federal governments...that we need to have housing coupled with child care

to make sure we actually end child poverty—which we haven't been able to do.

Thank you, Chair.

The Chair: Thank you.

We'll go to Mr. Pacetti, please.

Mr. Massimo Pacetti: Thank you, Mr. Chair. Thank you to the witnesses for appearing.

I have a couple of quick questions. The first question is for the Canadian Solar Industries people. Ms. McDonald, I think it was you who stated that solar is the most efficient type of energy. Would it be comparable to wind, or what would be the difference? Please be quick, just so I can understand the difference and how you evaluate that.

Dr. Phil Whiting: I actually made that point. Solar thermal produces energy at about 7¢ a kilowatt hour, as I said before. Wind is double that, or two to two and a half times that cost today.

Mr. Massimo Pacetti: What would be the difference in cost? Solar comes from the outdoors and so does wind. So what would be —

Dr. Phil Whiting: You have to look at what it costs to build a facility, how much energy is produced, and the lifetime of the facility, and then you can figure out from that, over those many years, how many dollars were spent to produce how many kilowatt hours of energy.

So roughly speaking, wind energy is about double or so the cost per kilowatt hour of energy produced by solar thermal—and photovoltaics are double that again.

• (1810)

Mr. Massimo Pacetti: Just for my purposes, are there studies on that, or is it just something your association has come up with?

Dr. Phil Whiting: No, no, that has been—

Mr. Massimo Pacetti: I haven't seen it on paper. It's good that you put it on the record. That's why I asked.

Dr. Phil Whiting: Yes, there are data produced by third parties to verify that.

Mr. Massimo Pacetti: I have another quick question, because I want to move along.

When you state that we're losing out on the whole manufacturing end of solar technology, does it really matter? It's not as if someone is going to steal our solar rays. Do we have to be ahead? What is the difference there? Why do we have to be ahead on the manufacturing end?

Ms. Elizabeth McDonald: You're right, the sun will still be there, but the jobs will be in other countries. That's basically it.

Mr. Massimo Pacetti: That's what I want to hear. Thank you. Great.

Mr. Nantais, I have a quick question. In your brief, I guess you want to have the cake and eat it as well. You know the question that's going to come. You're asking for a tax credit, but in the end you don't want to pay tax on it. So if you have to pick one or the other, which one would it be?

Mr. Mark Nantais: I'm not sure I understand your question.

Mr. Massimo Pacetti: Well, you're asking for the reintroduction of the credit for old vehicles. You mentioned the reintroduction of a competitive, flexible investment fund...as well as investments that upgrade...the existing Canadian automotive footprint.

Mr. Mark Nantais: Are you referring to the ecoAuto—

Mr. Massimo Pacetti: You say:

Support for Canadian consumers who purchase advanced technology vehicles and when purchasing new vehicles in general which help to reduce greenhouse gases (GHG) through the elimination of the counterproductive federal taxes and fees....

etc.

So this would be extra money for your industry, would it not?

Mr. Mark Nantais: Well, first off, we're talking about incentives for consumers. We're also talking about what we witnessed in the United States in relation to the money incentives they're providing for manufacturers to help them design or produce vehicles to meet these very stringent standards.

Mr. Massimo Pacetti: So the incentives would come from the government coffers, would they not?

Mr. Mark Nantais: The incentives would be government incentive money. The program in the United States could be seen as a type of long-term loan agreement. The consumer issue here is one that would help consumers afford some of these more sophisticated, more costly technologies so that we can actually get more of them into the market, make them more affordable, advance that technology, and spread it across the market more quickly and more broadly.

Mr. Massimo Pacetti: You're also asking for corporate tax cuts, am I not...?

Mr. Mark Nantais: No, I think we recognized and commended the government for taking the actions they did in reference to that.

Mr. Massimo Pacetti: Okay. Thank you.

The other question was to Mr. Gauthier. I ran out of time, but could you perhaps clarify the equal treatment on the sale of used vehicles? You ran through it in your brief, but I'm going to ask you to run through it again.

We don't have much time, but what are the inequalities? Are they just between provinces? I understand the same thing happens between Canada and the U.S.

Mr. Richard Gauthier: Thank you very much. It's a very good question.

The inequity is that if you sell your own vehicle to Mr. Szabo—

Mr. Massimo Pacetti: He's too cheap to buy my vehicle. Oops, did I say that out loud?

Voices: Oh, oh!

Mr. Richard Gauthier: —you are not required to charge GST. If, on the other hand, one of my members sells a used vehicle to Mr. Szabo, then we would have to charge GST in Ontario, that being 13%.

When GST was first introduced in the 1980s, this issue used to be addressed through a mechanism that was an input tax credit. It was

later eliminated. As a result, what we now have, again using Ontario as an example, is a 13% disadvantage for dealers when selling used vehicles, compared to private sales.

In provinces that have harmonized their tax regime lately, that problem has been addressed, because private sales or sales from dealers to individuals are now taxed at the full HST rate. So we're just suggesting that this inequity be—

Mr. Massimo Pacetti: How would Quebec fall in there?

Mr. Richard Gauthier: Quebec still has an assessment on private sales.

The Chair: Okay. Thank you.

I'll just remind colleagues that we should always speak well of our other colleagues. You were actually complimenting his frugality, I think.

Voices: Oh, oh!

The Chair: Order.

• (1815)

[Translation]

Mr. Carrier, you have five minutes.

Mr. Robert Carrier: Good evening, ladies and gentlemen.

My first question is for Ms. Conway. I was shocked by how calm you were during your presentation. You said you did not receive any research funding this year for the programs you usually support. To my mind, that is very serious in terms of national policy planning. There are three vehicle representatives here today who are directly dependent on the climate, for example, with respect to snowstorms, excessive rain and flooding. Despite all their good intentions, funding for their industry will be seriously affected. The country is getting rid of all climate-oriented research. It is reverting to old ways where you would look at the weather and think that it might rain tomorrow because the leaves are turning or that there will not be a lot of snow this year for such and such a reason. I find this situation totally appalling.

Could you tell me the amount of your previous budget, which at least allowed you to run the programs you had put in place?

Mrs. Dawn Conway: Thank you, Mr. Carrier.

We received our funding from the government in increments. In 2000, we received \$60 million. In 2003, we received another \$50 million. We invested that money in accordance with the rules stipulating that the investments be very safe. We did not lose any money during the recent budget crisis, and we spent the capital as well as the interest. That is how most of the foundations operated, including the Canadian Foundation for Innovation and Genome Canada. The system recently changed for the others, but we have not received any funding since 2003. So we are surviving on the capital and interest. We used that money to fund 24 major research networks and several dozen major research projects up to \$15 million annually. We can keep that up for another few months. I will ask my colleague how much it will be this year, \$2 million perhaps. Next year, it will be nothing.

It is a field where those in need of this kind of information also responded. So the Quebec government decided to provide some money so we could continue to fund a regional modelling network. The Canadian Space Agency and a few other departments will continue to give us money for a few more years, just to keep those networks operating for a few more months. But, as of next year, there will be nothing.

Mr. Robert Carrier: I am proud to hear you say that Quebec is stepping up and acting more like a responsible country. I hope that Canada will follow that example if it wants to continue to survive.

The Chair: You have one minute left.

Mr. Robert Carrier: Thank you, Ms. Conway.

I have a comment for Ms. Donnelly. A bit earlier, my colleague talked about the needs you said you have. I fully agree with you, and I want to stand up for your needs in the House of Commons. Many of the things you are asking for, however, are the domain of the provincial government, which is closer to the public. That is what my colleague was trying to say. Quebec's child care system has existed for a number of years because the government considered it important for families so they could enjoy a certain level of independence and quality of life.

Minimum wage is also the province's responsibility, but it is good that you have an entire list—

The Chair: Ask your question, Mr. Carrier.

Mr. Robert Carrier: Do you have any hope that the government will do anything about the Guaranteed Income Supplement, despite the fact that it has refused to do so thus far?

The Chair: Thank you, Mr. Carrier.

Mr. Robert Carrier: Please answer that if you could.

• (1820)

[English]

The Chair: Ms. Donnelly, please make a very brief response.

Ms. Mary-Lou Donnelly: We hope the government will take action on the national strategy to eliminate poverty in Canada. We have provided some recommendations. We're not saying that these are all the recommendations. Obviously we would be willing to sit down, and we hope the government will be sitting down, to discuss how Canada can best move forward as a nation for the elimination of poverty.

The Chair: Okay. *Merci.*

I'm going to take the next government round.

I want to follow up on that very briefly, Ms. Donnelly. I thought you said in your presentation that poverty is at the same level today as it was in 1989. I'll just point to certain policy measures. To be fair, the former Liberal government did the Canada child tax benefit, the national child benefit. The current government did the working income tax benefit, and we adjusted the basic personal exemption, which obviously helps people at the lowest end of the income scale.

Are you stating that these four policy measures, and any others that may have been introduced, have done nothing to alleviate the poverty level in Canada?

Ms. Mary-Lou Donnelly: I'm not suggesting that. I'm saying that our figures are clear, in that we are still at 1989 levels. I would interpret that to mean not enough has been done. Over the last 20 years, strategies have been put in place by governments, and we appreciate those strategies, as I'm sure Canadians do. But I think the message here is that more has to be done. We have to look at it as a national shame that we, in a country as rich as ours, still have the percentage of children and families living in poverty that we do. That is shameful.

The Chair: Okay. Thank you for your response.

I have a series of questions, so I'll try to go as quickly as I can.

Mr. Devenish, from the RV dealers, this is a file I know fairly well. The challenge, as you know, is that when we propose something specific for RV dealers, one of the answers we get back is that because of the nature of the business and because of the amount of inventory dealers carry, it is a very risky business for the private sector, and thus for government, to get involved in, even in a secondary nature, in terms of guaranteeing those floor plans. Can I just get a brief response on the inventory issue?

Mr. Shane Devenish: Again, I think the best-case scenario is a limited amount of exposure. The EDC is currently guaranteeing 90% of Canadian RV manufacturer receivables in the States. It's just a little bit of an extension of the current BCAP program that is in place, which could add other suitable lenders for us.

The Chair: My third question is for the solar association. A former colleague of mine, Bob Mills—you may have known him—was a former chair of the environment committee. He turned his entire home into a solar home. He threatened to sue the Alberta government to allow him to put power on the grid in Alberta, and I certainly commend him for that.

I asked him what his challenges were in terms of adopting a completely solar home, both in terms of power and in terms of water. He said they were the upfront capital costs, the grid accepting the power and compensating him for it, which was addressed, thanks to his efforts, and frankly, builders who actually knew how to install it in a cost-effective way.

He and other solar organizations would say that it's not necessarily a national program. It's actually whether the province chooses, at least in the short term, to make it more cost-effective or to reduce the cost between solar and other forms of, say, electrical production, such as coal in Alberta. He would argue that it was almost more of a provincial response that was needed in terms of, say, the short-term subsidization of producing solar power.

So why are you recommending a national program rather than having the province adopt, say, what they have in Ontario?

Ms. Elizabeth McDonald: Well, first of all, the Ontario program, through the Green Energy and Green Economy Act and its feed-in tariff, is a photovoltaic program for the generation of electricity. We have focused today on solar thermal. We're not recommending a national feed-in tariff program for solar electricity because each of the provinces governs that. There's provincial governing there.

In solar thermal, the tradition has been a national program with some provinces coming in. The Province of B.C., the Province of Ontario, and the Province of Nova Scotia have been active, and where you've seen that, it's worked, but it's not for the generation of electricity.

The Chair: I appreciate that, but why is it more efficient, in your view, to do that as a national program rather than as a provincial program?

• (1825)

Dr. Phil Whiting: I think in solar hot water we have technology that can build a large export business for Canada, and I think it's going to require Canadian government support for that to happen, in my opinion, because it transcends provincial borders. In PV, photovoltaics, that won't happen, but in solar thermal there will be a large Canadian export business, if we stimulate it, and I think that's good for all of Canada.

The Chair: Okay. I appreciate that. Thank you.

We'll go to Mr. Martin, please, for a five-minute round.

Hon. Keith Martin (Esquimalt—Juan de Fuca, Lib.): Thank you very much, Mr. Chair, and thank you very much to all of you for being here today.

Ms. Conway, I'd like to ask you a question. Your presence here is actually timely, given the fact that we have COP 10 taking place right now in Nagoya. We know that the rate of biodiversity loss is the greatest we've seen in the history of our planet. We're losing between 1,500 and 15,000 species every single year, with catastrophic consequences for all of us.

My question, though, relates to your last statement, when you referred to the cost of inaction being simply too high. We know the impact of climate change on biodiversity loss. Can you tell the committee what cuts, specifically, the Canadian Foundation for Climate and Atmospheric Sciences has endured over the last two years?

Ms. Dawn Conway: I'm not sure what you mean by cuts?

Hon. Keith Martin: Well, I mean your funding, from a federal perspective. Have you seen a decline in your funding, and if so, how much?

Ms. Dawn Conway: I'm not sure how to answer that, because we haven't had any funding for the last seven years. We have lived on our investments, and they are now used up. We have enough to take us to the end of our mandate.

Hon. Keith Martin: To be clear, are you saying that you have received no funding for the last seven years, but prior to that you did receive funding?

Ms. Dawn Conway: Absolutely.

Hon. Keith Martin: For how long prior to that did you receive funding, and how much was it?

Ms. Dawn Conway: We received \$60 million in 2000, when the foundation was established, and \$50 million in 2003-04, so it was a total of \$110 million, which, as I mentioned, would stretch to \$127 million through interest. We've in fact invested \$117 million to date in research.

Hon. Keith Martin: So despite the fact that climate change is becoming an even more pressing problem for Canada and indeed the globe, your funding was essentially severed in 2004.

Ms. Dawn Conway: Yes, but I have to say that in the funding of foundations, this was the normal way of doing it. The funding came in chunks, and the foundations were able to invest and use that. Our chunk stopped. The Canada Foundation for Innovation continued, and Sustainable Development Technology Canada and Genome Canada were every few years. We have had nothing for a while.

Sustainable Development Technology Canada, for example, is at over \$1 billion—

Hon. Keith Martin: But you've received nothing.

Ms. Dawn Conway: —and we're just over \$100 million.

Hon. Keith Martin: Thank you very much.

Ms. Donnelly, in terms of child poverty—and my colleague, Paul Szabo, wrote an excellent book on child poverty solutions, which I'd recommend anybody to take a look at—we know that for every dollar invested in early learning headstart programs, a \$7 benefit accrues to society.

Do you think the federal government certainly has a role to play in working with the provinces to operationalize early learning headstart programs because they have significant benefit in outcomes for children—educational outcomes, reduction in youth crime, and other social benefits?

Ms. Mary-Lou Donnelly: Yes, the Canadian Teachers' Federation would certainly support a national strategy on early childhood education and a child care strategy. Yes, I certainly agree with everything you've said.

Hon. Keith Martin: Thank you.

Ms. McDonald and Mr. Whiting, can you share with us whether the Canadian building code has to change in order to incentivize the utilization of solar panels in particular as a way to divert us off using fossil-based fuels?

Dr. Phil Whiting: The Canadian building code doesn't really have to change per se, but there are things that could be done with the regulations around building to make it easier to do. There are a lot of regulatory barriers to putting things on people's roofs. Most of those are not federal regulations, though; they generally tend to be more municipal or provincial.

But there is an opportunity for governments to use regulations as a way to drive the growth of the business. A good example is that in the State of Hawaii, starting this year, you can no longer get a building permit unless you include solar thermal with the new building. It's a way for them to drive the adoption of renewable energy without having to dip into government coffers to do it.

• (1830)

Hon. Keith Martin: If you could share any of those incentives with the committee, I'm sure we'd be very interested to find out what they are.

Thank you.

The Chair: Thank you, Mr. Martin.

We'll go to Mr. Wallace, please, briefly.

Mr. Mike Wallace: My question is actually for Ms. Patterson, waiting there patiently.

There are two things. One, we heard in the previous panel—I'm not sure if you were in the room—that those in the research business were interested in our choosing where we spend our money, where we get the biggest bang for the buck in terms of conversion to commercialization.

This past week I had a public meeting in my riding. An individual there from McMaster University was saying that we're way off base and should be spending more money on basic research, because without basic research you can't do research for innovation and commercialization.

From your perspective, what should we be doing? Should we be picking and choosing? Should we be in the pharmaceutical or the health care area more than in social science? How does a government choose? How would you propose that we choose?

Ms. Bonnie Patterson: I'd answer it in two ways. The first is that if you cut off the fundamental research, you're going to have an empty pipeline as you move down that pipeline. What the government has done is invest in fundamental research on one end of the continuum, and our recommendation was that through an Ontario innovation fund, for example, in our particular province—

not unlike what exists in the Atlantic provinces—we try to incent and grow the partnership and alliance development for commercialization with the private sector.

Universities have some capability to commercialize, but we need the private sector to work with us and collaborate with us in order to get there, so we'd be saying that you should help us draw in the matching funds from the private sector to be able to leverage public sector funds on the commercialization end. The Ontario innovation fund would be a way of doing it in that province.

Mr. Mike Wallace: Is that a tax credit system? Cash?

Ms. Bonnie Patterson: No, it's a fund you can draw on when you bring other partners to the table and show others are willing to invest.

Mr. Mike Wallace: Okay. Thank you. That was my question.

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

I want to thank all our witnesses for being here today, for your presentations, your responses, your discussion. As colleagues pointed out, if there's anything further you wish to send to the committee, please send it to the clerk and we'll ensure all members get it.

Thank you.

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