



House of Commons  
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## Standing Committee on Finance

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EVIDENCE

**Thursday, September 28, 2006**

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**Chair**

**Mr. Brian Pallister**

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• (1005)

[English]

**The Vice-Chair (Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.)):** Good morning. I would like to get started so that we can stick to the schedule.

[Translation]

The House of Commons Standing Committee on Finance has received from the House the mandate to review on an annual basis proposals concerning the government's budget policy and to report on the issue.

This year, the pre-budget consultations revolve around the following theme: "Canada's place in a competitive world". Since the economic future of our country is partly related to rapid technological change and new trading partners, the committee would like to hear the point of view of Canadians on how to foster economic prosperity, be it by acquiring state of the art technology, by having a well-trained workforce, by taking advantage of business opportunities or by making the tax system more attractive in order to attract workers and foreign capital so that Canada may reach its full potential. Our long-term productivity depends on short-term decisions.

[English]

We're going to allow the witnesses five minutes.

We're going to go in the order I have here, and the first group I have is the Canadian Conference of the Arts, Mr. Alain Pineau.

[Translation]

**Mr. Robert Spickler (President, Canadian Conference of the Arts):** Mr. Chairman, I am Robert Spickler, the President of the Board of Directors of the Canadian Conference of the Arts. I will be testifying this morning. It seems that there was a misunderstanding: two names were mentioned. Mr. Pineau is the Director General, and he is with me.

**The Vice-Chair (Mr. Massimo Pacetti):** You have the floor; you have five minutes.

**Mr. Robert Spickler:** Thank you, Mr. Chairman. Good morning to committee members. I would like to thank you for giving me the opportunity to appear today.

The Canadian Conference of the Arts, or CCA, is the oldest and biggest forum of reflection, analysis and intervention on federal policies that affect Canadian culture. The CCA has contributed greatly to the public debate among artists, creators, cultural institutions and industries, public servants and parliamentarians,

concerning policies to promote the development and diffusion of culture to the benefit of all Canadians.

For over 20 years now, the CCA has participated in pre-budget consultations, and gives priority to ideas and recommendations which aim to promote effective cooperation between the government and the arts and culture sector.

[English]

Despite stereotypes Canada's arts and culture sector is not a rarefied or disconnected element of society. In 2001 the cultural industries were responsible for directly employing 611,000 Canadians, as much as agriculture, forestry, mining, and oil and gas combined.

In 2002 the cultural industries contributed \$40 billion to Canada's GDP, more than mining and oil and gas extraction and twice as much as agriculture and forestry.

Artists, creators, and arts professionals are regarded as living indicators of the quality of life within cities, towns, and villages. The arts play a critical role in economic renewal in communities, particularly in the urban centres, but this phenomenon can also be seen in smaller communities. This is clearly demonstrated by places like Stratford, Ontario; Chemainus, British Columbia; Caraquet, New Brunswick; and Banff, Alberta—just to name a few.

[Translation]

The recommendations which the CCA is making this year reflect the fundamental changes that are currently taking place in Canada's labour market. It is time to review many labour policies and regulations. The current reality is that there are more and more self-employed workers in every sector of the Canadian economy, including in the cultural sector.

The federal government must treat self-employed workers fairly. These people are entrepreneurs and creators. In its brief, the CCA describes economic and social changes which characterize every sector of activity in the country at the start of the 20<sup>th</sup> century.

However, the CCA is encouraged by certain measures announced in the last budget. Based on these commitments, the CCA is asking the federal government to maintain and increase its support for arts and culture, and it is asking the government to show leadership and responsibility to promote the vitality of our national culture.

[English]

It is for this reason that the CCA must voice its disappointment with the September 25 announcement of the results of the government's expenditure reallocation exercise. We are dismayed, because the specifics in this decision run counter to the nine recommendations that we are presenting to you today, particularly with respect to the need for increased fiscal and policy support for Canada's museums and civil non-profit society as a whole.

The CCA is also disappointed by the government's cancellation of the federal Commercial Heritage Properties Incentive Fund as a wasteful program. CCA considers that the early end of this program is only acceptable if it is replaced immediately with a tax incentive that encourages preservation of heritage buildings, an approach that has proved extremely successful in the U.S.

Finally, we think the way the budget cuts are planned and executed runs counter to the government's own priority, a commitment to an accountability and transparency it demands of organizations like ours. We also strongly encourage the Government of Canada to not use the full revenue surplus to pay down the national debt, but instead to apply some of its money to a substantial balanced investment in key aspects of our economy and society, including, of course, the arts and the cultural sector.

[Translation]

To conclude, I would like to quickly list nine recommendations which are included in our brief. First, we recommend that the \$500 tax credit for children's sports activities also apply to children involved in artistic activities. The CCA believes this is a logical extension of the policy supporting families espoused by the government.

Second, the CCA recommends that the Standing Committee on Finance support measures—

[English]

**The Vice-Chair (Mr. Massimo Pacetti):** Sorry. I thought you were going to wind up. You're not going to have time to go through the nine, so could you just make a concluding statement? It's only five minutes.

**Mr. Robert Spickler:** How much have I done?

• (1010)

**The Vice-Chair (Mr. Massimo Pacetti):** You're over five minutes.

**Mr. Robert Spickler:** I'm already over five minutes.

You have my brief and you have nine recommendations. They all pertain to a government needing to be extremely aware of new working conditions for the labour force in Canada in the 21st century.

Thank you.

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

From Nunavut Tunngavik Incorporated, Mr. Joanasi Akumalik, go ahead for five minutes, please.

**Mr. Joanasi Akumalik (Director, Government and Public Relations, Nunavut Tunngavik Incorporated):** Thank you, Mr.

Chairman. Our president, Paul Kaludjak, could not be here because his plane went mechanical up in the north. It's a three-hour flight, so he could not be here, but I'm here on his behalf.

I am pleased to appear before you today. My name is Joanasi Akumalik. I am here on behalf of Nunavut Tunngavik Incorporated. NTI represents the Inuit of Nunavut. We have three regional Inuit organizations. Inuit Tapiriit Kanatami, or ITK, is our national Inuit organization. Our president is a board member of the Inuit Circumpolar Conference, and ICC represents Inuit from Greenland, Canada, Alaska, and Chukotka.

In Nunavut, we number more than 25,000 Inuit. The total Nunavut population is about 29,000 people. This may seem few compared to Canada's 33 million, but all the provinces have small beginnings.

NTI was established in 1993 when the Nunavut land claims agreement was signed. Our mission is Inuit economic, social, and cultural well-being through the implementation of the Nunavut land claims agreement. We first filed our claim in 1976. It took 17 years to negotiate our agreement. It was signed by then-Prime Minister Mulroney. All the political parties in Parliament supported it. It is the biggest land claims agreement in Canadian history or in the world. It attracted international attention. It was seen as a benchmark, as a standard against which to measure other agreements.

Nunavut was created in 1999 through article 4 of that agreement, but the land claims agreement was not simply a legal transaction. It was not just a transfer of cash for aboriginal title. The job was not done when the agreement was signed, sealed, and delivered. This was a living agreement. It set out the terms for a future relationship between the Inuit and the government. That relationship has constitutional status. It includes legal obligations, but these obligations are not an end in themselves. They are the means to accomplish the broader objectives of the agreement.

This is not simply the way I put it. In 2003 the Auditor General said that achieving the objectives of the agreement is more important than just carrying out the legal obligation in a narrow sense. In 2006 Justice Thomas Berger referred to the "Nunavut project"; "project" means something that is not yet complete.

Our brief summarizes some of the challenges that Nunavut faces. Some of these are directly related to the objectives of our agreement. Others are of a broader socio-economic nature. They still affect the well-being of the Inuit in Nunavut.

To summarize some of the challenges we face, Nunavut's real economic growth has stagnated since 2003. Forty per cent of our population is under age fifteen, and there is an official unemployment rate of 17%, compared to 7% for Canada. Our violent crime rate is seven times higher than the Canadian average, and the suicide rate is almost eight times the Canadian average. The infant mortality rate is almost four times the Canadian average. We make up about a third of federal public servants and less than half of those in the Nunavut government.

PricewaterhouseCoopers calculated that we lose about \$123 million a year in government salaries because positions are staffed from the outside. A further \$65 million a year is paid to hire, train, and relocate non-Inuit public servants.

At the same time, we have strengths and opportunities. Our regional Inuit associations own about 350,000 square kilometres of Nunavut, which is a surface title, and NTI holds the mineral rights to a further 2%. We are entitled to 50% of the first \$2 million in crown royalties on minerals. Above \$2 million we are entitled to a further 5% on crown royalties. There is a lot of mining potential, and impact benefit agreements can bring benefits to the Inuit from developments.

• (1015)

Nunavut Trust will receive \$1.148 billion to invest for the future of all Nunavut Inuit by 2007. From the trust we have capitalized Aturtuavik, a company that has loaned \$36 million to Inuit firms since 2000. We have established territorial and regional development corporations, and we have negotiated an agreement with the Department of National Defence for the cleanup of old DEW line sites.

Over 70% Inuit employment and 70% of Inuit contracting content has been achieved to date. The co-op movement, which started in the 1960s, operates stores, hotels, and other businesses in every community in Nunavut.

Our art has become a part of the Canadian identity. Cape Dorset was recently found to have the highest number of artists per capita of any community in Canada. We have produced internationally recognized films, especially *Atanarjuat* and *The Journals of Knud Rasmussen*—

**The Vice-Chair (Mr. Massimo Pacetti):** Mr. Akumalik, you're going to have to wrap it up. Could you just go to your conclusion?

**Mr. Joanasie Akumalik:** Okay.

I'd like to conclude, Mr. Chairman. We would suggest the following recommendations: that the committee consider hearing witnesses who are informed on the cost to government and to Inuit of failure to implement article 23 of the Nunavut land claim. I would especially recommend hearing from Thomas Berger on the need to address Nunavut's educational requirements. Secondly, the Auditor General should be asked to appear regarding her findings on the shortcomings and recommendations of the Government of Canada on implementing land claims.

We would also recommend, Mr. Chairman, that PricewaterhouseCoopers be heard on the difficulties they have reported on in terms of implementing the Nunavut land claims agreement and the cost to Inuit and government of not implementing article 23.

Lastly, I will conclude that in order to meet the objectives of the land claims agreements and to act on criticism and suggestions, both of the Auditor General and of the Land Claim Agreement Coalition, it is recommended that this committee call on the Government of Canada to initiate and implement a full-scale review and reform of its land claims implementation policies and to carry out this work in partnership with the coalition.

Those are the resolutions that I would suggest.

Thank you.

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

Mr. Riddell, from the Canada Millennium Scholarship Foundation, five minutes, please.

**Mr. Norman Riddell (Executive Director and Chief Executive Officer, Canada Millennium Scholarship Foundation):** Good morning, and thank you for the opportunity to appear before you this morning.

You've already received a brief from the foundation, so I will attempt briefly to summarize the points in that brief.

The foundation believes that Canada requires a highly educated workforce to be competitive in an increasingly global and knowledge-based economy. It also notes that it will not be easy to do that in the coming years for two principal reasons: first, we will see the retirement of the baby boom generation, and secondly, the number of young people between ages 18 and 25 will decline by roughly 400,000 people in the next decade.

So if we are to keep the same number of educated people as we currently have, we're going to have to maintain the currently very high participation rates of the middle class in higher education, and those are roughly 77% and one of the highest in the OECD. Not only will we have to maintain their participation in higher education, but we're going to have to get people into higher education who traditionally are not there, and these are students from the bottom quartile of income, aboriginal Canadians, and in some cases the children of immigrants—and of course there's an overlap between the groups.

Given the rising cost of obtaining a higher education, middle-class students are going to have to continue to borrow, and they're going to need non-repayable grants to help keep them in school. Research is showing that the presence of grants greatly increases the chances that the student will complete the program for which he borrows.

We will also need new and better forms of student financial assistance that are targeted to low-income Canadians, the Canadians who do not currently participate in higher education.

• (1020)

[Translation]

In its seven years of existence, the Canadian Millennium Scholarship Foundation has disbursed nearly \$ 2 billion in the form of non-refundable financial support to about 650,000 needy students from low income families. The Foundation therefore limited the growth of student debt, helped middle class and low-income students continue with their post-secondary studies, and kept its administration costs as low as possible, namely at about 4.5 per cent, and worked in cooperation with its provincial partners to develop grant programs based on local needs and in accordance with provincial government priorities.

The foundation also rigorously evaluated the impact these programs have while striving continuously to improve them. Lastly, the foundation conducted state-of-the-art research on government best practices to increase the participation rate of students in post-secondary education.

[English]

Given the approaching end of the foundation's mandate, scheduled for the end of the academic year 2008-09, these achievements are now at risk.

Decisions must be taken in the near future, preferably in the 2007 budget or at the least in the 2008 budget, to ensure that there is uninterrupted delivery of non-repayable grants to needy middle-class and low-income students, and, secondly, that there is continued administration of these programs that respects provincial jurisdiction and priorities and keeps administrative costs to an absolute minimum.

Thank you very much.

**The Vice-Chair (Mr. Massimo Pacetti):** Thank you, Mr. Riddell.

Mr. Lewis, from l'Association des distributeurs de REÉÉ du Canada.

**Mr. Peter Lewis (Chair, Government Relations, RESP Dealers Association of Canada):** Thank you.

I'm here this morning as the chair of government relations for the Registered Education Savings Plan Dealers Association of Canada. We recognize the important work this committee does, and we're thrilled to be back again this year to present our recommendations to build on the success of previous initiatives.

I'm also here as a Canadian parent. With six children, ages four to fifteen, I'm well aware of the importance of higher education in enabling my children to achieve their full potential. In fact, with the fifteen-year-old, I'm only three years away from my first university tuition bill. The good thing is that for my children I've been planning for that day from the time they were born.

The unfortunate reality is that for far too many Canadians, that's simply not the case. In fact, 67% of Canadians under the age of 18 don't have a registered education savings plan today. Why is it important? Registered education savings plans, we believe, provide two distinctive benefits.

First, they provide a financial benefit. Clearly, any dollar that a family is able to set aside today is a dollar they're not going to have to find from some other place when their child is ready to go to trade school, university, or college.

Second is a less tangible but perhaps an equally important benefit, and that's the motivational benefit. Having a savings plan for a child's education is a powerful communicator to that child of the value the family places on higher education and of the expectation the parents have that the child is going to go. We believe that will translate into the likelihood of that child going on.

From 1961 until 1997, RESPs existed in Canada and grew to the point where 700,000 Canadian children had \$2.5 billion saved for them. With a single legislative change in 1998, the introduction of the Canada education savings grant, the landscape changed. Today, eight years later, \$20 billion is set aside for roughly 2.2 million Canadian young people. This is clear and compelling evidence that with the right incentives, families will save for the future education of their children. That being said, we all know that savings

incentives have the greatest benefit for those who are most able to save.

In 2004 the Canada Education Savings Act, with the support of all parties, with the exception of the New Democratic Party, added a unique twist to the RESP by creating the Canada Learning Bond and changing the grant program to increase the benefit to lower- and moderate-income families. We don't yet have official statistics on the take-up rate of the learning bond. As promoters, we are encouraged to see more families taking advantage of it, but we believe there is more to do.

In fact, the Canada Education Savings Act specifically contemplated that the government would make the necessary investments in promoting awareness of this program. That awareness is a critical component of the program. The families the learning bond and enhanced grant were designed for typically have lower financial capability. The programs need to be promoted to them in a strategic way to not only give them the benefits that I referred to previously but also to contribute to an overall strategy to improve financial capability.

There are five things we want to recommend today.

First, we want to recommend a greater investment in an outreach strategy for the learning bonds and the enhanced grants. Mailing eligible families a letter was a good first step, but we need to do far more than that. We need to invest strategically in outreach programs to ensure that families who will benefit from these programs are aware of the existence of the programs and know what they have to do to take advantage of them.

Second, we believe that RESP contribution limits should be revisited. The current contribution limit is \$4,000 per year, unchanged since 1997. Since 1997, tuition fees at Canadian universities have increased by 50%. It would seem logical to us as that the education savings programs for education should keep pace with the cost of that education.

Third, as the government increases its efforts to encourage modest-income families to save for higher education, it seems inconsistent to us that the bankruptcy and insolvency legislation doesn't contemplate some form of protection for those assets.

Fourth, if the learning bond is going to be successful, the government needs to work with the provinces towards a strategy to harmonize the birth registration process with the social insurance registration process, and thus remove a potential barrier to getting the program started.

Finally, we believe that the federal government should actively be encouraging all provinces to join Alberta in the partnership with parents by creating provincial savings incentives.

We're dedicated to improving access for all Canadians by encouraging them to plan for the eventual cost of higher learning, and we look forward to continuing to work with government in expanding the success of these important programs in the future.

Thank you.

• (1025)

**The Vice-Chair (Mr. Massimo Pacetti):** Thank you, Mr. Lewis.

From the Canadian Public Health Association, Ms. Wilson.

**Dr. Elinor Wilson (Chief Executive Officer, Canadian Public Health Association):** Thank you very much for the opportunity to appear in front of the committee.

The Canadian Public Health Association is a registered charity, a non-profit association, which is membership-based. We are not a professional association. We were established by an act of Parliament in 1910, so since then have been actively engaged in the public health issues of the day.

Public health is defined as the organized efforts of society to improve health and thus is distinguished from health care by its focus on populations rather than on individuals. There are many functions of public health, such as health protection, health promotion, chronic disease and injury prevention, and now emergency preparedness.

We believe that economic productivity is affected by both the corporate bottom line and by the well-being of individuals and communities. Our view is that a healthy population and resilient communities reinforce the availability of a strong workforce and lower costs for employers and to the health system. So by preventing illness and disease, and by government investment in communities, the economy is more resilient, able to plan for the future, and able respond to unforeseen events.

This breadth and depth of responsibility requires both a whole-of-government approach and an interjurisdictional approach. Canada, as a result of SARS and the recommendations from the report *Learning from SARS: Renewal of Public Health in Canada*, has started the process of public health renewal at all levels. We commend the government for the legislation creating the Public Health Agency of Canada and for recognizing the interjurisdictional nature of public health. The major investment in pandemic planning is also appreciated. However, more needs to be done to build on this foundation.

Recommendations 1 and 2 in our brief deal with the complicated issue of funding for public health. It's difficult to generate a precise estimate of how much of our total health system funding goes to public health, but in 2003 it was estimated that only 3% of our total health investment is focused on public health. Therefore, we would urge the Government of Canada to continue to enhance funding by focusing on increasing its core funding for public health functions, as advised by the Naylor report, to \$1.1 billion per year, including the establishment and ongoing operation of the Public Health Agency of Canada, public health partnerships, and the prevention and control of communicable and non-communicable diseases.

As well, we would encourage dialogue between the federal government and provincial-territorial governments to look at the allocations provided in the ten-year plan and what part of those allocations could be utilized for public health activities. We would also see it necessary for an agency, such as the Canadian Institute for Health Information, to do a comprehensive examination of how the public health system in Canada is funded and how that funding is being allocated.

Ongoing challenges will also need to focus on enhancing public health human resources at all levels. We have recommended that

through HRSDC a multidisciplinary sectoral study be done of the public health workforce and its sustainability.

In closing, as the Public Health Agency of Canada completes a pan-Canadian public health strategy, public health remains an interjurisdictional issue requiring close working relationships between all levels of government and the NGO sector to provide the seamlessness that public health emergencies and other public health issues will require. We must link local to regional, to provincial, to federal, to international bodies. That is why our last recommendation deals with overseas development and the need to reach 0.7% of GDP by 2015. We do live in a global village when it comes to public health.

Thank you.

• (1030)

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

Mr. Moist, from the Canadian Union of Public Employees, for five minutes, please.

**Mr. Paul Moist (National President, Canadian Union of Public Employees):** Thank you, Mr. Chairman and members of the committee.

We're quite privileged to represent just over half a million Canadians who work all across Canada, and we think this opportunity to speak on federal finances and our budget is very, very important.

We note that last year enhancing productivity growth was one of the themes. Along with the theme you have this year, we think these are goals and not ends in themselves, but they are very important in determining whether they improve our overall quality of life.

We were distressed this week that, between budgets, spending cuts were announced in the midst of a \$13 billion surplus.

I'm quite privileged to serve on the board of the Canadian Labour and Business Centre. This afternoon our board will meet for the purposes of closing the centre, a centre created by the Mulroney government and funded by government. I can't believe at a time in our history when we talk about productivity that we're closing a centre that is a cooperative venture between labour and management. Mr. Georgetti, from the CLC, and Mr. Perrin Beatty will chair our conference call today. We have obligations to our staff, and the motion before our board is to close the Canadian Labour and Business Centre, which I think is a shame.

According to KPMG, Canada has already the lowest business costs amongst all G-7 countries. We're the fourth easiest place to do business. Last year, KPMG's report, in talking about Nordic countries, said:

...the high levels of government tax revenue have delivered world-class educational establishments, an extensive safety net, and a highly motivated and skilled labour force....

We think there are many determinants of productivity and competitiveness, and we'll just mention three, Mr. Chairman.

With respect to child care, it's well established in the OECD that investments in child care provide economic returns of at least \$2 for every \$1 invested. Compared to the rest of the developed world, which spends 1% to 2% of their GDP on early childhood learning, Canada is spending about 0.25%.

With increasing international competition, high-quality, affordable, publicly funded post-secondary training is becoming more and more important. The leading countries—Finland, Denmark, Germany, France, Sweden, and Ireland—charge little or no tuition fees. We strongly recommend that the federal government establish a separate post-secondary education transfer with increased funding. Further, and more specifically, we recommend that the federal government continue to play an active role in supporting workplace-based skills through labour market partnership agreements with provinces and by embarking on a pilot project, an EI project for training unemployed workers.

Finally, Mr. Chairman, with respect to health care, some fixing has been done at the federal level, but we absolutely believe that the Canada Health Act provides a framework for the enforcement of a huge economic advantage our country has, a federal universal health care system. The report by the federal advisor on wait times was released the day before Canada Day. He has not been reappointed. We think that's a shame. His report is well worth reading. It talks about pharmacare and other things in addition to wait times.

Finally, 150,000 of our members are municipal employees. We know the state of the infrastructure. We support the big city mayors of the FCM and their calls to government.

We ask for three things: commit to long-term permanent and sustainable funding to eliminate the municipal infrastructure deficit and reduce the growing reliance on property taxes and user fees; create a national public transit strategy and program in collaboration with provinces and municipalities; and continue and enhance support for the FCM green municipal fund.

There is a vertical fiscal imbalance in Canada. The greatest fiscal imbalance is among senior levels of government, including the federal and municipal governments.

Thank you, Mr. Chairman.

• (1035)

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

We're going to go to the members for seven-minute rounds.

If I can remind the witnesses, the members have seven minutes for the questions and the answers. So if you can keep your answers precise, I think some of them would appreciate it.

We are going to start with Mr. Savage.

**Mr. Michael Savage (Dartmouth—Cole Harbour, Lib.):** Thank you, Chair, and I would like to thank all of the people who presented today for their presentations.

I would like to start with my friend, Elinor Wilson. Elinor has been a champion of public health and I guess what's part of public health, population health.

I'd like to talk a little about how we go about having an impact on population health. The Public Health Agency of Canada has done I think a very good job and in some ways came about as a reaction to SARS and those kinds of issues. Part of its mandate is in fact to have an impact on chronic disease, which in the part of the world I come from, Atlantic Canada, is particularly prevalent. Diabetes is out of control. There are high incidences of cardiovascular disease, cancer, and arthritis.

In terms of the social determinants of health, I wonder whether Canada has really addressed the social determinants of health from a population health point of view. Where are we on the scale of actually getting out in front of chronic disease?

**Dr. Elinor Wilson:** That's an excellent question, and I think the answer is that we're lagging behind. This is mainly because our attention is always focused downstream, once people have a disease and how we can cure them. That's the immediate necessity. The investments upstream are very difficult to come by, and you've pointed them out. It's not merely the risk factors of healthy eating and active living, but it's those social determinants of health that many of my colleagues have spoken about: poverty, lack of education, municipal infrastructure, etc.

I think one of the examples we have in Canada that is going to be an interesting experiment is the Government of B.C.'s ActNow program. They have taken out of the premier's office a whole-of-government approach, where every ministry has to account to the premier's office for what they are doing in their ministry, be it agriculture, housing, etc., to help prevent disease in the population. As I mentioned earlier, there's not only that interjurisdictional piece, but this is going to take a whole-of-government approach. And even though public health might have a public health agency, the levers for health are in many other parts of government.

**Mr. Michael Savage:** Carolyn Bennett used to speak a lot about that when she set up the Public Health Agency. The Minister of Housing has as much to do with health as the Minister of Health, in many ways. Certainly the Minister of Education.... My own province of Nova Scotia has set up a Department of Health Promotion, and they're doing some very good stuff, in my view. And I do think the future of the health care system is getting out in front of illness and actually focusing on health. I also think it involves keeping people out of hospital once they've had an intervention: home care, palliative care, and things like that. I think that's great.

I want to ask you another question, again on the prevention of illness point of view. We've heard a lot about the national immunization strategy, and I expect the committee will be recommending a continuation and an expansion of this, from the number of people who've mentioned it. Everybody who comes to the committee has a case to make: invest in us and we will save you money. I believe, for example, investment in the arts will pay in huge ways to the community.

You have a number here that indicates that for every dollar spent on vaccines, we save \$27 in downstream costs. That's a very stunning number, and I'd be interested in getting that. You mentioned it's the U.S. Centers for Disease Control and Prevention. Somebody else mentioned that recently. That's a stunning number.

Let me ask you, what is the potential? We've heard about the papilloma vaccine for cervical cancer. What is the potential for vaccinations? Is there a lot out there? Could we spend \$10 billion in vaccines and reduce our health care costs accordingly?

**Dr. Elinor Wilson:** I think that depends on how our infectious diseases and other diseases emerge. As you've mentioned, we now have an HPV vaccine for cervical cancer. That's only the start of the investigations into vaccines for other types of cancers, and that's being actively pursued. We have a new vaccine that has come on the market for Rotavirus, an infection that really produces severe problems in very young children, and in fact through dehydration can often kill them.

So as we move forward, I think we're going to see more and more vaccines as a prevention measure. Again, one of the issues about the vaccinations is that this is another example of how we can't just have one province spending money on vaccines and vaccinating their population and the province next door not doing it. It's infectious disease, and we have to have a herd immunity in the entire population in Canada.

• (1040)

**Mr. Michael Savage:** Okay. Thank you for that.

I want to talk to Mr. Riddell. I've had the pleasure of meeting with you and talking about the millennium scholarship. The millennium scholarship, in my view, is a tremendous program. It has been subject to criticism at times since its inception. One of the reasons is that provinces have actually clawed back money that has gone for the millennium scholarship. In my view, it's a very well-run organization and it's doing good work.

I was delighted by your comments about how do we really focus on putting needs-based grants in place. It seems to me that if we are going to reach our potential as a country, we have to get more low-income families, more aboriginal Canadians, more persons with disabilities—people who are marginalized—into university. As we hopefully will go forward and reinvest in the millennium scholarships, do you see that as the best way to do that?

**Mr. Norman Riddell:** Thank you.

I agree with you. We have two problems. We have to keep the participation of the middle class in higher education where it is, and it's already very high. The government recently introduced measures to allow them to borrow more, but there's a tipping point on borrowing. Our research shows that if a student is borrowing \$10,000 a year, and some do, the chance of their getting a diploma for which they are borrowing drops to around 30%. You can borrow a certain amount of money and have a reasonable chance of completion, but annual accumulation of debt does have an effect on persistence. That's for the middle class.

For the people who aren't there, we're going to have to start targeting money to them. In Canada we've had a rather strange system for a very long time, whereby we provide interest free loans

to middle class people as well as grants. We provide interest free loans to poor people, not grants. That's because we provide the grants to the people who have "the highest need", which is the cost of the attendance minus the resources at your disposition. The poor aren't stupid. They minimize their cost by going to college, by continuing to work, by staying at home. Then they don't get the great big loans and as a result they don't get the grants. Grants in Canada have traditionally gone to people who got the biggest loans.

What the foundation has done recently is to start putting money in the hands of people on the basis of family income. What we find is that the needs level of the people who are getting the access bursaries—these are the low-income people—is \$3,000 lower than the people who are getting the needs-based awards based on how much is borrowed. It shows there's a problem.

There are three ways by which we could proceed—

**The Vice-Chair (Mr. Massimo Pacetti):** Quickly, Mr. Riddell, please, because the time is up. Just three quick ways, go ahead.

**Mr. Norman Riddell:** The first is that the federal government would do it alone. If that happens the students will benefit, but there will be a loss in provincial programming because the federal government has not been as effective at levering out provincial money as we have. It can go to the provinces, in which case it's not absolutely clear it would go to student financial assistance, or it can go to the foundation; you pass a law that tells me I have to pay it to students and I have no choice but to do it.

**The Vice-Chair (Mr. Massimo Pacetti):** Thank you, Mr. Riddell.

[*Translation*]

Mr. Paquette.

**Mr. Pierre Paquette (Joliette, BQ):** Thank you, Mr. Chairman.

My first question is for Mr. Spickler. My colleague Maka Kotto read your brief in the last few days and asked me to put certain questions to you.

First, you say that the physical fitness tax credit should also apply to artistic activities. In your second recommendation, you call for a minimum \$30,000 exemption on revenue deriving from copyright and residual payments.

Here is the question Mr. Kotto wanted me to ask of you. Do you believe that these types of tax measures, such as tax credits and tax exemptions, represent genuine support by the Government of Canada for the development of the arts in Canada? That was the purpose of your two first recommendations. I imagine that they do not appear in order of priority, but it seems that for you, these are important tools.

**Mr. Robert Spickler:** Mr. Chairman, as the Director General of the Canadian Conference of the Arts, Mr. Pineau was also invited, and since he also worked on this file, would you allow him to answer the question? Thank you.

**Mr. Alain Pineau (National Director, Canadian Conference of the Arts):** We would also like the tax credit to apply to artistic activities because, in our view, the reasoning which was applied to sporting activities also applies to artistic ones. Everyone recognizes the benefits of physical fitness in children. It comes back to many of the things which were said around the table with regard to population health. A little earlier, Ms. Wilson alluded to preventative measures.

It all makes sense. We feel that applying the tax credit to sporting activities only is discriminatory. That is one of the arguments underlying our suggestion that the tax credit be extended to the arts. Further, you ask whether tax credits are for us the best way to achieve our goals. It is one of the ways, and if it were applied, it should be applied equally for all Canadian families. Families make different choices as far as their children's development is concerned, some parents choose to give their children additional activities, and this should be recognized.

That being said, the government has other tools at its disposal, and they should also be applied, not only in the area of arts, but also in the area of arts and culture. I believe it is dangerous to only use tax credits, because it means that the federal government has less flexibility if it wants to take very specific measures and make investments. That concerns us.

So we are in a bit of an ambiguous situation in that regard. We are saying "we too", but we advise caution because if this is what the government chooses to do, it could lead to problems.

● (1045)

**Mr. Pierre Paquette:** I find the tax credit for children who engage in physical activity interesting. I was at a conference given by Raymond Cloutier, who said that a lot of money was being invested in artistic productions, but that not a lot of money was invested in creating demand. In certain areas, like dance, for instance, you often find very good creators, but no audience.

The other question dealt with our museum policy. One of your recommendations dealt with the problem of funding museums and heritage projects within the federal budget, and with the fact that we need to develop and implement as soon as possible a new federal museum policy. If I understood my colleague Maka Kotto, he said that there had been consultations on the issue and that the budget would contain something to that effect.

Can you tell us what is happening? Also, how can you explain the decision of the Conservative government to reduce by \$4.5 million the museum budget, when everyone is asking for new investments? I would like to hear your opinion on this subject.

**Mr. Robert Spickler:** As far as the budget cutbacks are concerned, I believe that the Canadian Museum Association has done a very good job. I am a museum director, but I will not respond in that capacity. I will respond in my capacity as president of the Canadian Conference of the Arts, which has a mandate of non-partisan reflection and policy analysis in the area of culture or on issues which affect culture.

A little earlier, we were talking about the importance of education. Every single riding has a museum. Museums are places of education and knowledge-sharing, and of the protection of the heritage of all Canadians. When the minister, who is the voice of culture and

heritage within Parliament and government, and who speaks on behalf of Canadians on issues of culture, says that the reason why there were cutbacks in the museums budget was because the money was not being well spent, I respectfully submit that he did not properly analyze our museums policy.

Under our museums policy, every museum institution in every riding of Canada must be accountable for the money it receives. So each institution spends its budget carefully, because it is accountable. But suddenly, after this program which has been in existence for nearly 30 years has made collections accessible to all Canadians through the Internet, thanks to technological development — the Museums' Assistance Program contributed greatly to this — we hear that the money has not been well spent. This is an attack on the integrity of museums and on every aspect of Canadian culture.

In my opinion, the Canadian Conference of the Arts can help. If the government feels that the accountability mechanisms in the area of culture are lacking, the Canadian Conference of the Arts is willing to work with the government to discuss these matters, but the fact that museums were publicly accused of misspending their budgets was an attack of the integrity of the cultural milieu, which undermines the credibility of culture throughout the country. The directors of Canada's museums were asked to reflect on museum policy. I believe that the current Minister of Canadian Heritage supported this approach in the past and I believe she still supports it, but she had to deal with budget cutbacks.

I have to admit that I do not quite understand why this happened, but we are willing to fully cooperate with the department to conduct analysis on the matter and to reflect on the situation.

● (1050)

**Mr. Pierre Paquette:** It seems that the minister is speaking out of both sides of her mouth at the same time.

In the same vein, I have a question for Ms. Wilson. You talked about literacy. How do you explain the fact that this week the government announced cutbacks on the order of \$17 million to the budget of the adult learning, literacy and essential skills program? Is this the right decision or does it create a problem?

[English]

**Dr. Elinor Wilson:** Absolutely, because one of the social determinants of health for individuals is literacy. CPHA has been working in the area of literacy for over nine years and right now is actually in the process of running a blue panel on health literacy in Canada.

So there's literacy and then there's the piece that is health literacy, which is going to help individuals deal with health and their health care system. We were disappointed to see that cut.

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

Merci, Monsieur Paquette.

Mr. Turner, and then Ms. Wasylycia-Leis, for seven minutes.

**Hon. Garth Turner (Halton, CPC):** Thank you.

Mr. Spickler, you said it in English and you said it again in French that you're disappointed with the cuts. You felt there was a lack of transparency and accountability. You said it was not a good government decision for us to have put \$13 billion against the debt. Can you tell the committee what our interest charges are on the \$13 billion that will be retired?

**Mr. Robert Spickler:** We are aware that these charges are extremely important. No one in this country will ever challenge any government for being accountable and responsible in reimbursing its debt. Our suggestion is that while, at the same time, we reimburse the debt and cut programs without—and I submit this very respectfully—making a thorough analysis of the meaning and reasons for cutting these programs, especially for the museums, as we just saw in the last few days, it makes us extremely worried about the lack of analysis of policies in relation to culture.

**Hon. Garth Turner:** Don't give me the speech again. You didn't answer the question. The answer to the question is that \$650 million per year, every year, will be saved in interest charges. That's \$650 million per year, every year, that we will have additionally for program spending. The point is that if a government had made that decision ten years ago we would have had \$6.5 billion more to give to museums, to give to education, to give to health care. The point is, we're making that decision now, and you criticize us for it.

Don't you understand why we're doing it? It's in order to provide more funding for program spending going forward, because if no government ever has the guts to do what we've done, we don't end up with those dollars. Those go to bankers around the world and to bondholders.

**Mr. Robert Spickler:** I reiterate the fact that I think a government that reimburses its debt is a responsible government. What I'm trying to say in a non-partisan fashion is that when—

**Hon. Garth Turner:** That's not what you said in French a minute ago. That was not non-partisan, sir.

**Mr. Robert Spickler:** I even prefaced my response by saying I was going to be non-partisan.

**Hon. Garth Turner:** Well, you weren't.

**Mr. Robert Spickler:** I submitted very humbly that I felt there was a lack of analysis on the programs that have been cut, and an explanation given to Canadians that it is ill-spent by the cultural sector. That is what I said a few minutes ago in French. I submit that's an attack on the integrity of the cultural sector.

You're absolutely right that the federal government must pay back its debt, and I feel it is responsible to do so. But at the same time, the same government is making choices to cut the cultural sector and buy armoury.

**Hon. Garth Turner:** I like that sentence, but you should have ended at "responsible". That was good up until then.

Thank you.

Mr. Lewis, we have a problem here with people not saving money, which is really at the heart of what you guys are trying to do: to work with the government in order to make sure education is funded in a private sector fashion. Why can't people save money?

**Mr. Peter Lewis:** It's an excellent question. In fact, the number one reason, when you ask them that, is because they don't have

disposable income in order to save. That's the first reason. The second reason is that they might have other priorities.

**Hon. Garth Turner:** Right, but why don't they have enough disposable income? The average family income has gone up steadily over the years. Where's the money going?

**Mr. Peter Lewis:** It's an excellent question.

Our view is that it's a matter of prioritization. When you ask people why they're not saving, they'll say they don't have disposal income. We believe it is a matter of priorities. If the education of your children is a top priority for you, we think it's possible for many families who are not saving today to find some funds to set aside over a longer period of time.

• (1055)

**Hon. Garth Turner:** Do you feel that part of the reason we don't have enough disposal income is that we pay too much in tax?

**Mr. Peter Lewis:** I would certainly suggest that is a big part of it, yes.

**Hon. Garth Turner:** Mr. Moist, what is the cost of your program?

**Mr. Paul Moist:** Which portion of the program? We talk about child care—

**Hon. Garth Turner:** Well, these eight points.

**Mr. Paul Moist:** With respect to the Federation of Canadian Municipalities, we need to go beyond the five-year commitment on the share of the fuel tax.

**Hon. Garth Turner:** I just meant, overall, could you give us an estimate of what it costs for what you've asked for?

**Mr. Paul Moist:** I don't have an overall costing in totality.

**Hon. Garth Turner:** Well, it makes it more difficult for us to do our work.

I understand you want more government spending so that you have more government employees. I understand that. That's your agenda.

**Mr. Paul Moist:** No, we don't represent very many federal employees.

**Hon. Garth Turner:** Okay, but it's important for us to get an idea.

For example, with child care, you've suggested that we quadruple expenditure on child care, basically go from 0.25% to 1%.

**Mr. Paul Moist:** Through the chair, I would suggest that we follow the establishment of something that was started with the consent of most provinces in Canada. Some provinces signed five-year deals with the federal government and put shovels in the ground to start building these things.

**Hon. Garth Turner:** How much money did we spend on child care last year?

**Ms. Judy Wasylycia-Leis (Winnipeg North, NDP):** Mr. Chair, this is ridiculous.

**Mr. Paul Moist:** I know that the elimination of the deals as of March 2007—

**Hon. Garth Turner:** But how much did we actually spend last year on child care?

**Mr. Paul Moist:** You probably know the answer to that.

**Hon. Garth Turner:** I think it was zero. How much are we going to spend this year?

**Mr. Paul Moist:** Listen, the five-year deals that were started by the previous government—

**Hon. Garth Turner:** No, that's not what I asked you, sir. In actual spending, last year versus actual spending this year—

**Mr. Paul Moist:** Let me give you an example. The Government of Manitoba relied on the five-year deal that was signed. They started capital costs—

**Hon. Garth Turner:** Do you know the answer to that question?

**Mr. Paul Moist:** —and that's ending. You've taken over \$3 billion from the commitment.

**Hon. Garth Turner:** I just asked if you knew how much we had spent versus what we are—

**Mr. Paul Moist:** The government you're a part of cut \$3 billion from the proposed five-year child care deal.

**Hon. Garth Turner:** I think I'm done.

**The Vice-Chair (Mr. Massimo Pacetti):** Thank you, Mr. Turner.

Ms. Wasylycia-Leis, for seven minutes.

**Ms. Judy Wasylycia-Leis:** Thank you, Mr. Chairperson.

I apologize for the behaviour of Mr. Turner, for his rudeness. I think if he has questions, he should give people a chance to answer them.

However, I think he raised an interesting point at the start of his questioning, and that is the issue of transparency—and this is from a member of a government that claimed it was going to make decisions in a public, transparent, democratic way, and actually put before Parliament and the people the amount of surplus that was available...and have us settle in a democratic way how that should be divvied up.

Mr. Chairperson, I don't think there's a soul in the world who believes that what the Conservatives did this week was democratic, fair, and transparent. So I think it's rather hypocritical for the member to ask these kinds of questions, especially from a leader of the largest trade union in Canada that has actually worked very hard to present solutions to government and work cooperatively.

In fact I think the Conservatives on that side may have missed Mr. Moist's reference to the possible loss of something the Conservatives started back in the Mulroney years, and that's the Canadian Labour and Business Centre. I think it would be worth hearing from Paul Moist for a moment about why you're faced with shutting down the

doors of something that bridges business and labour and that works cooperatively.

**Mr. Paul Moist:** Through the chair, the centre was founded in the early to mid-1980s, and it was funded by government. The federal government is one of the few bodies that can bring together business and labour in Canada at a senior level.

I've been a board member for only a couple of years, but I think the centre is doing very important work on productivity, labour force development issues, and many projects with the private sector.

No member of the board was aware of this, and we were pretty blindsided. At two o'clock today the motion we'll deal with is whether, under the circumstances and the staffing obligations we have, to close the centre.

Productivity is not a word that worries the labour movement; we actually embrace it. In the world of tax cuts, what should we spend money on, and paying down the debt...

Michael Porter from Harvard University says this whole competitiveness argument is overweighted at times in view of tax cuts. We source Mr. Porter's comments in our longer brief. Tax cuts are part of international competitiveness—actually, a small part—and Canada should be tax responsible with its citizens.

But on the productivity and the work of the centre, we're talking about transitioning people from an economy that's served Canadians well, which is changing rapidly. For the centre to be closed on no notice is tragic.

• (1100)

**Ms. Judy Wasylycia-Leis:** I appreciate that, and I think it's particularly relevant for our committee's work, since we are dealing with the issue of competitiveness. Of course, that means increased productivity.

Paul Moist, could you also address what I call a rather supercilious—I think that's a word—argument that Mr. Turner has been raising at our committee regularly? It is the notion that one must pay down all debts so that you'll have all this extra money to invest in things for the future. I think it would be useful to explain to him and others what's left after you've paid down the debt and what is the difference in cost, in terms of what's left for society as a whole.

**Mr. Paul Moist:** I think all governments should be mindful of their annual deficits and their long-term debt.

Our debt-to-GDP ratio in Canada has been declining since the former government inherited the largest debt in Canadian history, number one. Number two, federal program spending today per person in Canada is 25% lower than it was in 1984. Number three, to use a worker analogy—somebody mentioned buying homes here earlier—none of us would retire our mortgage at a pace that didn't allow us to fix our roof or keep the foundation of our house. So the last Goodale budget contained a provision, which I debated with the former minister quite a bit, that one-third of the annual surplus was to be devoted towards the debt, one-third to program spending, and—I can't remember what the other third was for.

I come from Manitoba. A New Democratic Party government is, in an orderly way, retiring Manitoba's provincial debt, along with shoring up program spending where responsible, and trying to remain I guess tax competitive with Alberta.

There is not a single answer to this thing. To take \$13 billion and apply it against the debt—this gentleman spoke about what it does to the world that he lives in—is the epitome of ideology trumping common sense.

**Ms. Judy Wasylycia-Leis:** Thank you.

I think I have time for one more quick question.

**The Vice-Chair (Mr. Massimo Pacetti):** If we're going to start trading insults, I don't appreciate that.

**Mr. Paul Moist:** I don't appreciate not being able to answer a question.

**The Vice-Chair (Mr. Massimo Pacetti):** I'm chairing this committee. I think he left plenty of time for you to answer the question. He directed a question directly at you and you had an opportunity to answer the question. He asked you the same question more than once.

**Mr. Paul Moist:** Thank you, Mr. Chair.

**The Vice-Chair (Mr. Massimo Pacetti):** If we're going to start trading insults, let's just adjourn the meeting and we'll go outside and scrap it out.

**Ms. Judy Wasylycia-Leis:** Mr. Chairperson, on a point of order, I found that behaviour insulting. I found that he did not give anyone a chance to answer the questions, today, yesterday, and the day before. I think in fact it's incumbent upon you as the chair to actually allow for some possibility for people to answer.

**The Vice-Chair (Mr. Massimo Pacetti):** I already made the decision, Ms. Wasylycia-Leis. Thank you.

You have one minute left.

**Ms. Judy Wasylycia-Leis:** Thank you.

Since Mr. Turner does talk about transparency and we are faced with these cuts and the decisions of two days ago, I'd like to ask Elinor Wilson, Robert Spickler, Mr. Akumalik, Paul, and anyone else whether they were consulted about these cuts, which include millions of dollars in terms of health prevention and public health dollars, millions of dollars in terms of culture and heritage, and a million in terms of a future workforce. Were you consulted?

**Mr. Robert Spickler:** The cultural milieu and the museum milieu were consulted on a new cultural museum policy a year and a half ago. They were all called to come to Ottawa to offer their expertise

in developing it with the government. This time cuts were made without even any discussion.

**Ms. Judy Wasylycia-Leis:** Elinor.

**Dr. Elinor Wilson:** Our organization was not directly consulted. I think one of the challenges that's being pointed out is that all of these things are interrelated. It reflects back on my colleague's comment that if you cut one place without perhaps thoroughly investigating the ripple effect it might have on other areas, it does provide some challenges.

• (1105)

**The Vice-Chair (Mr. Massimo Pacetti):** Thank you, Ms. Wasylycia-Leis.

Mr. McCallum, five minutes, then Mr. St-Cyr, and then Mr. Dykstra.

**Hon. John McCallum (Markham—Unionville, Lib.):** Thank you, Mr. Chair.

Until Mr. Turner's intervention I thought we were a very cordial, friendly group, but it seems to have become a little partisan. I think I'd like to respond briefly to him, but not along the lines of the NDP, because, as we know, the NDP has never had any sense of fiscal responsibility. It never has and never will.

I agree with the debt paydown, but my point is that the \$13 billion surplus was a Liberal legacy to the Conservative Party, because 90% of that year the Liberals were in power—just as the Conservative legacy to the Liberals when we came to power in 1993 was a \$42 billion deficit.

Yes, the debt paydown is useful, but it's really as a consequence of a Liberal government. On the point about the cuts, the cuts are mean-spirited and ideological given the nature of those cuts, particularly when they're juxtaposed with this government swimming in money and able to pay down the debt to such an extent.

**Hon. Garth Turner:** I have a point of order, Mr. Chairman.

**Hon. John McCallum:** My first question would be to Mr. Moist.

**The Vice-Chair (Mr. Massimo Pacetti):** Just one second, Mr. McCallum.

Yes, Mr. Turner.

**Hon. Garth Turner:** I just think it's incumbent upon Mr. McCallum to make sure he reminds the witnesses that under the Liberal administration the national debt actually increased.

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

Come on. What happened this morning? Are you guys doing it on purpose?

**Hon. John McCallum:** No, I'm going to be very non-partisan and economist-like in my questions.

I'd like to ask Mr. Moist about this business-labour entity that received a big cut—co-chaired, may I say, by Mr. Perrin Beatty, a former Mulroney cabinet defence minister, so presumably he agrees with it.

Can you tell me if this cut is such as to eliminate this group, or is it simply reducing its budget? What is the status of it?

**Mr. Paul Moist:** Through the chair, that won't be known until later this afternoon. But the motion going to the board of directors is for the immediate closure of the Canadian Labour and Business Centre because there isn't a source of funding beyond.... There is some fee-for-service work, but through the Mulroney government, the Liberal years, and last year, the primary source of funding has been the federal government.

**Hon. John McCallum:** Okay.

In terms of productivity, when the current government spent a record \$15 billion a year in its first budget on things like GST cuts and the \$1,200 transfers, I don't think that had anything to do with productivity.

Can you briefly explain whether you think this agency, which is about to be disbanded, is useful on the productivity front?

**Mr. Paul Moist:** Through the chair, I think it fills a huge void in the country. The devolution of labour market programs in the mid-1990s by Mr. Axworthy—I think as minister—was a devastating public policy decision. There's a role for the federal government to bring about cohesion in labour force development issues. If you're a dental hygienist in Manitoba, the standards needn't be different between Ontario and Manitoba. But there are more roles between provinces right now than between some countries.

I think the centre tries to fill that void with national discussion about key labour force development issues. As mentioned in my remarks, and we say it later in this brief, there is a role for the federal government in labour force development issues. There's a role for the provinces, there's a role for the private sector, and there's certainly a role for the single body in Canada that brings business and labour together.

We represent 4.5 million Canadians who work everyday, and we're not afraid of the “productivity” word, but we absolutely need to sit in the same room. Mr. Mulroney created the entity, and I think he was right to do so.

**Hon. John McCallum:** Thank you.

Mr. Riddell, certainly my party is absolutely committed, at least among the leadership candidates, to really improve access by students. For us, this is a huge issue, largely for the reasons you've described: social justice, the economic needs of the country, and the principle of equality of opportunity. But we're a bit concerned that we seem to have a plethora of agencies.

This is a bit of a turf question, and you're a major part of the turf, so it might be a bit unfair, but I'd like to ask you anyway. Can we put everything together and have one big program to deal with the whole issue of access? If so, what would you recommend? And how would this entity conduct itself?

•(1110)

**The Vice-Chair (Mr. Massimo Pacetti):** Mr. Riddell, if I can intervene, you have just 30 seconds, please. Go ahead.

**Mr. Norman Riddell:** I've often thought it would be useful to have one pot of money directed at the objective, and that's why in working with the provinces the foundation has gone to the provinces with a block of money and an objective. We co-finance programs with provinces, so there is a single foundation provincial program. Some of the beneficiaries get money from the foundation; some of them get the money from the province. That's completely seamless.

The alternative is the federal program, which regularly butts up against the provincial programs. If you're lucky, the federal program fits one of the provinces' programs. It's really hard to get a program that fits all thirteen.

**The Vice-Chair (Mr. Massimo Pacetti):** Thank you, Mr. Riddell. I appreciate it.

*Monsieur St-Cyr, cinq minutes.*

[*Translation*]

**Mr. Thierry St-Cyr (Jeanne-Le Ber, BQ):** I would like to thank the witness for being here. He is very brave and I find the way some people have behaved regrettable. It might be small comfort, but some of our colleagues misbehave even more in the House of Commons.

But now let us get to my questions. I would like to put a brief technical question to Mr. Lewis. In your brief, you say you want to exempt RESPs from the Bankruptcy and Insolvency Act. Are you saying that you want to protect them from being seized?

[*English*]

**Mr. Peter Lewis:** We believe there should be some limited protection of RESP assets. In fact, in amendments to the bankruptcy and insolvency legislation that passed in December of last year, there was limited protection afforded to registered retirement savings plans and registered retirement income funds. We fail to understand why that same protection wasn't extended to registered education savings plans.

[*Translation*]

**Mr. Thierry St-Cyr:** That is what I wanted to know.

Mr. Riddell, last year, Mr. Conlon, who represented the Canadian Federation of Students, appeared before the committee and repeated something the Auditor General said about the lack of transparency of the Canadian Millennium Scholarship Foundation. Many people did not like the fact that the board of the foundation was not forthcoming. Since it is a foundation, it was not accountable to the government or to the House. People did not like the fact that the foundation's books were not open.

What measures have you adopted since 2005 to improve the situation?

**Mr. Norman Riddell:** First, I believe that the Auditor General was referring to foundations in general, since at the time she did not have the right to audit the books of these foundations.

But the last budget of the last government changed that. Now, the Auditor General has the right to audit the foundation's books. In any case, the foundation has always published an annual report, which you receive every year. I would also invite you to visit the foundation's website, where you will be able to find out in detail how much money was spent in grants in your riding every year. The grants represent 95.5 per cent of the foundation's expenses.

I do not think that there is another government program which does as much. In my opinion, this level of transparency is unprecedented throughout government.

**Mr. Thierry St-Cyr:** Who makes the decisions within the foundation? Is there a board of directors? Who are the directors? How are they appointed? Whom are they accountable to?

**Mr. Norman Riddell:** The governance rules of the foundation prescribe how directors and members are appointed. The foundation's administrators are responsible for developing policy. Six administrators are appointed by the government, and nine others are elected by members of the foundation.

The members of the foundation are shareholders and they were initially chosen by the government. Further, they are replaced on a regular basis. These people are intimately familiar with the needs of the Canadian economy and of the field of post-secondary education in Canada.

Generally speaking, these people are accountable to Canadians and report their activities each year at a public assembly. This year the assembly will be held over 10 days in Ottawa. Every year, about 60 people are present at these meetings and also account for their activities in the report itself...

• (1115)

**Mr. Thierry St-Cyr:** Nevertheless, your organization is independent of government and functions apart from government. Are you indeed independent of government? Are you accountable to Parliament? Does Parliament impose any kind of directives on your organization?

**Mr. Norman Riddell:** The foundation's activities are determined by an act of Parliament. The foundation's expenses are divided into two categories: transfers of money to individuals in the form of grants, and money which pays for administrative costs.

We are governed by an act. That is the only way we function. Like any entity in Canada, the foundation must respect the law and we do so to the letter.

[English]

**The Vice-Chair (Mr. Massimo Pacetti):** Merci, Monsieur St-Cyr.

Mr. Dykstra, and then Mr. McKay, for five minutes each.

**Mr. Rick Dykstra (St. Catharines, CPC):** Thank you, Mr. Chair.

I'll continue on with Mr. St. Cyr's points regarding the RESP and how we could work through that.

Mr. Lewis, concerning the first recommendation you made, obviously outreach in any portfolio or any opportunity is a good one. From your perspective, there hasn't been enough outreach over the last number of years. How might the federal government do that in a much stronger and more forceful way?

**Mr. Peter Lewis:** Thank you.

The specific outreach that we were focused on was the Canada learning bond, which is still a relatively new program. To date, the outreach has comprised a letter sent to eligible families and notices included with their child tax benefit notices.

In conversation with experts who are much more familiar with that particular demographic, they've told me that probably the least effective way to reach low-income families is through direct mail programs and that you need an outreach strategy that connects directly with them in their community. There are certainly organizations across the country that could be far more effective, we believe, in enabling that demographic to become aware of the program and to tap into how to gain advantage of the learning bonds and open up education savings programs.

We are aware that the Canada education savings plan has in fact developed an outreach strategy. In our view, however, it is significantly underfunded.

**Mr. Rick Dykstra:** Thank you.

You mentioned that you have six children. I come from a family of six brothers and sisters. You said you had a couple of children who were under the age of six.

**Mr. Peter Lewis:** I have one under the age of six.

**Mr. Rick Dykstra:** What might your advice be to those who are considering investing the \$100-a-month payment, \$1,200 a year? What would your advice be on how to invest that potentially for university or college opportunities?

**Mr. Peter Lewis:** It's actually an interesting question. Since the introduction of the universal child care benefit, we've seen a significant increase in the savings rates in education savings programs. We believe there are obviously families that are taking funds and using them towards that purpose.

**Mr. Rick Dykstra:** So it's obviously a very positive thing.

**Mr. Peter Lewis:** It has been a positive thing from our perspective for sure.

**Mr. Rick Dykstra:** Good. Thank you.

Mr. Spickler, one of the things you mentioned was the encouragement of expanding the activity tax credit. Have you had the opportunity to present to the panel that was appointed by the finance minister? It's being chaired by Dr. Kellie Leitch, a very able individual. Have you had the opportunity to present the expansion of that credit and how it will eventually look when it's implemented on January 1, 2007?

**Mr. Robert Spickler:** I'll let Mr. Pineau answer that question.

**Mr. Rick Dykstra:** Sure, as long as it doesn't count against my time.

**Mr. Alain Pineau:** Yes, we have. We were somewhat out of order, but we were well received and the message was supported by other people around the table, actually, who said, yes, artistic training is a major contribution to the well-being of our children and it should be considered as a natural extension of the government program.

• (1120)

**Mr. Rick Dykstra:** I appreciate the fact that you were able to do that and that the opportunity was there.

One of the questions I have is with respect to the focus you had on the future of children and their opportunity to participate, obviously, in the arts and what it does for our culture from one end of the country to the other, and your comment about the fact that it would have been good, from your perspective, not to pay down the debt. It seems to me to be a bit of a conflict, from the perspective that you are concerned about the future of culture and heritage in the arts in our country, and at the same time trying to extract the money immediately, rather than being focused on making sure our children aren't saddled with an enormous federal debt that would have us paying off debt instead of investing in the areas you're speaking of.

**Mr. Alain Pineau:** I'm sorry, the point is not about not paying the debt. As was said around the table, it's a good thing to pay the debt. To take all the leeway that the government has to pay the debt rather than address some of the really glaring issues is something we question. We think a balanced approach should be taken. That's the only position we're taking here.

**Mr. Rick Dykstra:** One of the things you hadn't commented on was the announcement the Minister of Finance made with respect to the removal of the capital gains tax from contributions to the arts. It's projected to make an increase of about \$100 million annually. The last time I spoke with the finance minister, that was up to between \$50 million and \$75 million already this year. That's an obvious benefit that is pretty direct to those who receive it. You haven't commented on it in the brief, so I'm wondering what your position is on that.

**Mr. Alain Pineau:** The Canadian Conference of the Arts has supported that request, which was put forward in the round in April through our association with Imagine Canada and all the voluntary sector. So we support that thing.

I have to say, though—and the minister himself pointed that out to me—that the first round in 1997 had not benefited the arts and cultural sector as much as other sectors. There are many reasons for that. It's an invitation for us to do more in order to access that money. However, I think it must be recognized that the arts and culture sector is at a disadvantage versus other areas, and it is also at a geographic disadvantage.

This type of measure, which is certainly beneficial overall, goes more to health or education or other aspects that are higher in the collective psyche—and that's our responsibility partly—than, unfortunately, arts and culture. So that's the first difficulty.

The second difficulty is that arts and culture organizations can be very small organizations, and this calls for a lot of work. The third difficulty is that it benefits large communities. Arts and culture in Toronto may benefit a lot from it; arts and culture in Joliette may not.

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

Mr. McKay, four minutes.

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

My first question is to Ms. Wilson. There was a television program that aired recently—I think it was last night's news, actually—with respect to the receipt of flu vaccine. The program seemed to suggest that it was just simply a production issue. Is there any reason to be concerned that the flu vaccine will arrive in this country some time later than the flu vaccine will arrive in the United States?

**Dr. Elinor Wilson:** Normally flu vaccine is given around the month of October because that's the typical start of flu season, so the longer you delay getting the vaccine, the more chances are that more people will contract influenza.

Yes, there's always concern when we have delays, whether it's in production or whether it's in determining what's going to be the mix that needs to go into the vaccine. What it really tells us, though, is that we're going to have to be a little more vigilant about washing our hands and doing all of the public health measures until we can all get our flu shots in November.

**Hon. John McKay:** Thank you.

To the arts folks here, in one of your recommendations you suggest a \$30,000 exemption for revenue derived from copyright and residual payments. Does that mean that if I were a teacher and an artist, and as a teacher I earned \$60,000, I would be taxed, but if I earned \$30,000 on top of being a teacher, that \$30,000 would be tax free?

• (1125)

**Mr. Alain Pineau:** That is a suggestion that has been supported, by the way, by the Canadian Council of Chief Executives. The aim here is to encourage creativity and support it. That is the proposal. I can tell you that most artists are actually working as waiters and in all sorts of jobs to sustain themselves. The average income for artists in this country is \$10,000 a year.

**Hon. John McKay:** Yes, I appreciate the point and I appreciate the intention, but it would throw up a few peculiar anomalies from time to time.

Secondly, with respect to your basic personal deduction of \$10,000, is that the basic personal exemption, or are you talking about something else? Are you using the word “deduction” as exemption?

**Mr. Alain Pineau:** I'm sorry, but yes, essentially what we mean is to identify with the lowest paid in this country and hike up the basic exemption.

**Hon. John McKay:** So the basic personal exemption for people who qualify as self-employed artists would be \$10,000, but for other people it would be \$8,500?

**Mr. Alain Pineau:** No. We're lining up with the rest of society and saying that this is probably the best way to help artists, to join ranks with the rest of the taxpayers.

**Hon. John McKay:** That's where the previous government was. We were on that path. Lord knows what's going to happen now.

With respect to over-accountability, I think in panels in years previous we heard from artists who had applied for grants...the paperwork has just gone crazy. Everything is covered every which way from Sunday, and they spend more time applying for the grant than they actually do in executing the grant. Is that the point of your last recommendation?

**Mr. Alain Pineau:** Yes, it is, and it's a point that we had the opportunity to make yesterday in front of the blue ribbon panel with all the sectors of the not-for-profit sector.

There are grants to artists, and they are problems, because if you give a grant to an artist to create something, it may be considered garbage now, but in 60 years' time it may sell for  $x$  million dollars. So it's very difficult to apply some criteria.

But in terms of organizations, there was a commonality of views around the table yesterday with the blue ribbon panel that there is over-accountability in many cases, particularly with organizations like—I'm sorry to take a personal example—the CCA, which has been funded each year by the federal government for the past 30 years. We've been in existence for 60 years. Each year we start from scratch. We start from scratch in establishing our credentials. We start from scratch in filling forms that keep changing, and we are the most accountable. Every quarter I have to report a breakdown of every activity that we've done by the minute. The Federal Accountability Act is going to add to that because we are considered as lobbyists, even though we do not represent any particular interest.

**Hon. John McKay:** It's just accountability gone crazy.

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

Just quickly before we break, Mr. Akumalik, in your conclusion the majority of your recommendations were in terms of land claims and having us review what the Auditor General stated on land claims. What about the challenges that are faced not in the north but in the far north in terms of economic issues—handling your resources, the revenue from those resources? What is your position on that? I didn't hear much on that in your presentation.

**Mr. Joanasie Akumalik:** I will ask Mr. Campbell to answer that question for you, please.

**Mr. Alastair Campbell (Director, Nunavut Tunngavik Incorporated):** Perhaps you could just—

**The Vice-Chair (Mr. Massimo Pacetti):** I noticed that when Mr. Akumalik was speaking, in the end he recommended mainly to look at land claims, but I know there are other needs with communities that are living in the far north—for example, taking possession of the resources, developing resources, infrastructure, and developing an economy so that people do have jobs that are proper and well-paying jobs. That issue was touched upon, but it wasn't recommended at the end. I was just a bit concerned about it.

**Mr. Alastair Campbell:** Yes, generally, with regard to land claims, I suppose it's not totally able to be distinguished from the general development of the economy of Nunavut, and certainly one of the obstacles that we have found in trying to get implementation of their claim is the argument that there is not the funding available to do it. That is one of the things that really needs to be looked at

carefully: how is it that funding is identified and provided to meet objectives that are provided in the land claim? The objectives in the land claim, for example, are in article 24, which is economic development. In article 24 the objective is to have Inuit comprising a representative sector of the workforce, that is, basically at all levels. They're a long, long way from that at the present time.

In our submission, the one we tabled, we emphasize the importance of the fact that development has to be comprehensive, that you cannot just do infrastructure apart from training, because doing infrastructure and bringing in all the workers from outside means, yes, you get the infrastructure, but you're still left with unemployed people at the end of it. So there's the training, the human resources development, and the capacity development. It's the same show.

● (1130)

**The Vice-Chair (Mr. Massimo Pacetti):** Okay, that's fine. We didn't really have your presentation because it was submitted late, so we didn't have a chance to translate it. I just want to put that on the record.

Thanks again to all the witnesses for taking time out of your day. We're going to suspend and start again in two or three minutes.

● (1131)

\_\_\_\_\_ (Pause) \_\_\_\_\_

● (1138)

**The Vice-Chair (Mr. Massimo Pacetti):** Let us begin.

We are meeting pursuant to Standing Order 83.1, pre-budget consultations, 2006.

We have the Canadian Institutes of Health Research, Mr. Bernstein, for five minutes, please.

Thank you.

**Dr. Alan Bernstein (President, Canadian Institutes of Health Research):** Thank you for the opportunity to appear before you today.

[Translation]

Thank you for giving me the opportunity to speak today.

[English]

During my five minutes I would like to leave you with two key messages. First, if Canada is to build a globally competitive, productive economy, we need to build new partnerships: partnerships between government and the private sector, partnerships between academia and industry, and new partnerships between researchers and Canadians.

Second, if Canada is to reduce the escalating costs of health care and at the same time build a healthier, more productive society, I believe there is only one way to do this: through research and new partnerships between government and Canadians.

Let me give you an example of what I'm talking about.

[Translation]

Allow me to give you a few examples to illustrate what I am saying.

[English]

The first concerns building a globally competitive economy for the 21st century. CIHR has funded the research of Dr. Terry Snutch of the University of British Columbia for the past eleven years. Dr. Snutch is interested in how the electrical activity in our brain works. This is fundamental research that's long-term, but key, not just to understanding our brain but also to understanding Parkinson's disease.

Yesterday at the National Arts Centre we had a round table on mental health and the arts, which Diane Ablonczy attended, that included Parkinson's disease, chronic pain, and other neurological conditions.

But the work is so long-term, so fundamental, and so risky that industry would never fund such research. Dr. Snutch succeeded in identifying one of the first genes that acts as a gate or switch for the electrical activity of our brain. With that discovery, he set up a small spinoff company, called Neuromed, with a business plan to find new drugs that will alter the activity of this electrical gate.

The research that CIHR funded for the last eleven years was handed off to the private sector, which was prepared to invest between \$5 million and \$10 million in Neuromed.

But the story doesn't stop there. The research at Neuromed has gone so well that in June, Merck announced that it would invest close to half a billion dollars in Neuromed to develop new drugs for pain, Parkinson's disease, Alzheimer's disease, and other neurological conditions. That investment—the largest in Canadian biotech history—is an example of the partnership through CIHR between the federal government and industry.

Governments fund the long-term fundamental research that industry would never support. Then industry comes in and starts to fund the next steps of the project.

It is worth noting that according to the latest data from Statistics Canada, 19%—or \$900 million a year—of all private sector R and D in Canada comes from the biotech sector. That percentage and dollar amount are larger than R and D in the auto sector and also in the aerospace sector. This is a win-win for Canada: jobs and the promise of new treatments against serious diseases.

Now I'll go to my second point.

•(1140)

[Translation]

I will now address my second point.

[English]

On this second point, which is lowering or stopping the escalation of health care costs, increasing productivity, and building new kinds of partnerships, let me give you two examples of what we are doing.

As noted in Senators Kirby and Keon's report on mental health, mental disability accounts for between 30% to 40% of disability claims in the workplace, translating into \$33 billion lost in annual productivity in Canada. To address this issue, our Institute of Neurosciences, Mental Health and Addiction and its partners have created an initiative on mental health and the workplace. New health research teams from right across Canada are now working with workplace organizations to create a knowledge base and to develop policy and interventions to improve the quality of life and reduce mental health problems in the workplace.

Our partners in this initiative are not the usual partners for a research funder like the previous MRC. They include the Canadian Labour Congress, the Institut de recherche Robert-Sauvé en santé et sécurité au travail, and the Ontario Workplace Safety and Insurance Board—new initiatives, new types of research teams, new partners.

Here is another example. More than two million Canadians have diabetes. By the end of the decade, this number is expected to rise to three million. A person with diabetes incurs medical costs that are two to three times higher than that of a person without diabetes. Last week CIHR-funded researchers Drs. Hertzler Gerstein and Salim Yusuf from McMaster University announced that their international clinical trial found a drug that reduced the chances of getting diabetes by 60%. That result offers hope for new strategies for preventing or delaying the onset of diabetes and its devastating complications. This trial was funded by three drug companies in partnership with CIHR. In today's *Globe and Mail* there's an article on Type I diabetes, or Juvenile diabetes, and the pioneering work of James Shapiro and Ray Rajotte, again funded in partnership by CIHR, the Juvenile Diabetes Research Foundation, and industry.

To conclude, the examples I have given you are meant to illustrate what CIHR stands for: excellence. Only the top 20% to 25% of all grants that come to us can be funded. We're problem-based and strategic. We partner with the provinces. We partner with industry. We partner directly with Canadians. We partner internationally, which is a perfect example of a proper role for the federal government in building a more productive, healthier Canada.

Everything we know about knowledge-based economies, global competitiveness, productivity, and health tells us that investment in research, particularly health research, is one of the wisest, efficient, and most prudent investments any society can make.

Other countries recognize this too, from the United States to France, Germany, China, Japan, South Korea, and Australia. They're not standing still. Their investments in health research over the past five years and planned investments for the next years all equal or mostly surpass Canada's.

• (1145)

**The Vice-Chair (Mr. Massimo Pacetti):** Thank you, Mr. Bernstein.

The next group I have is the Canadian Bankers Association.

Mr. Vanneste, good morning. You have five minutes.

**Mr. Luc Vanneste (President, Financial Affairs Committee, Executive Vice-President and Chief Financial Officer, Bank of Nova Scotia, Canadian Bankers Association):** Good morning.

My name is Luc Vanneste. I'm the executive vice-president and chief financial officer of the Bank of Nova Scotia and the current chair of the CBA's financial affairs committee. I would like to thank the Standing Committee on Finance for providing the Canadian Bankers Association with the opportunity to appear today as part of the pre-budget consultation process.

We support the government's focus on competitiveness for the upcoming budget. Like the government, the CBA believes that additional steps need to be taken to ensure the competitiveness of Canadian citizens and businesses and the Canadian economy in our increasingly competitive world.

First, we would like to commend the government for its May 2006 budget and the positive tax measures. The elimination of the federal capital tax and the corporate surtax and the legislated schedule of reductions in corporate income tax rates demonstrate the government's commitment to establishing a more competitive business environment in Canada.

With respect to the 2007 budget, my brief comments here today underscore the themes outlined in our written submission. My main message is that Canada needs to continue to improve the competitiveness of its tax regime. Good is not good enough. Given the nature and relative size of Canadian markets, combined federal and provincial tax rates need to be comparable, if not lower, than other jurisdictions in order to be competitive.

Lower taxes stimulate economic growth by increasing investment, including employment and productivity, which will strengthen the country's tax base. A strong tax base and a strong economy will ensure a sustainable source of revenue to continue to finance those programs that are so important to Canadians.

We encourage the government to continue to make Canada a great country in which to do business. In this regard, we recommend the following five measures.

First, accelerate the legislated reductions in the federal corporate income tax rate from 21% to 19%, the elimination of the corporate surtax, and introduce further cuts to the federal corporate income tax rate.

Secondly, we recommend that the federal government show leadership by encouraging the provinces to eliminate all capital taxes.

Thirdly, we encourage the government to expedite treaty negotiations to eliminate withholding taxes on interest payments between Canada and the U.S. Eliminating withholding taxes would result in lower interest rates, greater access to borrowed funds, and a reduced cost of capital, improving the efficiency and liquidity of Canadian capital markets.

Fourthly, we recommend that the government proceed with effective corporate dividend tax reforms at the earliest opportunity so as to increase investment in shares of corporations and create a more level playing field in the tax treatment of income trusts and corporate dividend income.

Finally, we encourage the government to proceed with the proposed legislative reforms to the part VI capital tax and consider further adjustments to the part VI tax rate at an appropriate time.

In addition to our tax recommendations, we encourage the government to continue its work with the provinces and territories to create a common securities regulator, with a view to improving the investment environment and the strength of the Canadian economy.

We believe one of the best ways to increase Canada's competitiveness is to take further steps to improve the country's tax regime. The economic benefits of moving in this direction—in particular, strengthening the Canadian tax base—will provide the necessary foundation for a prosperous Canada for many years to come.

Thank you.

**The Vice-Chair (Mr. Massimo Pacetti):** Thank you, Mr. Vanneste.

The next group I have is l'Institut canadien des actuaires.

[*Translation*]

Mr. Hale, you have the floor.

[*English*]

**Mr. Michael Hale (Chair, Member Services Council, Canadian Institute of Actuaries):** Mr. Chairman and members of the committee, on behalf of the Canadian Institute of Actuaries, I would like to thank you for the opportunity of appearing and providing input into this year's pre-budget hearings. It's actually the first time we as an institute have done that.

My name is Michael Hale, and I'm chair of the institute's member services council. With me today is Claude Ferguson, chair of the institute's health care committee and to whom I'll probably refer most of your questions in the health care field.

Your committee invited feedback on a number of key questions. Our input is focused on two of them: first, what are the actions necessary to ensure that our citizens are healthy; and secondly, what should be done to ensure that the government is able to afford the spending measures needed to ensure that we can prosper in the world of the future?

Before speaking to our recommendations, I would like to provide some context to the work we undertake as actuaries. Actuaries are business professionals who are trained to analyze the financial consequences of risk. We use specialized mathematics and financial theory, in combination with analytical skills and business knowledge, to deal with uncertain future events. Much of our work involves the design and pricing of insurance, pension, health, and other benefit programs, and the modelling, measurement, and management of financial risk.

Canada's actuaries have a history of contributing to key public policy issues. For example, our analysis was instrumental in helping to put the Canada Pension Plan on the path to long-term financial stability.

We're here today to talk about making similar contributions in the area of medicare and post-retirement income security. Our expertise in assessing long-term defined benefit programs is applicable to both areas.

In its broadest form, medicare is essentially a public defined benefit plan under which specific health care benefits are promised to Canadians over their lifetime. Defined benefit pension plans similarly promise specific financial benefits to Canadians after their retirement. Both are under considerable pressure today.

Our medicare system faces serious challenges from both a long-term sustainability and an access perspective. Cost increases test the financial resources of individuals, employers, and governments, and access issues are top of mind with Canadians. Governments are working hard to address these daunting challenges, but we believe it is important that this work should be supported by analysis in two critical areas: the financial sustainability of our health care system and the financial implications of actions taken to address health care needs.

Actuaries currently carry out this type of analysis in the context of the Canada Pension Plan. We recommend that this model be adopted in the health care arena and that an office of the chief medicare actuary be created. Overall, this entity would be charged with the responsibility of reporting annually on the financial status of medicare in Canada. It would also provide more transparent means to assess policy options in the medicare programs.

Moving to the issue of pensions, the CIA has long believed that a healthy retirement income system should include both defined benefit and defined contribution pension plans. The future of one of these is at risk. Committee members have no doubt seen news reports that a growing number of companies are converting their defined benefit plans to defined contribution plans.

From a public policy perspective, this is unfortunate given that defined benefit plans have the advantage of providing some certainty as to the benefits that will be provided to plan members. A move to defined contribution plans creates more uncertainty for individuals and shifts much of the risk to plan members.

There are a number of issues that have contributed to this shift away from defined benefit pension plans. For example, court decisions and regulatory changes around surplus ownership have created unanticipated costs and uncertainties for pension plan sponsors. The decline in long-term interest rates and equity values

has increased pension liabilities and led to solvency deficits for a number of plans. Tax rules that limit the buildup of surplus in pension plans have been a contributing factor.

To help ensure the future of defined benefit pension plans as a viable alternative for employers in Canada, the Canadian Institute of Actuaries advocates that pensions be moved firmly onto the national agenda. To facilitate this, we recommend that a mechanism be put in place that allows pension issues to be discussed at a national ministerial level.

• (1150)

A national forum should be created to bring forward initiatives such as new tax rules that permit the accumulation of appropriate levels of surplus, legislation clarifying the rights of plan sponsors and members to access surplus funds, and the harmonization of the regulation and supervision of pensions plans.

We hope this brief overview of the issues discussed in our submission and the recommendations we put forward will be helpful in your deliberations.

We appreciate the opportunity to provide input and would be pleased to answer any questions.

• (1155)

**The Vice-Chair (Mr. Massimo Pacetti):** Thank you, Mr. Hale.

The Road and Infrastructure Program of Canada, Mr. Morrison.

**Mr. Jeff Morrison (Executive Director, Road and Infrastructure Program of Canada (The)):** Thank you, Mr. Chairman, and thanks to the committee for inviting myself and TRIP here today.

The Road and Infrastructure Program of Canada, or TRIP Canada, is a federation of eleven provincial road building and heavy construction associations from across the country, representing over 2,000 member companies. The many things our members build include Canada's core and large strategic infrastructure.

Mr. Chair, I think it's only right to start off by acknowledging the great strides that the federal government has made over the past two years in infrastructure investment.

About this time last year, I sat before this committee urging the government to continue reinvesting in Canada's physical infrastructure, with a particular emphasis on and need for a national highway program.

In response, in Budget 2006, the government introduced a \$2.4 billion highway and infrastructure fund and announced additional investments of \$2.2 billion in the municipal rural infrastructure fund and \$2 billion in the Canada strategic infrastructure fund.

Of course, this was on top of the \$5 billion in gas tax revenues transferred to municipalities for municipal infrastructure that was announced by the previous government in Budget 2005.

These announcements, Mr. Chair, are very good news for Canadians, and I think the past two governments deserve kudos for these investments, particularly the highway program, which was long overdue.

In fact, Mr. Chair, on that particular announcement, we're already starting to see results. Three days ago, the Government of Manitoba announced that over the next two years their highway program will amount to \$300 million, which is a record level of investment and clearly a result of new federal dollars.

[Translation]

However, these numbers are misleading. In general, the funds are spread out over five years and, consequently, the infrastructure networks risk deteriorating even more over the longer-term period. TRIP Canada is asking that these funds be disbursed more quickly, given the sample we have presented in our brief.

Further, in order to provide stability and guaranteed long-term funding to other levels of government, we are asking that a minimum funding threshold be established for each of the existing infrastructure programs.

In the same vein, the provinces, municipalities and our members have for many years asked the federal government for predictable long-term funding. Consequently, we are asking the federal government to ensure that infrastructure programs guarantee long-term funding to the other levels of government. It goes without saying that the provinces and the municipalities must also play a role in this area. They must be able to present long-term investment plans indicating how the money they receive from the federal government will be spent on infrastructure.

It is almost impossible for construction industries to plan for their labour needs and investment decisions for a given year, if they do not have a better idea of which infrastructure project the provinces and municipalities intend to invest in. If these companies could refer to longer-term plans, they would be in a better position to make enlightened business decisions.

[English]

The last item I wish to raise, Mr. Chair, is the issue of a commitment to the principle of non-preferential procurement. TRIP Canada strongly believes that all Canadians have the right to bid on infrastructure projects involving federal dollars. However, there have been some recent examples where orders of government have used infrastructure dollars to reward political allies.

As I think the chair of this committee knows very well, the best example was in a recent labour market agreement involving the Manitoba floodway project, where there was a clear union-friendly policy surrounding that project—which, I might add, was a project involving significant federal dollars.

Now let me be clear that our concern with these policies is not with unions or any other group. Our concern is that preferential procurement policies add significant costs to a project and are inherently unfair. So we are asking the federal government to include in its agreements with the provinces a clause guaranteeing that provinces will not use preferential procurement policies.

Mr. Chair, time is short today, so I'll conclude my remarks there.

I invite committee members to browse through our brief for other recommendations. TRIP Canada is confident that the recommendations contained in our brief build on the very commendable progress made by the federal government over the past two years.

[Translation]

Thank you, Mr. Chairman.

[English]

**The Vice-Chair (Mr. Massimo Pacetti):** Thank you, Mr. Morrison.

Ms. Aziz from the Canadian Federation of Students' national office.

● (1200)

**Ms. Amanda Aziz (Canadian Federation of Students - National Office):** Good morning. My name is Amanda, and I'm the national chairperson of the Canadian Federation of Students.

I want to start by thanking the committee for this opportunity to present to you on behalf of more than half a million students from over eighty student unions across the country.

I have only a few minutes today, so I'd like to focus my remarks on a few key areas. You all have a translated version of our brief, and naturally I will be happy to take questions on issues that I don't have time to address during the next few minutes.

Canadians have long seen post-secondary education as a vehicle for social opportunity. The expansion of access to Canadian universities and colleges was a direct result of substantial and sustained public investment beginning in the 1950s. Prior to the mid-1950s, access to education in Canada was defined almost exclusively by gender and income. That changed because the federal government made access to education a fiscal priority.

However, many Canadians can't help but feel that we're sliding backwards. Tuition fees and student debt are now at the highest they have ever been. Statistics Canada reports that students from families with incomes in the lowest quartile are half as likely to participate in university as those students from families with top quartile earnings.

Upfront financial barriers, especially tuition fees, have created a profound participation gap among Canadian families. If Canada is going to reduce economic inequalities among regions and individuals, as well as increase its competitiveness internationally, the Government of Canada must prioritize affordable post-secondary education. It must support those provinces with tuition fee freezes and encourage such initiatives nationwide with the necessary fiscal commitments.

We recommend that the federal government, in cooperation with the provinces, create a dedicated post-secondary cash transfer payment for the purpose of reducing tuition fees and improving equality at universities and colleges across Canada. This transfer formed part of the Conservative platform during the last federal election. However, there is no commitment to increasing funding.

We recommend that the federal government return spending levels at least to 1993 levels, in real dollars. By most estimates, transfers currently fall short of 1993 levels by at least 20%, on a per capita basis.

In addition, this transfer should be guided by legislation or other binding forms of agreement that would establish conditions for the transfers and commit the provinces to upholding principles similar to those of the Canada Health Act.

In 1998, the federal government made an important commitment to reducing student debt and improving access to post-secondary education when it introduced the Millennium Scholarship Foundation. With \$2.5 billion, it should have gone a long way to achieving those goals, but regrettably, the arm's-length foundation model of student financial assistance has proven to be a total failure.

Most provinces, as many of the committee members may know, simply reduced their own financial commitments with Millennium Scholarship Foundation money, meaning that students were not better off. This fact alone is reason enough for us to not renew the foundation.

However, the foundation's organizational culture confirms that it must not receive another cent of public funding. Its administrative costs have increased over 500% in the last six years, and literally millions of dollars have been funnelled to the Educational Policy Institute, an American outfit run by two former employees of the foundation. Many of these contracts are being awarded without competition. In our opinion, the foundation is a case study of unaccountability and wasted Canadian taxpayers' dollars.

This morning you heard a Millennium Foundation official make a passionate case for student financial assistance in the form of grants. However, we urge you not to be fooled. Students need non-repayable grants; this is not the issue. The issue is how the Government of Canada administers grants, and the record is clear. The foundation has failed in doing so, and there is a more effective way.

Therefore, we recommend that the federal government wind down the Millennium Scholarship Foundation and fund a national system of needs-based grants. Systems are already in place through HRSD to administer grants through an accountable means, ensuring students actually get the assistance they need.

I had intended on using my last sixty seconds to talk about tax expenditures, but another issue has developed recently that warrants this committee's close attention. In the round of service cutbacks announced earlier this week, the Treasury Board saw fit to make a 50% cut in funding for the summer career placement program. Not only do students with no prior career experience desperately need this program to gain work experience in their field, but, more importantly, they need this program to pay the bills.

As I stated earlier, tuition fees are higher today than at any point in Canadian history, even when accounting for inflation. Cutting a summer employment program for students will guarantee that many of the students with the greatest financial need will have to take out more loans and go deeper into debt. So I hope this committee can reverse the Treasury Board's job reduction strategy.

In closing, I want to emphasize the importance of higher education in increasing the standard of living and the economic health of our country.

Again, I want to thank you for this opportunity, and I look forward to your questions and the discussions.

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

Mr. Mark Dale from the Canadian Association for Graduate Studies, you have five minutes, please.

**Mr. Mark Dale (Dean of Graduate Studies, University of Alberta, Canadian Association for Graduate Studies):** Thank you.

I am Mark Dale, the dean of the Faculty of Graduate Studies and Research at the University of Alberta, and the president of the Canadian Association for Graduate Studies, as mentioned.

Thank you for this opportunity.

It is broadly acknowledged that programs of higher education research are important to the future of this country. We have heard from our colleague from CIHR already today. What I would like to emphasize to this group is that the institutions offering graduate programs in this country exist in a very competitive environment. We compete in the funding of graduate students and their research, in providing the best quality of experience in those programs, and to attract the best young researchers from around the world to our programs.

So our recommendations, which you have in your brief, are: first, the creation of a dedicated post-secondary education transfer system to the provinces; and second, to maintain and increase levels of funding for the federal research granting councils.

In fact, in our colleague's presentation, he mentioned Dr. Shapiro and his research on diabetes. He did much of his groundbreaking research while he was a graduate student.

Third, we would like to suggest promoting mobility for our graduate students. This enhances their experience, and, as I said, we are in competition with other parts of the world. In Europe, for example, there is a well-established program for graduate student mobility; in fact, it is expected. It helps them build their career, build networks, and gain experience.

Fourth, we suggest creating funding to attract the best international students to graduate programs in Canada. That advantage is not only for international students but for our Canadian students here at home. It advantages our programs by bringing the best brains to them.

Our fifth recommendation is ample funding for Statistics Canada's survey of earned doctorates. The argument there is fairly simple and straightforward: the best statistics enable us to make the best decisions on our futures.

Thank you very much.

• (1205)

**The Vice-Chair (Mr. Massimo Pacetti):** Thank you, Mr. Dale.

We are going to do five-minute rounds. Before we begin, I'm going to give Mr. Paquette

[*Translation*]

two minutes to table his motion.

**Mr. Pierre Paquette:** Mr. Chairman, I simply wanted to inform committee members that I am tabling a motion on expenses related to the mission in Afghanistan. You can read it. I do not want to enter into a debate on the subject, but I would like us to agree that the motion will be discussed at our first committee meeting once we come back from out west.

**The Vice-Chair (Mr. Massimo Pacetti):** I will accept your motion. However, I will leave the final decision to the committee chairman, because I know that other meetings are already slotted for pre-budget consultations.

[*English*]

Okay. Let us restart with Mr. McCallum, and then Mr. Paquette and Mr. Del Mastro for five-minute rounds.

**Hon. John McCallum:** Thank you, Mr. Chair, and thank you to all the witnesses.

I'll let my academic background trump my banking background and focus on issues of innovation, access, and research. I am very proud of what I think is one of the major Chrétien or Martin legacies, in terms of a huge increase in funding for innovation, universities, research, students, etc.

I am disturbed that this government is not following through on that. I don't expect you to necessarily support it, but I think the facts bear it out. I do think it's a major issue.

I will begin with Dr. Bernstein. I agree with virtually everything you said, except the point about necessarily favouring even more health research over other kinds of research.

If we were back in government, I think we should continue with the Martin-Chrétien legacy of innovation and so on. But it seems to me that the next stage might be to do more in the area of

commercialization. Academics have a tendency to focus on pure research, and that's great, but we also want to show benefits in a new economy by bringing those things to market.

My question to you is, how should we restructure, innovate, or create new programs to focus—if we do want to focus—in addition to what we've always done and have a new emphasis on commercialization?

**Dr. Alan Bernstein:** That's a very good question. It's a complicated area, as you know, Mr. McCallum.

**Hon. John McCallum:** Sorry, please answer in one minute at the most, because I have another question and I have only five minutes.

**Dr. Alan Bernstein:** Okay. I'll talk about what CIHR is doing in this area, to illustrate a point.

We have thought hard about what the challenges are to commercialization and what our role as a federal agency is in that area, and we started a number of programs designed to deal with huge gaps in the commercialization pipeline.

The first gap is between funding academic research and where, for example, venture capital is prepared to invest. It's called the valley of death. It's true in Canada and it's true worldwide. Venture capitalists have moved to the right in terms of when they're prepared to invest.

So we've started a new program called a proof of principle program, where we've taken research that we have funded, academic fundamental research, and we've said, we'll give you more dedicated funding to enhance the value of that discovery for further commercialization.

We've also started a son of proof of principle, or a son of POP, where we've said, we'll give you another round of funding if you come in with a private sector partner. We'll put a dollar in for every two or more dollars that the private sector partner puts in.

That's been a hugely successful new program, and I can give you lots of anecdotes and stories on this.

A second program goes back to your business background, Mr. McCallum. You need not just dollars in venture capital, you also need knowledgeable dollars, dollars that can say, this is a good risk, this is not a good risk, this is a good scientist to invest in, this is not a good scientist to invest in. We have a dearth of those sorts of people in this country.

So we started a new program called science to business. This is a partnership with Canada's business schools. What we've said is we want to take recent graduates from science, PhDs in science, who will want to pursue a career in business, whether it's venture capital or running an entrepreneurial company, etc., and we've said, we'll put you through an MBA program at a business school. Now the applicants here, to us, are not the students, they're the business schools.

• (1210)

**Hon. John McCallum:** Thank you. I'm afraid I have to cut you off. I'd like to talk to you privately about these things later, but I don't have much time and I have one other question.

The other thing that's really important to me, and I think to our party, is access. It's hard to distinguish between the diametrically opposed cases made about the foundation by our two recent witnesses. I'll ask a simple question to Ms. Aziz and, if there's time, to Messrs. Dale and Bernstein.

There's limited money. Let's suppose you had a choice of either a dedicated transfer to provinces or direct federal funding, not both. Bear in mind that federal governments have trouble getting provinces to do what we want them to do. So don't assume that the dedicated transfer would be watertight in terms of doing what you want to do or what we want to do in terms of scholarships or support for students, because provinces have their own ideas and we have limited control over them, as we see in health care and other areas.

Given that reality, which would you prefer, and if you prefer the federal funding, what kind of federal funding?

Can the millennium group be fixed? You say abolish them. Maybe they can be fixed.

**Ms. Amanda Aziz:** It's funny. I knew this question was going to be asked. On every finance committee I've ever appeared before there's always this question between funding or access, reduced fees. Sadly, I'm going to tell you that in fact there cannot be a choice between the two.

Federal funding is necessary to improve the quality of our institutions. At the same time, reducing those upfront barriers or providing grants and reducing upfront tuition fees is necessary to ensure that we have access. So there'd be really no point to have high-quality institutions that are inaccessible to most Canadians or low-quality—

**Hon. John McCallum:** I'm talking about direct federal funding for access.

**Ms. Amanda Aziz:** Sorry, direct federal funding for access or...?

**Hon. John McCallum:** For students, to help students have access, versus the transfers to provinces for the same purpose.

**Ms. Amanda Aziz:** Absolutely. I guess I have to say they're both important and we need to prioritize for both. You need both the federal funding to increase quality and you need assistance to students and Canadian families who need it the most.

I certainly appreciate that there's this jurisdictional issue with regard to provinces and how to negotiate from the federal level, but certainly it has been done with health care. I know it was not an easy

initiative. It's our position that it's not outrageous to suggest that the federal government could work with provinces and with premiers to create such a dedicated transfer that would also ensure affordability. At the same time as increasing funding to institutions, also ensure affordability.

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

We have Monsieur Paquette.

[*Translation*]

**Mr. Pierre Paquette:** Thank you, Mr. Chairman.

My question is for Mr. Vanneste, the chair of the Canadian Bankers Association's Financial Affairs Committee.

In your brief, you ask for reductions in the income tax rate from 21 to 19 per cent and the elimination of the corporate surtax. You also ask for the introduction of further cuts to the federal corporate income tax. Then, you recommend that the federal government show leadership by encouraging the provinces to eliminate all provincial capital taxes, and so on.

If all these things were done, do you believe that Canadian banks would resort less to using tax havens? That is because we find out that the Canadian taxman failed to collect between \$2 and \$3 billion in taxes because of the systemic use by Canadian banks, and of the Bank of Nova Scotia in particular, I must say, of tax havens located in Barbados, Bermuda and other locations.

Do you think lowering tax rates would guarantee that banks would assume their responsibilities as corporate citizens and pay their taxes in Canada?

• (1215)

**Mr. Luc Vanneste:** Thank you, Mr. Paquette.

[*English*]

We certainly believe we are good corporate citizens. We operate as a group of institutions in Canada and around the world, and let me assure you we adhere to the laws of the land, both domestically and around the world, and that includes from a fiscal tax perspective.

We believe if there were a reduction in corporate tax rates in surtax, in capital taxes, that would encourage investment in Canada. Investment in Canada leads to additional employment; additional employment increases the tax base, increases productivity, and is good for all Canadians.

[*Translation*]

**Mr. Pierre Paquette:** You have in no way managed to convince me that this will encourage the banks to be more diligent when it comes to paying taxes. But we can come back to this another time.

The Canadian Institute of Actuaries expressed concerns about long-term defined-benefit programs—and they were not the only ones to do so—and asked that the government introduce income tax changes to permit accumulations of appropriate surplus levels in defined-benefit pension plans.

A Quebec task force is currently contemplating requiring that long-term defined-benefit programs hold a 10 per cent surplus to prevent employers and employees from taking contribution holidays, as often happened during the stock market boom at the end of the late 1990s.

Is that what is behind your proposal?

[English]

**Mr. Michael Hale:** I think the 10% number bandied around is one possible approach to this problem. Perhaps more importantly, the level of surplus that a pension plan should properly hold should be related to the risks assumed by the plan. Depending on the nature of its asset mix, depending on the nature of its promises to plan participants, the riskier they are, the higher level of surplus it makes sense for the plan to target, either as a minimum prudential level of surplus or as a target surplus that the employer or the plan sponsor may choose to maintain.

I think the tax system certainly should not discourage the accumulation of those levels of surplus. The other issue of surplus ownership needs to...as well, it has been discouraging from companies—

[Translation]

**Mr. Pierre Paquette:** You could perhaps just explain to us how the current taxation regime discourages the accumulation of surpluses.

[English]

**Mr. Michael Hale:** Well, there's a limit in the federal tax code; a contribution holiday needs to be taken whenever the accumulated surplus is more than twice the normal annual cost of providing the pension benefits. In the nineties, certainly with high proportions of the assets in equities and good results in the equities, surpluses were being developed and contribution holidays were taken that, in retrospect, might have been better not to take.

[Translation]

**Mr. Pierre Paquette:** Thank you.

Mr. Morrison, regarding the Canada Strategic Infrastructure Fund, could you sum up for us in two words why you think the government has opted to delay allocation of the big ticket funding that you have been calling for since the beginning? What do you think underpins the government's decision to follow such a course of action?

**Mr. Jeff Morrison:** The Canada Strategic Infrastructure Fund has been a very important program. It supports not only urban areas, but all highways in Canada. It is one of the most important sources of funding for the programs and projects not covered by other infrastructure programs.

It is worth \$2 billion, in addition to what has already been allocated. It is a very important source of funding for projects which are not covered by other funds.

**The Vice-Chair (Mr. Massimo Pacetti):** Thank you, Mr. Paquette.

[English]

We'll try to have as many speakers as we can. We have Mr. Del Mastro, and then Ms. Wasylycia-Leis, Mr. Savage, and Monsieur St-Cyr.

• (1220)

**Mr. Dean Del Mastro (Peterborough, CPC):** Thank you, Mr. Chairman.

Mr. Vanneste, I have a couple of questions.

I'm pretty excited this week. I think a number of things have been done that are really positive for the Canadian economy. Indeed that's backed up by people like Don Drummond, chief economist at the TD Bank.

In *The Globe and Mail*, it said that "Canadians should be celebrating another significant payment against the public debt". It further said that "critics charge the choice of spending cuts was 'political'. This is utter silliness."

The *National Post* editorial said that "Mr. Harper's belt-tightening will be good for the overall economy. The Prime Minister deserves credit for doing the right thing."

In your brief, you made a contention that lower taxes will lead to increased competitiveness. I agree with this on a couple of different levels. In the context of a minority government, I think it's quite novel that this government is not trying to buy votes with tax dollars. Maybe you can just talk about the overall benefit to the Canadian economy over the long term.

**Mr. Luc Vanneste:** Thank you, Mr. Del Mastro. I'd be happy to do that.

I would like to clarify that we're talking about tax cuts across the board for all businesses; we are not just talking about financial institutions. That's where one gets the leverage. As a country, if we are competitive on the tax side, Canada will be looked at favourably for those capital decisions that people make about where they invest their money. Rather than going south of the border or potentially going to third world countries, Canada will be a much more desirable place to invest those dollars.

When they invest those dollars, they build manufacturing plants and get involved with infrastructure projects, etc. That leads to employment. Employment leads to tax dollars. It works, and it mushrooms.

There are examples of other developed countries—I'm not going to mention names—that 20 years ago were in dire financial straits. One of the things they did as a government was to make very, very significant tax cuts to attract that foreign direct investment. The tax dollars they receive today, 20 years later, are phenomenal.

It has a very dramatic impact. It increases employment. It increases investment. It increases the tax base and gives the governments more dollars to invest in other very worthwhile projects that we hear about on the health side, the student side, and on infrastructure.

**Mr. Dean Del Mastro:** Thank you, sir. I never get tired of hearing sound economic advice and sensible fiscal planning.

Mr. Morrison, with respect to your recommendation number 3, that the federal government insert conditions so that all federal infrastructure programs forbid preferential procurement policies, one of the things in the Accountability Act is that corporations or trade unions can no longer donate to political parties. We're going to knock down the total amount that anybody can contribute to a political party. Obviously this is going to go a long way toward helping to achieve this goal.

**Mr. Jeff Morrison:** We've looked through the Accountability Act to see if in fact there are any provisions that would meet this requirement for ending preferential procurement. There is a section—and we're waiting for a legal opinion from Infrastructure Canada on this—that suggests that the Auditor General of Canada be given investigative authority to look at matched funding programs that the federal government gives to the provinces, where the provinces use that money in an “uneconomical way”. We're hoping this does in fact allow the federal government to ask the Auditor General of Canada to investigate when provinces introduce such policies that offer union or non-union or regional, or whatever type of preference it may be....

I just want to repeat that this is not about having any problem with unions—in the case of the Manitoba floodway or anything; this is really that it adds significant cost to a project, which is inherently unfair.

**Mr. Dean Del Mastro:** Thank you, sir.

Ms. Aziz, I quite enjoyed your presentation, and I agree with the notion of a dedicated transfer. Ultimately, I think the notion of a dedicated transfer would help us, and certainly student groups, put pressure on the provinces to not pull back their funding. John mentioned this as well.

We heard from the Millennium Scholarship Foundation and they talked about having very, very low administrative costs. You talked about there being an increase of 500%. Could you just reiterate that?

• (1225)

**Ms. Amanda Aziz:** Yes, certainly. I wasn't here for their presentation, unfortunately, but if you look through their annual reports, it's very clear. You can see the increase in administrative costs.

Certainly we've had a concern for a number of years with regard to the money being wasted and not being spent on direct student financial assistance, but our largest concern, I would say, in the last couple of years, surprisingly enough, has to do with contracts or no-bid contracts, particularly last year, when a \$4 million contract was awarded to the Educational Policy Institute. An employee of the foundation who was involved with that contract procurement process moved over to the institute that was awarded the contract. Certainly we've not had any answers on that, and we just encourage the committee to—

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

Okay, Ms. Wasylycia-Leis, for five minutes, then Mr. Savage and Mr. St-Cyr.

**Ms. Judy Wasylycia-Leis:** Thank you, Mr. Chairperson.

Thank you all. I'm sorry I wasn't here for your presentations. I was in the House letting some steam out. I was speaking on—

**Hon. John McKay:** This is therapy.

**Ms. Judy Wasylycia-Leis:** I was speaking on the motion on cuts to women's programs. So, yes, I'm much more relaxed now, Mr. Turner.

**Hon. Garth Turner:** Thank, God.

**Hon. John McKay:** We're all feeling better about that.

**Ms. Judy Wasylycia-Leis:** Good.

But I've read all of your briefs; I've skimmed them all. The question I have for all of you—and it really gets at Dean's question, in a way—is that we have a very tough decision before us as a committee. First of all, we've known in the last couple of days that the government will take last year's surplus and put it all against the debt. We know from some folks, especially people like John McCallum, who I don't always respect, but I think he has some good financial background from the banks, that—

**Mr. Dean Del Mastro:** Do you mean “agree with”? I hope you always respect him.

**Ms. Judy Wasylycia-Leis:** —the cupboard is bare.

So the question I have is—and I'm going to start with Mr. Dale, and then Amanda Aziz, and go down—do you think it makes the most economic sense to take whatever surplus you've got and put it all against the debt, even if there are no programs left to invest in, as Mr. Vanneste is suggesting? Is there another way to ensure that some of the needs you're talking about are met, so we're looking after not only the fiscal debt but also the infrastructure debt, the human debt, and the social debt?

So, Mr. Dale and Amanda Aziz, could you start?

**Mr. Mark Dale:** I'm not an economist, but I do believe in investing in the future.

**Mr. Rick Dykstra:** Hear, hear!

**Mr. Mark Dale:** I think our young people, our young researchers, and our research and our graduate programs and our graduate students are the future, and I think we should invest in them somehow.

**Ms. Judy Wasylycia-Leis:** Thank you.

**Ms. Amanda Aziz:** I would reiterate what Mr. Dale says. We've certainly had a long-time policy of wanting an increase in investment from the federal government for post-secondary education; certainly we've had that for years, since the big cuts back in the mid-nineties. So to be short, we are obviously in favour of an increase in investment.

**Ms. Judy Wasylycia-Leis:** And, Mr. Morrison, specifically to you, we have in this country a \$60 billion infrastructure debt. Shouldn't some of the surplus money go towards that debt, as well as the fiscal debt?

**Mr. Jeff Morrison:** Ms. Wasylycia-Leis, you asked if there was another way, and in fact there was another way in Budget 2006. In fact, it's a bit of a misperception that all of that surplus went to the debt. As you may recall, in Budget 2006 there were two announcements, first of all, that on the public transit infrastructure fund—which is not the name, but that's essentially what it was—\$900 million would be applied to that fund if there were a \$2 billion —

**Ms. Judy Wasylycia-Leis:** That's thanks to the NDP budget, don't forget.

**Mr. Jeff Morrison:** Fair enough.

It was contingent on a \$2 billion surplus. Correct me if I'm wrong, but I believe there was an affordable housing infrastructure fund, again contingent on a \$2 billion surplus. That, frankly, is not a bad way to do it, because it still ensures that you have fiscal solvency, yet at the same time it takes money from what would otherwise go to the debt and pays for some of the key priorities of Canadians, especially —

**Ms. Judy Wasylycia-Leis:** But that's like a drop in the bucket for the size of the infrastructure debt. So I guess I was wondering if you felt there should have been a better split on the \$13 billion.

Let me save a question for Mr. Vanneste.

But Mr. Hale, did you want to answer this one at all?

**Mr. Michael Hale:** Well, I'm not an economist, so I don't know how best.... I think government is always balancing the needs of current programs and their costs and debt reduction. From a risk management perspective, though, my understanding is that the federal debt is around \$600 billion. The debt is very short in term, and we're at a point now where interest rates are at historic lows. So if the surplus was \$13 billion...let's make it simple and say it was \$12 billion. We'd only need a 2% increase in interest rates flowing through the system to eliminate the budget surplus. I think it's always going to be a balancing act, and I don't think we can ignore some of the advantages of paying down the debt.

• (1230)

**Ms. Judy Wasylycia-Leis:** And I'm not suggesting that.

But what if we do such damage to the universities or to the health care system—and that's my question to you, from the perspective of the CIHR—that even when you've paid down the debt, there's not much left to invest? You've done yourselves a huge disservice.

**Dr. Alan Bernstein:** My answer would be to look at what's happening internationally. I've pointed out what other countries are doing, but let me just cite one example, the American competitiveness initiative. It's an initiative of President Bush's. In it they talk about a number of things, but they primarily stress the importance of investing in science, of reinvesting in the National Science Foundation, in the NIH, in graduate student training. How else will the United States compete with the Far East and with Europe?

So I think that's an interesting lesson, perhaps, as we go about looking at what governments have to do and the tough decisions to prioritize that.

**The Vice-Chair (Mr. Massimo Pacetti):** Thank you, Mr. Bernstein.

Thank you, Ms. Wasylycia-Leis.

Mr. Savage, Mr. St-Cyr, Ms. Ablonczy.

Mr. Savage.

**Mr. Michael Savage:** Thank you, Chair.

Ms. Aziz, does the federation have a position on what's happened with the C-48 moneys?

**Ms. Amanda Aziz:** Yes, absolutely. We were very disappointed to see that the money didn't come through in the 2006 budget with regard to the \$1.5 billion committed to improving access at our institutions. Certainly we've raised that in previous contexts. I know there was new money put into infrastructure, certainly in the 2006 budget, which was welcome. There is obviously deferred maintenance at institutions across the country. But it's our position that the infrastructure funding, though welcome, does not uphold the spirit of the C-48 money, which was to improve access to post-secondary institutions.

**Mr. Michael Savage:** Okay, because I think a lot of people were caught by surprise, not the least of which is Judy's boss, Mr. Layton, in the House of Commons last spring. I asked him about Bill C-48 and he said the \$1.5 billion will go to students. Clearly that wasn't the case.

**Ms. Judy Wasylycia-Leis:** You didn't act on it. That left it to the Conservatives. What did you think was going to happen?

**Mr. Michael Savage:** Could we have some order, Mr. Chair, please?

As you know, we put \$2.5 billion for direct student assistance in the economic update, which the NDP decided not to support. But we're not here for debate; we're here for questions.

I'm a big fan of the federation. As you probably know, I've travelled Canada. I've met with CFS students across the nation. I agree on most things. I've been "Boyko-ed" occasionally—which is similar to being ambushed—on some issues. I'm not sure I agree with you on ICLRs, income-contingent loans. We'll discuss that further. And I'm not sure about the millennium fund.

But I do want to get back to this issue. You have something in your brief titled "Helping Those Who Need Help the Least", which I think was the title of the 2006 budget document when it was presented in the House—or it should have been. I want to ask you to go back to Mr. McCallum's question.

The federal transfers for post-secondary education have gone down, but the federal contribution to post-secondary has stayed the same at 25%. They're different mechanisms. If we go to a dedicated transfer, which I support, and if you put more money in to go back strictly on the transfer to, say, late 1980, early 1990 levels, how do you also give direct assistance to students? Is it not really a choice between direct assistance to students or giving it to the province in the hope that it might trickle down to students?

**Ms. Amanda Aziz:** Your question refers to the part of our brief that talks about tax credits for students, and I wouldn't dispute the fact that money in the system has stayed consistent, but it's being allocated in different ways—new programs and new means by which students are to gain assistance. Sadly, tax credits and a number of other programs haven't had the effect they were meant to have. In terms of assisting students, many students do not benefit from things like tax credits; many students do not benefit from interest relief. Statistics Canada came out with a study a couple of weeks ago that showed that half of those who are eligible aren't using interest relief.

But to get to your question with regard to a choice, it's not our position that we put all the money into federal transfers, that those go to the universities and we do nothing on the access side. There's a very easy way to provide access and assistance to students, and that's through upfront grants. So it's not your back-end measures like tax credits or interest relief; it's through reducing the upfront costs by regulating tuition fees—the easiest thing to regulate with regard to costs for students—and by providing low-income grants.

In the 2004 budget, a new low-income grant was introduced, which to us signalled that there was an acknowledgement that the Millennium Scholarship Foundation wasn't doing what it was supposed to do. That grant program can be expanded to help more low-income Canadians.

• (1235)

**Mr. Michael Savage:** Thank you very much. I agree with everything you've just said.

I want to move quickly to CIHR.

Dr. Bernstein, this is one of the singular successes in Canada in the last decade. Having been involved in a very minor way through my involvement in the Heart and Stroke Foundation with the old MRC, I could see how funding for research was really at very low levels in Canada. I love what the CIHR does in terms of leveraging funds; I love what it does in terms of expanding beyond basic biomedical and clinical...into population health studies to get at the incidence of chronic disease, social determinants. Renée Lyons and Judith Guernsey have funded things.

That brings me to the next aspect, which is the regional aspect. We've actually gone into regions of Canada and specifically looked at health needs. In Atlantic Canada they tend to be trying to get at the incidence of chronic disease.

I just want to make sure I understand what your ask is. In slide number 16, is this what you're asking for, funding of \$740 million over three years starting in 2007-08? Is that your ask at the federal level?

**Dr. Alan Bernstein:** We have always had very ambitious plans. I think that is in line with international levels and what the country is

capable of, and what we can return back to the country in terms of a good investment, yes.

**The Vice-Chair (Mr. Massimo Pacetti):** Thank you, Mr. Savage.

Monsieur St-Cyr.

[*Translation*]

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

My questions are for Ms. Aziz.

Several witnesses, including representatives from the education sector, some of whom are from Quebec, have come before the committee to ask for an increase in funding for a Canada education transfer. Most have argued for a return to 1995 levels, adjusted to take into consideration inflation and the increase in the student population. This would mean an increase in federal transfers of \$4.9 million per year.

Would you support that figure?

[*English*]

**Ms. Amanda Aziz:** That's a great question. We have worked very closely with our sister organization, the FEQ, which I think was here yesterday. We have supported the increase of funding and the idea that there be a dedicated transfer payment. We worked very closely on that issue together. The provincial premiers came together last year and said at least a \$2.2 billion investment needs to be made to bring it back to 1993 levels, so we support that, and we certainly support an increase in investment as well. So above \$2 billion, above \$4 billion, we certainly support an increase in funding for the system.

[*Translation*]

**Mr. Thierry St-Cyr:** Bear in mind that the \$2 billion have not been adjusted to inflation. Two billion dollars was worth more in 1995 than it is today. If, in addition, if we take into consideration the increase in the student population, that brings us to \$4.9 billion.

There is a degree of consensus on this, although there is, nonetheless, a difference in opinion between Quebec-based groups and those from elsewhere in Canada. For example, in your brief, you talk about the introduction of federal legislation on education, in spite of the fact that education falls exclusively under the jurisdiction of Quebec and the provinces. You clearly state that you want provincial funding to be tied to compliance with federal standards, even though the Constitution provides that education is not a matter of federal concern.

I am frankly not surprised that only 3 of your 80 members are from Quebec. Your brief is contrary to the desires and aspirations of all Quebecers.

How can you justify allowing the federal government to encroach on an area of provincial jurisdiction?

[English]

**Ms. Amanda Aziz:** Our position is not that the federal government usurp the power from the provincial governments. Our position is just that the federal government cooperate with the provinces, with the provincial premiers, to come up with a joint strategy for post-secondary education. It's not fair that students in Nova Scotia pay the highest tuition fees while students in Manitoba pay the third-lowest tuition fees. There needs to be a joint strategy across the country, much like the provinces and the federal government came together to do around health care. This issue is that important to Canadians, so there needs to be a joint strategy. We're not talking about the federal government coming in and imposing and usurping the power of provinces, but that there be conditions that are mutually agreed upon by the premiers and the federal government with regard to access, with regard to money.

• (1240)

[Translation]

**Mr. Thierry St-Cyr:** You talk about mutually agreeable conditions. However, as Premier Charest again said today, Quebec does not want to be tied by conditions. The National Assembly has always been in unanimous agreement on this point. In light of this fact, would you be willing to accept unconditional transfers to Quebec? The National Assembly is in unanimous agreement. This is the will of all political parties in Quebec. Would you be prepared to support this position?

[English]

**Ms. Amanda Aziz:** It's clear that the system of education in Quebec is very different. You mentioned that we have only a couple of members in Quebec. That's because we work very closely with our sister organization in Quebec. We know that the system of education is quite different, and we understand that there are issues that are sensitive within the province of Quebec.

I think Charest has said in the past, as have other premiers, that he's willing to talk about federal funding for education. It's our position that premiers need to come together, and the federal government needs to take a leadership role in encouraging the provinces to work together on this sharing strategy. If you're asking me if we would accept the money coming to provinces without any conditions—no. There is no way of knowing that the money coming to provinces without any conditions is going to flow to post-secondary education. Without having something attached, the transfer could be virtually useless. It's like the example we saw with the Millennium Scholarship Foundation: money was coming in without any formal agreements in place, and the money was being displaced and put into general revenue to fix toilets and that sort of thing.

**The Vice-Chair (Mr. Massimo Pacetti):** Merci, Monsieur St-Cyr.

Could we have Ms. Ablonczy, Mr. McKay, and Mr. Dykstra?

Ms. Ablonczy, go ahead, please.

**Ms. Diane Ablonczy (Calgary—Nose Hill, CPC):** I thought we were going to have a round table first.

**The Vice-Chair (Mr. Massimo Pacetti):** This is the kind of meeting we decided to have today.

**Ms. Diane Ablonczy:** Thank you, presenters, for giving us good input again.

There seems to be some question about whether taxation money should all be spent to the last penny, whether it's evil not to spend taxpayers' money as long as you can keep it coming into your hands, or whether some fiscal probity is in order. I thought it might be interesting for the presenters to think about these quotes, and I'd like some comments on them.

The *Ottawa Citizen* said:

...it's hard to argue against saving ourselves millions in future interest payments.

Don Drummond, the Chief Economist at the TD Bank, said:

Canadians should be celebrating another significant payment against the public debt.

We have the *National Post* saying:

By socking away the surplus...Mr. Harper is protecting the long-term fiscal health of this country.

We have the *Toronto Sun* saying:

Where [previous governments] used to hoard the money they overtaxed us in order to blow half of it on new spending...the Conservatives understand this money isn't theirs to use to buy votes.

Last, but not least, Dale Ore, a good friend of my good friend Mr. McCallum, says:

[This] will have long-term positive impacts, such as reducing both the tax burden for future generations and the cost of financing debt. This money doesn't just disappear

My question is for any of you who would like to answer it. Some of you are asking for more money; some of you are saying we need more tax cuts. We're spending almost \$200 billion a year in this country—some of it, though less than we used to spend, on interest.

If we're going to make Canada great, if we're going to free our job creators, if we're going to be able to support our students—really—not with political agendas but by really putting the tools in their hands to learn, and if we're going to build a knowledge-based economy, then it seems to me we're going to have get a grip on spending. We're going to have to get a grip on our fiscal management of the resources of this country that come from nobody else but hard-working Canadians. So I'd be interested to hear from all of you, with your different perspectives, about how your needs and your objectives fit in with this determination of the government to be more careful with Canadians' money and with taxing.

• (1245)

**Mr. Jeff Morrison:** Ms. Ablonczy, you mentioned the TD Bank and Don Drummond. I should point out that the TD and Mr. Drummond have also come out with report after report citing that unless you also invest in your core infrastructure, including your highway networks, you'll be facing declining productivity, and lower competitiveness as a country as well.

I agree with you, of course, that we need fiscal responsibility. We need to pay down the debt. We also need to make key strategic investments in those areas that will help increase the productivity and the competitiveness of our country. We will do exactly the types of things you have referred to with regard to the debt, but we will do so by making those key strategic investments.

It's also the position of the government of the province you hail from. Of course, Mr. Klein and the Conservatives in Alberta are no strangers to debt reduction, but they themselves are starting to understand that unless they make some key investment decisions with regard to improving the infrastructure of Alberta, then the boom your province is currently going through will not be sustainable for anywhere near the long term.

So is debt reduction a priority? Sure. Absolutely. But we also have to invest in those areas that are the most strategic and from which we can get the best return.

**Ms. Diane Ablonczy:** I would put it to you that when a government is spending \$200 billion a year, there's a lot of investment in that spending.

**Mr. Jeff Morrison:** Absolutely. Of course, we have to prioritize. We have to look at what gets us the biggest bang for the buck. I'm here to argue that investing in our key strategic infrastructure, our municipal infrastructure, our transportation infrastructure, is by far one of the best ways you can get that bang.

**Dr. Alan Bernstein:** CIHR is a federal agency and I'm a federal civil servant, so I won't engage you directly on that. I would agree with my colleague, though, that Canadians expect all governments to invest wisely, but also to make key strategic investments, whether it's in defence, research, or physical infrastructure.

I would argue that in a knowledge-based world we need to invest in knowledge, people, and research. The government, very wisely, has created CIHR to help them do that in health research.

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

We'll go to Mr. McKay, and then Mr. Dykstra.

**Hon. John McKay:** Dr. Bernstein, I wanted to pick up on a point about mental health that you made in your submission. You quote favourably from the Kirby-Keon report. It strikes me that mental health is, if you will, the poor cousin of health care research. I'm glad to see that you seem to be trying to redress that. I take your point that the loss of workforce availability because of mental health issues represents one of the most obvious drains on the nation's productivity.

Having had this affect my own family and being up close and personal with the system, I'm frankly appalled at the way people who have mental health issues are treated in this country. Where would you like to go here? What prospect can you hold out that would enable a rightly informed government to make a priority decision on mental health?

**Dr. Alan Bernstein:** As I heard yesterday from Ambassador Wilson, mental health issues in the workplace are the major drain on the Canadian economy and productivity. So I couldn't agree more. That is one of the main reasons why our Institute of Neuroscience,

Mental Health and Addiction has created this large initiative on mental health in the workplace.

I agree with you that CIHR needs to do much more in this area. That's one reason we're asking for more resources. It's not just more dollars. We need to be working closely with Canadians who have mental health issues, their families, caregivers, and governments to bridge the gaps between what our research tells us and what we're actually doing, whether it's at home, in the workplace, or in our schools.

All of us as a society need to do more. We had a great round table yesterday in which we discussed exactly that point.

**Hon. John McKay:** I, too, had a conversation with Ambassador Wilson about these issues, before he became an ambassador. So thank you for that.

My next question is to the Canadian Bankers Association. It has to do with your wish to have a national securities regulator. You have me convinced. My view is that it's akin to having a country without a national court system.

Can you give the committee some feel for the state of play with respect to negotiations on this matter?

• (1250)

**Mr. Luc Vanneste:** It's something that's been on the agenda. It's a concern not just of the Canadian Bankers Association but also of securities regulators and various other organizations. Efforts have been made laterally by the head of the OSC. A number of the provinces are prepared to go along. Others aren't, though, and I think this is hurting Canada on the international stage.

**Hon. John McKay:** Would you be prepared to recommend to the Government of Canada that it take unilateral action?

**Mr. Luc Vanneste:** That's a tough question.

**Hon. John McKay:** Yes, it is a tough question, but we've been going around the mulberry bush for a long time.

**Mr. Luc Vanneste:** I would encourage the federal government to take whatever action is appropriate to get the provinces to work closely together, with this as a goal to be achieved within a reasonable time.

**Hon. John McKay:** But with certain provincial governments there doesn't seem to be any appropriate action you can take. So we either stay in third world status or act unilaterally.

**Mr. Luc Vanneste:** I would recommend that we give it a little more time, because there have been some changes made with various securities regulators, but I do think there comes a point when a tough decision needs to be made. Canada is relatively small on the international capital markets stage. We're about 3% of the world. So people have a lot of options.

We don't make it easy for people to raise money in this country or to do financial capital transactions. I think we need to deal with that issue. It all surrounds the concept of competitiveness. We want people to view Canada positively, as a place where you want to do business. That includes raising money. But we don't make it easy for them when they have to go through ten provinces, territories, etc.

**The Vice-Chair (Mr. Massimo Pacetti):** Thank you, Mr. McKay.

Mr. Dykstra, four minutes.

**Mr. Rick Dykstra:** Thank you.

Jumping right in here, I'll go back to something that Ms. Wasylycia-Leis asked about, and that's what happens when the surplus hits \$2 billion.

Mr. Morrison, you did a reasonable job answering, although I don't think you had enough time to complete your statement, that while \$13.2 billion was paid down on the debt, the 2006 budget included significant investments.

**Mr. Jeff Morrison:** That's right, but you'll be happy to know, Mr. Dykstra, that I'm not an economist either. I want to put that on the table.

**Mr. Rick Dykstra:** Hear, hear.

• (1255)

**Mr. Jeff Morrison:** Ms. Wasylycia-Leis asked the question in the context of whether or not there's a different way we can use a surplus in this country other than having it totally applied toward the debt. I think what the 2006 budget did was a bit unique in that it did state that we'll make these investments—Ms. Aziz pointed to one in post-secondary infrastructure, in the public transit program—but only contingent on whether there was a \$2 billion surplus.

Frankly, that's not a bad way to do it. It was an innovative approach. It ensured that, yes, the government would maintain its fiscal balance, but it would ensure at the same time that key priorities were being met.

Of course, this was on top of all the other investments contained in Budget 2006, which is why we're smiling from ear to ear.

**Mr. Rick Dykstra:** Thank you. It's good to hear that. It's nice to see some folks come to the table who are satisfied that we're on the right track.

I did note in the budget the funding infrastructure initiatives—highway and border infrastructure, Canada's Pacific gateway, the strategic infrastructure fund, the municipal road infrastructure fund, the public transit capital trust, the existing infrastructure agreements—that, all told, equal \$16.5 billion over the next four to five years.

Would you say that's a significant investment in infrastructure over the next four to five years?

**Mr. Jeff Morrison:** We would say that's a very welcome investment, but of course we need to continue. There probably would be no point in my being here if I said that was enough.

Mr. Rick Dykstra: Fair enough.

Mr. Jeff Morrison: I would also point out that a number of those agreements are cost-shared with provinces, and in some cases

municipalities, and, in some cases—this is something we perhaps need to look more and more at—with the private sector in the form of triple fees. Those are all leveraging tools that we need to use.

So the \$16 billion is just a starting point.

**Mr. Rick Dykstra:** Good. Thank you.

Ms. Aziz, I have a big university in my riding. From a students' union perspective, they feel that the millennium scholarship, at least at this point, should continue. I think that has as much to do with the fact that they're not sure what it would be replaced with, perhaps leaving a gap.

In terms of your fellow organization, which obviously isn't in agreement with your position, how do the two of you come to grips with that and potentially come forward with a recommendation to replace a fund that obviously is not working?

**Ms. Amanda Aziz:** In terms of the foundation and whether or not it's going to be extended, certainly we have concerns outside of just the fact that money that was previously allocated for grants didn't go to grants. I talked about the research contracts as well, but I think the concern is the availability of grant money. Certainly we're in favour of grant money. It's not the issue that this foundation is providing grants; the issue is just that it's not an accountable way to do it.

Moving into the future, certainly we agree that money needs to continue and that money needs to be available for students and for Canadian families, but just not through the same mechanisms.

**Mr. Rick Dykstra:** Obviously we are in a minority government here, and we have to work together as a government on how we deliver services and how we move forward on behalf of the country. How do your two organizations do that in terms of being able to provide a fairly common front and I guess a very focused response to what this may or may not be, or shouldn't be?

**Ms. Amanda Aziz:** Moving forward, I think we all agree that the money should continue. There should be grant money available. The easiest way to do that is through the mechanisms that already exist through the government, through the HRSD student loans program. So we'd just move forward with that grant money, turn a blind eye to the foundation that was created, and move forward with the structures that are already in place under HRSD.

**Mr. Rick Dykstra:** Thank you.

How much time do I have, Mr. Chair? Thirty seconds?

I have a quick question for the bankers association.

One of the things I'm learning quickly as a new member of Parliament is that you need to be focused on your riding and the benefits that actually come down to the folks who work in the banks on the floor, the tellers. I wondered if I could have your thoughts on how that happened in this budget or where we need to go in the future to ensure that the folks on the floor are seeing an advantage to what we're doing here.

**Mr. Luc Vanneste:** Again, I think it's relative to the earlier discussions. It has to be balanced. At any point in time, tough decisions have to be made. There are always alternatives, choices. Sometimes they are tough decisions, but I don't think it's all one or the other.

Our suggested solution is to grow that pie. Make Canada more competitive and we will all benefit.

**The Vice-Chair (Mr. Massimo Pacetti):** Thank you, Mr. Dykstra.

I want to thank the witnesses for appearing, for taking time out of their day. It's interesting. It's always tough because of the time constraints we have.

[*Translation*]

I would remind members that the next time we meet will be next week in Whitehorse.

[*English*]

Thank you.

The meeting is adjourned until next week.

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