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Chair

Mr. Brian Pallister

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● (0900)

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The Chair (Mr. Brian Pallister (Portage—Lisgar, CPC)): Good morning, ladies and gentlemen, and welcome. We appreciate you coming today. We appreciate you being part of the pre-budget consultations of the finance committee.

I thank you in advance for the work you've done in preparing your briefs, which you presented to us already. As you're aware, you are confined to five minutes on topics each of which would merit, of course, many hours. I will ask you to confine your comments to the five minutes so we can allow for an exchange with committee members after your presentations are completed.

I'll give you an indication when you have one minute remaining, then less, and then I will mercilessly cut you off in your comments so we can move to the next presentation.

Thanks again for coming forward. I'm looking forward to your presentations this morning. We will begin with Chris Parsons, from the Canadian Federation of Students. Welcome, Chris, and five minutes are for you.

Mr. Chris Parsons (National Executive Representative, Canadian Federation of Students): Thank you. Good morning. My name is Chris Parsons and I'm the Nova Scotia national executive representative of the Canadian Federation of Students.

I want to thank the committee for this opportunity to present. I only have a few minutes today, so I would like to focus my remarks on a few key areas.

Canadians have long seen post-secondary education as a vehicle for social opportunity and yet low- and modest-income Canadians continue to be denied that opportunity because of costs. Tuition fees in Nova Scotia are at a staggering average of more than $6,500 per year, and the average student debt in the province has risen to more than $7,000 in just five short years, to reach more than $28,000, on average, for an undergraduate degree.

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 in the top earnings quartile. If Canada is going to reduce economic inequalities among provinces, as well as the inequalities among individuals in those provinces, and increase its competitiveness internationally, the Government of Canada must make affordable post-secondary education a priority.

The adoption of Bill C-48 was an excellent step forward to begin working to make post-secondary education in Nova Scotia more affordable; however, almost two years after its adoption, students have yet to see a penny of tuition fee relief. While the Conservative government reconfirmed its commitment to providing additional funding for post-secondary education, it significantly cut the money available and changed the focus from tuition fee reductions to infrastructure. While we agree that infrastructure is a problem in our province, its support should not come at the cost of continuing to neglect access. After all, it won't matter what sort of condition our buildings are in if no one can afford to study in them.

Additional funding for post-secondary education should not be a one-time investment. 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. This transfer formed part of the Conservative platform in the last federal election; however, there is no commitment to increasing funding. The federal government should return spending levels to at least 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 transfer 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 Canada Millennium Scholarship Foundation, and $2.5 billion should have gone a long way to achieving those goals. Regrettably, the arm's-length foundation model of student financial assistance has proven to be a total and absolute failure. In Nova Scotia our provincial government simply replaced its own financial commitments with millennium scholarship money, meaning that students were no better off.

This fact alone is reason enough not to renew the foundation; however, the foundation's organizational culture makes the situation even worse. Its administrative costs have increased over 500% in the last six years, and literally millions of dollars have been funnelled into the Educational Policy Institute, an American outfit run by two former employees of the foundation. Many of those contracts were awarded without competition. The foundation is a case study in unaccountability and wasted Canadian tax dollars. Students need non-repayable grants. That's not the issue. The issue is how the Government of Canada administers grants, and the record is clear. The foundation has failed in doing this, and there is a better 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 Human Resources and Social Development Canada to administer grants through an accountable means, ensuring that students actually get the assistance they need.

Many students relied, as I did, on full-time jobs throughout the summer to help pay the cost of education. Unfortunately, because of recent cuts to the summer career placement program, many students may find themselves without employment. In the round of service cutbacks announced earlier this month, the Treasury Board saw fit to make a 50% funding cut to the summer career placement program. Not only do students with no prior career experience desperately need this program to gain work experience in their fields, but more importantly they need the program to pay the bills. Tuition fees are higher today than at any point in our province's history, even when accounting for inflation. Cutting a summer employment program for students will guarantee that many students will need to go deeper into debt and acquire more loans. We hope this committee can reverse the Treasury Board's job reduction strategy.

● (0905)

Due to time constraints, I am unfortunately unable to speak to all of our recommendations. However, you have been provided with our brief, and I'd be happy to answer any questions you may have.

Thank you for the opportunity to speak to you about some of our concerns this morning.

The Chair: Thank you for a fine presentation, Chris.

We'll continue with Ian Johnson, who is here from the Nova Scotia Government and General Employees Union.

Welcome, Ian. It's over to you.

Mr. Ian Johnson (Policy Analyst/Researcher, Nova Scotia Government and General Employees Union): Thank you, Mr. Chair, and good morning.

I'm here on behalf of our president, Joan Jessome, who is unable to attend. I appreciate the opportunity to speak to you this morning.

We're following a letter that was sent by my friend Chris Parsons on behalf of our Post-Secondary Education Coalition, which includes the Canadian Federation of Students; us; the Association of Nova Scotia University Teachers; and the Canadian Union of Public Employees, Local 3912.

I'm here just to present a few opening remarks for your consideration before the discussion begins, and I think you have our submission from earlier on.

In general, we support the right of all Canadians to participate in public education and training, including post-secondary education. Unfortunately, we don't see a great deal of progress being made either nationally or provincially toward the achievement of this principle. If anything, we seem to be moving backwards.

In our view, there should be little doubt about the importance and even the centrality of post-secondary education for the pre-budget consultation theme of the committee, Canada's place in a competitive world. For all the stated objectives in your media release of June 27, post-secondary education must play a central role.

As we've outlined in our submission, we see a critical situation developing for post-secondary education in this province, and probably across the country. That includes decreasing affordability and accessibility, diminishing teaching and staff resources, and crumbling infrastructure, all leading to a reduced quality of education and, worse still, a possible collapse of the system as a whole. In fact, even as reported today in media outlets here, enrollment is down more than it has been in five years in this province, in Nova Scotia universities.

At the same time, we're disappointed and frustrated—and my friend just talked about this—with what has happened to Bill C-48, passed by the last Parliament in May 2005, and, going with that, Bill 207, also passed by the Nova Scotia legislature in May of last year. At first we were pleased with the passage of both bills, with Bill C-48 allowing up to $1.5 billion in additional funding per year for two years in supporting training programs and enhancing access to post-secondary education, and we were pleased with the passage of the companion bill in Nova Scotia that required that the funding, when it was made available, would reduce post-secondary education tuition fees and provide needs-based grants to post-secondary students.

We understand that if it had been provided earlier, this funding would have been enough to reduce tuition fees by more than $300 for every student enrolled in university this fall. It would also have been more than enough to reinstate the needs-based grants program that had been cut more than a decade ago by the then Liberal provincial government. Since then, however, we've seen buck-passing from one level of government to the next.

We're especially concerned that in the Harper government's first budget, the federal government “confirmed” the $1 billion to support urgent investments in post-secondary education infrastructure. In turn, this change by the Harper government led the MacDonald government here in Nova Scotia, in its budget measures legislation, to change the whole intent of Bill C-48 and Bill 207.

The amendments the provincial government brought forward allowed the funding that was to be provided for tuition reduction and needs-based grants to be made available for other purposes that are different from or even inconsistent with the purposes set out by both the Nova Scotia government and the Government of Canada. In other words, the provincial bill effectively scrapped Bill 207 in order to bow to the whims of what the federal government seemed to be saying.

Even after the federal government announced on September 26 that it was sending the money to Nova Scotia under Bill C-48, amounting to $28.8 million over two years for Nova Scotia, and even after it was apparently clarified that this funding could be used to reduce tuition fees, improve access to apprenticeships, and establish needs-based grants, the provincial government still hasn't decided how it's going to use these funds. The end result to date is that not a single student in Nova Scotia has been helped, even though the money was committed over a year and a half ago.

We ask the committee to accept the recommendations that we put forward in our submission: that the government ensure that the funding under Bill C-48 be used to improve access, as originally intended; that the government move to provide a per student allocation of funding for post-secondary education instead of a per capita allocation; that there be a separate dedicated funding transfer to provinces for post-secondary education established in this budget year; and that there be a national post-secondary education act to develop national objective standards and mechanisms, similar to what's done in health care with the Canada Health Act. And I'll just skip down to the last one, which I think is important: that the federal government establish a national department of education to better coordinate the provision of post-secondary education and ensure that all Canadians have a right to post-secondary education.

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

● (0910)

The Chair: Thank you very much, Mr. Johnson. We do force you to put a lot of good content into five minutes, don't we? Thank you. That was well done.

Spencer Keys is here on behalf of the Alliance of Nova Scotia Student Associations.

Welcome. Over to you.

Mr. Spencer Keys (Executive Director, Alliance of Nova Scotia Student Associations): Thank you very much, Mr. Chair.

I'd like to thank the committee for the opportunity to speak here today.

The Alliance of Nova Scotia Student Associations is a Nova Scotia-specific student lobby organization. We represent 33,000 university students here, from Dalhousie, Acadia, St. Francis Xavier, and Saint Mary's Universities.

We want to speak on a couple of what we feel are specific Nova Scotia issues here today, but first, a little bit of a background from our perspective.

Obviously the costs of education in Nova Scotia are extremely high, and Chris has done a pretty effective job of telling you about that. We certainly know that one in four students with debt in Nova Scotia have a debt level exceeding $40,000. We also have the highest percentage of students in debt of any jurisdiction in the country, at 48%. So it's a very significant problem here in Nova Scotia. We think this raises some very significant economic development issues.

The first, we feel, is risk aversion—that is, when students graduate with that amount of debt, they're not really in a position to be creating a small business, to be going into a risky job, or anything like that, that could actually enhance the economy of Nova Scotia. They have to play it safe because they have a significant debt level that they have to try to service. We think that's generally bad for the economy.

The second is regional immigration—that is, Nova Scotian students are leaving after they graduate because they need to find places with more stable jobs. They go to Ontario, or they go to Alberta. We're really concerned about the effect this is going to have in the long term in Nova Scotia. I'd be happy to talk more about that during the question period.

We have some issues that we want to raise. The first issue is federal funding distribution. We also believe there needs to be a dedicated education transfer. We believe this needs to be done on a per student basis, and there is a very compelling reason for that. Nova Scotia is the second highest importer of students. The first highest would be Alberta. A couple of years ago, 4,769 students were imported into Nova Scotia. That creates a structural deficit of about $25 million that Nova Scotia is paying to educate students from elsewhere—we put it in the brief as $40 million, but after getting some better information from the ministry we've revised that number to $25 million. That structural deficit is something that needs to be dealt with. So it provides some fairness in the system to be distributing this money on a per student basis.

We obviously also believe there needs to be a Canada education transfer, supported by some sort of agreement or legislation, or what have you, much the same as Chris says. We think there needs to be a minimum of $4 billion put into that program. There is already about $1.8 billion in the system, depending on what estimate you look at, but there's about an extra $2.2 billion needed.

Thirdly, I want to talk a little bit about the Millennium Scholarship Foundation. We do disagree with the Canadian Federation of Students on this one. We think it is worth replacing or renewing the organization, primarily because it provides stability. There is certainly no political interference when you go and endow money in that nature.

We think an endowment structure is more or less a good thing. Of course, there are questions about accountability, and while I don't really feel like getting into a debate about any particular thing that the millennium scholarships may or may not have done, we definitely think that if there is some sort of a replacement foundation created, having an eye to effective accountability for that program would obviously be a good thing. At the same time, they have site-based budgeting, which we generally think is good. They're able to create their own incentives by having control over their own money. This means they can actually go and spend the time to put grant money where it's needed.

Yes, it has created some problems in Nova Scotia. Right now, it's worth about $9.1 million of debt reduction and other forms of assistance in Nova Scotia. If that disappears, then that money is more or less just going to disappear from Nova Scotia altogether. The Nova Scotia government hasn't really provided for any money to replace it. And yes, we're very concerned about what that's going to do to accessibility within Nova Scotia. So there needs to be something that follows up with that.

Those are three very basic things. Again, we'll be more than happy to get into this in a bit more detail during the question period.

Thank you for your time.

● (0915)

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

We now move on to Jane Warren, from the Brain Injury Association of Nova Scotia.

Welcome. It's over to you.

Mrs. Jane Warren (Brain Injury Association of Nova Scotia): There are two topics I would like to discuss today, and I welcome everybody to listen.

Topic number one on the web page was, what specific federal tax and/or program spending measures should be implemented?

Program spending on brain injury rehabilitation will ensure that those disabled with a brain injury are as healthy as possible. It means they are not unemployed and are not suffering from undue stress and depression due to a lack of rehabilitation and a lack of retraining that is necessary for them to rejoin the country as productive members of society. Warehousing people, who could be gainfully employed, in nursing homes or jails is not in this country's best interests.

A previous study by the Ontario Brain Injury Association found that there are over 46,000 people who suffer brain injuries each year in this country. An overwhelming majority of those people either never return to work or remain underemployed for the rest of their lives.

An extra 23,000 potential employees per year, to take 50% of that number, would benefit Canada's employers immeasurably. A reduction in the number of people on social assistance as well, both for federal CPP disability and the provincial disability assistance programs, would also provide the country with more freed-up dollars, plus there would be increased economic activity, spending, etc., by those new wage earners.

The other topic I would like to mention is number three: What specific federal tax and/or program spending measures should be implemented to ensure that our nation has the infrastructure required by its citizens and businesses?

A national brain injury act, akin to the acquired brain injury act in Australia, would provide Canada's citizens with the infrastructure that survivors and their families or caregivers need.

If a spouse or a child suffers a brain injury, assuming it's a two-wage-earner family, then one of those persons must quit his or her job to care for the survivor. If it was the spouse who was injured, then both earners are out of the job market.

There are currently brain injury associations in most or all of the provinces, along with the fledgling national association, the Brain Injury Association of Canada. Because of the different ways in which each province classifies brain injury, there is no consistency among the provinces in rehabilitation or in core funding.

A brain injury is a physical disability. It can result in physical and/or mental and/or cognitive deficits, repercussions, and disabilities. Some provinces categorize brain injury as a mental disability. Some provinces see it as a mental or a physical disability, depending on what the effects of it are, while others do not classify it as a disability at all.

Nova Scotia falls into the latter category. In Nova Scotia, for provincial disability assistance, a brain-injured person is either classified as mentally challenged or mentally ill. There is nothing in the act that says they are brain injured.

Nova Scotia's provincial Brain Injury Association receives no operational core funding money from any government. It instead relies entirely on public donations, with the occasional project-specific grant. They provide the only brain injury rehabilitation in this province.

A petition was read in the House of Commons in February 2005 asking that a question about brain injury be added to the next national census in order to provide a national database to correct this classification inconsistency.

Brain injury is surely a federal matter. Treatment of the brain injured in this country violates the Charter of Rights because of discrimination against one particular disability. The Canada Health Act says treatment should be universal across the country, as well as being accessible to all and portable from province to province. This is not the case with brain injury rehabilitation.

● (0920)

Federal impetus is needed to provide a clearly defined continuum of care for brain injury nationally, using Australia's acquired brain injury act as a model.

Two, standardize medical protocols across this country regarding brain injury.

Three, provincial brain injury associations need stable operational core funding.

A national, federally funded re-education program for brain injury survivors is necessary.

The Chair: Thank you, Ms. Warren.

We have to move on to the next presentation, but there will be time for questions, and you'll get a chance to put your last two points in; don't worry.

We'll continue now with the representative from the Independent Media Arts Alliance, Jennifer Dorner.

Welcome, Jennifer. It's over to you.

Ms. Jennifer Dorner (National Director, Independent Media Arts Alliance): Thank you very much.

Good morning, Chairman and members of the committee.

I'll start by saying that I'm an artist, and I'm also the national director of the Independent Media Arts Alliance. I'll start by thanking the Standing Committee on Finance for this opportunity to present on behalf of our members and the diverse communities we represent.

The IMAA is a national network of 84 non-profit independent film, video, and new media production, distribution, and presentation organizations representing over 12,000 artists and cultural workers across Canada. The IMAA was formed in 1981 and since then has worked to improve the means and access for independents at every stage, from funding to production, distribution, and exhibition.

First and foremost, I would like to acknowledge the federal government for recognizing the value and importance of the arts in Canada through the investment in the Canada Council for the Arts appearing in the 2006 federal budget. This was an encouraging first step towards accomplishing the many vital goals for the arts and cultural sector. Still, we wish to call attention to the need for longer-term sustainable fiscal investments in the arts, and we urge the federal government to make this a public policy priority.

The $50 million pledged in the federal budget for the Canada Council will bring much needed aid to the cultural sector; however, it does not go far enough to relieve the pressures faced by the artist-run not-for-profit organizations and independent artists. We would like to underline the importance these individuals and organizations have within our communities.

Our centres operate in the bigger cities, such as Toronto and Montreal, but also in the rural and more isolated regions, such as Yellowknife and Nain, Labrador. In all cases, our centres have an open door policy inviting all members of the community to participate, to learn, and to create, to tell stories using film, video, and new media. By new media, we're talking about art that uses new technology, such as the Internet, cell phones, or electronic installations.

As these technologies are becoming so prevalent in our culture, the growth in the media arts is tremendous. More and more artists are working in film, video, and new media. Our youth are exposed to and familiarized by television, the Internet, video and film, and other technologies long before most other forms of visual communication or artistic production. In view of this, many young artists are moving to this medium of visual expression.

There are more and more students graduating from colleges and universities with arts degrees, many of whom are majoring in media arts. This places an increase on the demand for access to cultural funding. Since 1998, applications to the Canada Council have increased by 50% for arts organizations and 30% for individual artists.

The recent increase to the Canada Council does not match this growth. Each year thousands of eligible artists and arts organizations are turned down for support, resulting in an enormous loss of creative potential for Canada. It is critical that public funding keep pace with this growth and the number of artists in Canada.

In addition, there's a dramatic increase in the number of media arts organizations and festivals working in distribution, exhibition, dissemination, and production. These are exhilarating times, but these organizations struggle to keep pace with the changing technologies. Standards are constantly changing; this dramatically affects the ability of independent film, video, and new media artists to access festivals, distributors, and broadcasters.

We also recommend that the Government of Canada make cultural funding statutory spending.

Arts organizations are the backbone of the independent art milieu and provide a multitude of services to artists and to our communities. These include access to equipment, resources, and training, dissemination and exhibition opportunities, as well as helping to create a healthy, thriving arts community. Many organizations are struggling to mount their exhibitions, shows, tours, productions, and festivals. They're often underfunded, short-staffed, and unable to pay adequate artist fees.

The struggles facing many arts organizations are directly due to the lack of core stable funding. By instituting that a portion of the federal budget become statutory funding, the government would be making a significant move towards sharing a commitment to and investment in the arts in Canada.

In addition, we recommend that the government increase capital support for arts groups seeking to purchase their spaces, and institute a program for guaranteeing mortgages for arts and cultural organizations. Many arts groups and organizations establish themselves in the less expensive areas of cities and towns, seeking affordable spaces in vacated formerly industrial buildings, only to see the neighbourhood become popular and rents increase, so they must move again.

● (0925)

It is critical that arts organizations be sustainable over the long term and that they are given the opportunity to establish themselves within their communities. Many centres expend a large portion of their limited funding on renting in downtown locations in order to be visible in their communities and to bring into play various outreach, youth, and educational programs.

The Chair: Thank you, Ms. Dorner. We must move on, but I'm sure you'll be questioned by committee members as well.

And thank you, Ms. Warren, for assisting me in the messaging. I appreciate that.

We'll continue now with Dalhousie University, School of Social Work. Jeanne Fay, senior lecturer, is here. Welcome to you. We'll hear your presentation now.

Mrs. Jeanne Fay (Senior Lecturer, School of Social Work, Dalhousie University): Good morning, and thank you for this opportunity.

I'm going to talk about poverty. What I want to say first of all is that poverty is not an economic reality, although our market economy seems to require that 20%, plus or minus, of Canadian citizens live in poverty at any one time.

Who makes up that 20% depends, in part, on the exclusionary forces of race, gender, class, and ability. For example, we all know that the child poverty rate hovers—at this point it's a bit lower than it was—at 17.6%. In spite of the strides made with the old age pension and the guaranteed income supplement, senior women are still at about 19%.

Now we get into the rates that are totally unacceptable, not that the others are not. Single-parent women continue to be at the rate of about 49%. Among aboriginal and first nations people, the rate is 43%. Among racialized groups—and by that I mean African, indigenous African Canadians, as well as immigrants of colour—the rate is about 36%. And among persons with disabilities, the poverty rate is around 31%.

As I said, we at the School of Social Work see these rates as totally unacceptable in a country that prides itself on being one of the best in the world. And I think we are, but we have a lot of work to do. In the last fifteen years or so, however, governments have all but abandoned the welfare state that used to protect those who could not compete in the regular labour market or who were temporarily unable to do so.

When we look at the economic and social exclusion caused by poverty for some five million Canadians at the same time as the government retains a significant surplus, we believe it should be distributed to create a just and equitable society.

People in poverty, as well as many people who are well-to-do, face many social and individual problems—divorce or separation, living in rural areas, lack of education and skills, addiction, and violence. But well-to-do people rarely fall into poverty as a result of these social and individual problems, so we need to look deeper for the causes.

This is where it's our position that poverty is a political issue. In other words, it results from and can be changed by government policy. I'll just mention what we see as three or four of the main causes of poverty.

First and foremost is the CHST, which does not require adequacy of social programs or accountability by the provinces. As a result of this, we now have wholly inadequate social income assistance rates, from a low of 19% of the Stats Canada low-income cutoffs to a high of 64%. This is looking across the country.

We have an inadequate EI program. We have a severe lack of affordable and social housing in this country. We have the high cost of prescription drugs that hits people. There's a myth out there that everyone who is poor is covered by some sort of pharmacare program, and that's just not the case.

We continue to have, unfortunately, discrimination in the education system and in the job market against aboriginal peoples, African Canadians, immigrants of colour, and persons with disabilities.

We have seen, since the 1970s, a steady decrease in corporate taxes.

All of these causes result from government policy or from failure to intervene in poverty-creating situations.

To eliminate poverty, Canada needs a national strategy that will set targets and create mechanisms to meet these targets. I believe you've heard in Ottawa from the National Council of Welfare and others who have recommended the same.

We're making fourteen recommendations. I'll mention a few.

● (0930)

Improve CHST funding to increase social assistance rates. Increase EI. Increase the national child benefit. Institute the day care program, and implement affordable and social housing. Implement the Kelowna accord, including an aboriginal anti-poverty strategy. We need national pharmacare and home care. We need to develop a national disability and accommodation program, as Jane said, and we need to expand educational support, as both of the gentlemen from the student groups mentioned.

● (0935)

The Chair: I'm sorry, but we must move on now. We appreciate your presentation very much.

We'll move to Katherine Schultz now, who is here on behalf of the University of Prince Edward Island. Welcome. Over to you.

Dr. Katherine Schultz (Vice-President, Research and Development, University of Prince Edward Island): Thank you, Mr. Chair and members of the committee.

I was going to take the opportunity today to speak with you on innovation and productivity from the point of view of both a university and a region where universities are key to R and D performance. Here, unlike in the rest of Canada, universities perform 65% of the research and development, while industry performs about one-third of the national average, at 18%. I'm also speaking from the point of view of a province in which we are making great strides in moving forward on this agenda, and of a university that is successful in its outreach to industry and in its generation of new ideas.

There are really five areas that I would like to focus on this morning. The first is that of innovative ideas, which we see as key to the whole area of productivity and of transferring new information into industry and business. At the present time, we have an excellent and world-recognized system of peer review of research proposals through requests for funding by the tri-council—that's NSERC, CIHR, and SSHRC—but across those councils, up to 50% of the proposals that have been recommended by this peer review process for funding are not funded because of insufficient funds. One of the key outcomes of this is lost opportunity costs. People have invested in preparing these proposals, and they've been judged on a national and international scale to be innovative, appropriate, and worth funding, but they're not funded. So I would encourage and see that increased funding to the councils as a key part of the innovation agenda.

I would also say that we need to maximize our innovation ideas and the use of them through infrastructure platforms. These would include, among other things, the indirect cost of research funding programs, which are key to allowing research in universities to self-fund, rather than to draw on the other areas of funding that come into the university, primarily tuition. The Canada Foundation for Innovation also plays a key role in supporting research and innovation across Canada. We should encourage the refunding and extension of that platform.

Also, I think in this area, linkages with industry, which are supported by these infrastructure platforms, are also key. Our key vehicle there is the Atlantic Innovation Fund. The University of Prince Edward Island at present leads seven AIF proposals, each of which is linked with industry and is charged with innovation and transfer of information and ideas.

I would also recognize that a key area for all of Canada is entrepreneurial challenge. I would encourage the establishment of Canada entrepreneurship chairs in universities, which could focus on developing excellence in, for example, design and product development, market research, business management of early stage companies, and best practices in the development and functioning of angel capital networks. It's information that we need, and it's expertise we need to develop. This could be further enhanced by providing fellowships and exchanges at all levels of trainees, undergraduate and graduate students, postgraduate researchers, and at the research levels that allow exchange between entrepreneurial enterprises and universities, with a focus on the development of entrepreneurial skills.

I also think it's important to continue to provide capital for the development of research. Innovative ideas are only a small part of the equation. Those need to be developed and proven before they can move forward. So it is key to keep the levels of funding to the existing programs, like NSERC's I2I program, CRC's proof of principle, and NRC's IRAP program.

I would also suggest that it would be useful to have a program for buying back university equity from early stage spinoffs that the university has invested in, in order that this funding could then be reallocated and reused for new spinoffs.

Finally, I, with many of my colleagues across the country, both in universities and in business, would encourage a review of the scientific research and experimental development tax credits, a program that's been in existence for twenty years and could be enhanced with some improvements.

Thank you.

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

And thank you all for some very stimulating presentations. I appreciate that.

We will move immediately to questions, five-minute rounds.

Mr. Savage.

● (0940)

Mr. Michael Savage (Dartmouth—Cole Harbour, Lib.): Thank you, Chair.

First of all, I'll say how I pleased I am that the finance committee and my colleagues have had a chance to come to Nova Scotia. I tried to show you a little taste of Halifax last night. Unfortunately, we didn't get to the wonderful community of Dartmouth—Cole Harbour. Next time we'll try to have the meetings over there, but it's very nice to have you guys here, and I thank the witnesses for taking the time to appear.

Since we have a number of folks—students and university—I'd like to talk about the dedicated transfer, because we have heard about that as we've gone across the country. It's certainly my view that the number one issue, not only for social justice reasons but for economic reasons, is that we have to maximize the human capital of Canadians.

We know that although enrolments have not been going down overall across Canada, low-income Canadians, aboriginal Canadians, and persons with disabilities have dropped off and are not taking advantage of getting into university, because they can't afford to go, in large part. We have to do something about that. So the dedicated transfer comes up quite often. We often hear that the federal government has abdicated its role in post-secondary. It's not exactly the case. In fact, the government's own document that came out with the budget says:

> While the total share of federal support has remained relatively constant over time (at about 25% of overall expenditures...), the mix of federal instruments has changed. Today, a larger proportion of support is provided through direct measures than through transfers to provinces and territories.

So the federal contribution to post-secondary is what it was back before the cuts, but the transfers to the universities are down. So the issue is, if we're going to have a dedicated transfer, does that mean we're going to ask the government...? Spencer, I think you indicated $4 billion in the current spending is put into your estimate and the direct transfer is $1.8 billion a year. Without arguing over the numbers, it's a significant amount of money. How do we ensure, if we go to a dedicated transfer, that support to the universities, both in terms of research, which has reversed the brain drain, and some of the stuff Ms. Schultz talked about—but whether it's the millennium scholarship, Chris or Ian, or whether it's some other mechanism, does the federal government still have a role to play in directly assisting students?

I'd like to start with you two and perhaps anybody else who wants to get in on it. How do we do a dedicated transfer but ensure that we don't let down both the universities and students directly?

Mr. Chris Parsons: The main way you can ensure that universities do receive the money directly is through the implementation of legislation, something very similar to the Canada Health Act, only in regard to post-secondary education. I think it's also important to realize that if the federal government were to come to the table and offer to restore the funding in full, at least $2.2 billion per year is what the Canadian Association of University Teachers, the federation, and other groups have all recognized is in fact the number. If they were to come to the provinces with that $2.2 billion—when you come to the table with that much money, the provinces will make concessions and will agree to ensure that money does go to universities. It's a sizeable sum of money and I think they will compromise. For example, the council of the federation has agreed that it would come to that compromise.

As for assisting students directly, the most efficient way to assist students directly is to ensure that tuition fees are reduced, as tuition fees continue to be the number one barrier to access education. As well, a system of needs-based grants could be implemented directly through existing infrastructure, particularly with the Canada student loans program, which is very good at identifying financial need. A system of needs-based grants could be directly implemented using the money that's previously been spent on the Canada Millennium Scholarship Foundation. This would be more effective and would be a revenue-neutral solution to student aid.

Mr. Spencer Keys: I would have to echo many of those comments. As well, this would be an opportunity to establish some sort of a national vision for how we actually do post-secondary education in Canada. It's rather horrific that we don't have one if we're trying to be a competitive economy.

Having an accord, an act, whatever.... There are a lot of phrases that go around for what this agreement should look like. But having such a thing would obviously be very beneficial. I think within that there should be some clearly stated goals. A goal, for instance, that we would certainly support would be an idea of what percentage students should be paying of the total cost of education in Canada. Right now, it's very different, depending on the jurisdiction. You have some places that are reasonably low, such as Quebec and Newfoundland. You have places, of course, in Nova Scotia that are very high. Of the total cost of education, 42.6% is what students pay here, whereas for even university administrators, many would say that 30% is probably the top. What we want to see is an actual accounting for value. That's what I would mean by looking at the percentage students are paying. The question is, what are they getting back for the money they're putting in?

● (0945)

The Chair: Mr. Keys, I must cut you off there.

Thank you, Mr. Savage.

We continue now with Mr. Paquette.

[*Translation*]

Welcome, Mr. Paquette. You have five minutes.

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

Thank you for your presentations. It is interesting to be here in Halifax, a city I quite like.

I would like to continue speaking about the field of post-secondary education, because three of the organizations from the labour and student organizations here are all going in about the same direction.

The national higher education act poses a slight problem for me. First of all, since education is under exclusive provincial jurisdiction, I do not see why there would be a federal act, and further, a federal Department of Education.

Next, reference is often made to the Canadian Health Act. This act did not prevent the federal government form unilaterally cutting transfers for health. In the 1990s, Mr. Martindid not hesitate to do so. Now, we are slowly getting back to the 25% suggested by the Romanow Commission report, but we still aren't there.

Would it not be better to have a Canadian act to ensure a certain level of funding for post-secondary education? I am interested in your recommendation that funding be made per student and not according to the proportion of the population represented by the province.

Actually, shouldn't the federal government's primary obligation be to take its financial responsibility rather than create new standards that do not always take into consideration the specific reality of the Atlantic Provinces, of Quebec, which has a very particular education system, of Ontario, of the Western provinces, of British Columbia? This is not its primary responsibility.

My question is for the three witnesses.

[*English*]

The Chair: Mr. Johnson, please.

Mr. Ian Johnson: Thank you very much for your question.

There are several possible answers to that. I was involved personally in lobbying for the Canada Health Act, so I have some familiarity with how that works. You're right that there were problems in what happened under the Martin government in particular and the establishment of the CHST. But we're trying to say here—and we've seen it in other areas such as social programming—that if we don't have dedicated transfers, it's even easier for the federal government to move to cut back on funding for whatever reason.

We're saying collectively that post-secondary education is just too important at this point not to have dedicated funding and national legislation to go with that. Part of that—as you have suggested and the three people here have recommended—is the importance in this region of per student allocation, given the number of people we're dealing with here and the number of people coming in. So if there is to be dedicated funding, it should be done on the basis of per student allocation. That would certainly assist universities and students in this region.

It's a matter of establishing legislation and then developing the funding mechanism to go with it, which we've done in health care and can continue to do.

[*Translation*]

Mr. Pierre Paquette: Thank you, Mr. Chair.

I would like to address Ms. Fay.

If there are three transfers: one for health, one for post-secondary education and the last for social programs, are you not afraid that social programs will be pushed aside?

Is there not a risk, since education and health are still primary issues for any society that wants to move ahead? On the other hand, social programs, including social assistance, often go to segments of the population that have almost no chance of making themselves heard, contrary to students and unions, that are a pleasure to work with, by the way.

[*English*]

Mrs. Jeanne Fay: I think that has happened. We're fully in support of dedicated transfers for the other social programs. There's no question that social programs for people in poverty are not popular politically; therefore, they're the most difficult for MPs to sell to their constituents. However, if we don't look at poverty in this country in a real and dedicated way—if I can say that—we are going to continue to see high rates of poverty among the groups I mentioned.

We used to have the Canada Assistance Plan. It was not perfect, but it certainly was an example of the federal government protecting social programs to some extent and requiring provinces to spend money for programs in a certain way.

● (0950)

The Chair: Thank you, Mr. Paquette.

We must move on now to Mr. Wallace. It's your five minutes, sir.

Mr. Mike Wallace (Burlington, CPC): Thank you, Mr. Chairman, and welcome to everyone this morning. It was a while ago now, but I was president of the University of Guelph student union at one time, so someday you might be sitting here.

I am going to stick with education. I had the opportunity recently to meet with the presidents of McMaster and Ryerson, and two vice-presidents, one from York and one from U of T, and part of the discussion was not about tuition fees, to be frank with you, but about quality, and not quality because of the quality of the students we're having, but the quality of the education that's happening inside the building. And their view, to put it in a nutshell, was that it's an issue we're not spending a lot of time on. We're talking about tuition fees and so on, but they had a concern about the quality of education being provided. I wouldn't mind hearing Mr. Parsons' or Mr. Keys' response to what they thought of that issue.

Mr. Spencer Keys: Thank you for the question. I think it's actually a very valid one, and it's one of the things we're pointing to when we say we should be thinking about what is the share that students are paying for their education, because if we start thinking of it in that sort of proportional sense and thinking about what's the value students get back for what they invest in it, then we do start to address that question in some way.

One of the problems is that tuition is rising, and it's offsetting provincial spending, so we certainly think that would point to either a degradation in quality or it would simply keep things at the status quo. If we were to be looking at what that share was, I think we'd see that if tuition was rising, then necessarily that would require provincial spending to be rising. So the overall quality would be maintained.

I think that's a way to look at it, but it's obviously a very difficult question.

Mr. Chris Parsons: I think it's important also to look at the way in which tuition fees also affect quality. The quality of education someone receives when they're forced to work 25 hours a week in a part-time job, or work two jobs over the course of a summer, or delay graduate or professional school, is considerably of lower quality than if they're able to devote themselves full time to their studies.

One thing we're seeing is that in addition to the fact that the quality of education—in the sense of how universities are capable of paying teachers, and providing research and providing infrastructure—has decreased due to the drop in federal funding, we actually haven't seen an increase in the quality of education with increased tuition fees. Part of it is because students are also incapable of fully devoting themselves to their studies. So I think when we talk about quality of education, we also have to talk about the quality of education individuals are receiving because of the time and energy they can devote to their studies.

Mr. Mike Wallace: Thank you.

I have a question for Ms. Schultz. I know this is a budget meeting, but one of the individuals I met with was a vice-president of research, and there was a discussion about post-graduate work. It was a bit of a surprise to me that they're having some difficulty attracting particularly foreign students who have the qualities to do appropriate grad work. Do you have any comment on that at all?

Dr. Katherine Schultz: Thank you.

There are a number of issues we find with graduate students. One is the increasing global competitiveness. We are seeing that universities in other parts of the world—India, China—are able to retain their own graduates and then have their students engage in post-secondary education. So that's one issue.

I think on the more local issues and the things that we are able to do something more about, one of the difficulties we have is lack of funding to provide post-graduate students with sufficient resources. These are people who have completed one degree. The kind of stipend they would normally be allowed under the federal funding programs that are available through research would be about $18,500 a year, and these are people who are at an age where even if they're living on their own and haven't yet started a family, that's not a living amount of money.

We have that difficulty. Some of that difficulty has been alleviated by the ability for our international students to work off campus, and I think that's a key initiative and needs to be broadened and continued. But then we get into the difficulty that my colleagues at the other end of the table were speaking about, where if you're both trying to do a full-time post-graduate degree and work off campus, you have difficulty.

● (0955)

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

We'll continue with Madam Wasylycia-Leis now.

Ms. Judy Wasylycia-Leis (Winnipeg North, NDP): Thank you, Mr. Chairperson.

Thanks to all of you for your presentations.

It's really unfortunate that these great in-depth presentations have five minutes to cover off everything, so let me ask a general question, and anybody who wants to answer can jump in. Maybe we can go down the row.

We started this pre-budget process with an announcement from the government that it was putting $13 billion of surplus money all against the debt. It was cutting $1 billion in programs that included adult literacy, some career and job placement programs for young people, any kind of research programs that were new and innovative, and the list goes on and on. That was followed by the finance minister's announcement that he was going to bring in more tax cuts. It seems that's one sort of scenario we've been dealing with for a number of years.

Do you have some advice in terms of a new set of parameters for budgeting how we can achieve this competitive agenda with another scenario?

Ian, do you want to start?

Mr. Ian Johnson: Thank you.

Mr. Chair, it was a broad question, as was suggested.

What we are saying is not that there shouldn't be payments on the debt or attention to taxation levels, but balanced with that should be the social deficit and the cost of what's happened over the last ten to fifteen years in terms of the various social programs and services that have been available. We have to adopt—we have to come to grips with the impact. We haven't really done that, so we need to balance that. That's where some of the things that have been suggested in terms of national dedicated funding for post-secondary education, Jeanne Fay's suggestion of a national strategy in terms of anti-poverty—we need to put in place some of the infrastructure, to use another term, that will help us address what has been a significant social deficit in terms of levels of poverty, levels of income, all of those. We need to develop those things together, and a budget process could help lead the way.

I have the experience of working on the alternative budget, both provincially and federally, which sets out a pretty clear vision of how to do things differently with the same amount of money. For several years, succeeding governments have apparently underestimated the amount of money available for social spending. That has to be taken into account as you set priorities for what can be done.

Mr. Chris Parsons: I'll try to be quick, so that everyone has a chance.

A national post-secondary education act that would set out spending guidelines would be a key component. If you look at some of the recommendations in the federation's brief, almost all of them are revenue neutral, which is important in that there are more efficient ways of spending—not sinking money into arm's-length unaccountable organizations, not spending money on tax credit systems that don't really work, although it is important to have a forward-looking view and recognize that education is the only way that regions such as Nova Scotia are going to be able to turn the ship around.

The cuts in job and career placements are a good example. About 25,000 student summer jobs, that are good jobs and that provide career experience, were cut. We have to look at exactly how money is being spent, not just the amount that is being spent.

Ms. Judy Wasylycia-Leis: Jeanne, you have touched on some of the cuts. Would you elaborate a bit?

● (1000)

Mrs. Jeanne Fay: Thank you.

I'm looking at the figure of $13 billion against the debt, and, as Ian Johnson said, there is an alternative budget. The last one I looked at said, let's put $8 billion against the debt and let's look at social programs, health and education re: funding or funding new initiatives.

A balance is required. It is also, as I said earlier, a political and even an ideological question, in my view. It's a choice. We have a choice as to where we put the money. One of the things that really disturbs me, as an anti-poverty activist, is the cutback in literacy programs. Again, one of the things we have to come to grips with is that as we move into a job market that seems to be dichotomizing, if you will, to jobs that require technical skills, that require a significant education...on the other hand, we're creating jobs at the other end, and they're in the service sector. They're low-paying. They're not a way out of poverty.

On literacy and post-secondary education, if you look at Statistics Canada figures, year after year after year, the best indicator of getting people out of poverty is education.

The Chair: We appreciate that.

I have the chair's prerogative to ask a couple of questions and will do so now.

A friend of mine who runs a food bank says there's a fine line between assisting those in need and perpetuating dependency unnecessarily. That balancing act—anyone who's in the area of social work, social policy, understands the challenges that are faced in that area. There's been a pretty well-acknowledged understanding that the old methods of handing out social assistance have perverse outcomes. A report just a couple of years ago from the Manitoba chiefs talked about access to post-secondary education and so on for aboriginal people today, as an example. The Manitoba chiefs report said that welfare has become a right of passage for healthy young aboriginal people and that it was discouraging aboriginal people from going into post-secondary education.

A lot of research has gone on throughout the OECD on this issue. Jeanne, you're an expert in this field. I understand other countries are taking steps to address the way they deliver. I'm not talking here about handicapped people. I'm not talking about that at all. I'm talking about healthy young people who get caught in the trap, or are discouraged from pursuing their own betterment because of ill-designed social programs. I'm interested in what ideas you may have on how we can encourage a better, more intelligent and effective delivery of social programs. I realize it's a massive topic, Jeanne, but any thoughts?

Mrs. Jeanne Fay: I'm used to massive topics. If I could make a comment about current social assistance programs, there's no question that they're inadequate financially. Before I went to the School of Social Work, I worked at the Dalhousie Legal Aid Service for twenty years. I used to teach a seminar on our current social assistance and previous social assistance systems. One time, one of the law students said to me, “This is more complicated than tax law”. One of the problems is that we spend money on bureaucracies and infrastructure that we don't need.

We can streamline the system. There are different ways of getting people out of poverty. Maybe for young healthy people there is a different way than for persons with disabilities.

Single mothers in Nova Scotia—I wanted to get this in earlier, because, and I'll say it on the record, it's a stupid social policy. One of the ways the Nova Scotia government is saving money on its social assistance program is by cutting off people on assistance if they go to university. They lose their funding. Student loans have a cap, and people with families, primarily single parents, can't live on their student loan.

● (1005)

The Chair: It's almost a reverse of the British model, where they require you to enter training or a work-related activity as opposed to punishing you for doing so.

Mrs. Jeanne Fay: Exactly.

The Chair: I'll let others have a chance too, but thank you very much for your observations.

Mrs. Jeanne Fay: Okay, thank you.

The Chair: We'll continue now with four-minute rounds.

Mr. McCallum.

Hon. John McCallum (Markham—Unionville, Lib.): Thank you, and thank you to the witnesses. I thought there were particularly perceptive comments this morning, which I enjoyed.

I would like to start with one comment of my own, more as an economist than as a politician; that is, your proposal for grants to universities to be per student rather than per capita makes total sense, not just from the point of view of fairness to Nova Scotia, but the efficient functioning of Canada as a single country and a single economic union. We want people from across the country to go to university where they think it's best for them within the country, and the per student grants would reduce the impediment we now have.

I want to conduct what one might call a little poll, which I've also done in other parts of the country. One of our jobs is to make recommendations about the overall priorities and funding for the budget. One of the government's ideas is to have a second point of the GST cut, which would be extremely expensive, like $6 billion a year, and crowd out much else that we might want to do in this upcoming budget. My question to you, either representing your organization or in your private capacity, is whether you think it would be a good idea to proceed with the second phase of the GST cut, or to use the $6 billion saved for other priorities. If you could just say, “No, don't proceed with the GST cut”, “Yes, do”, or “No comment”....

Maybe we could start with Mr. Johnson.

Mr. Ian Johnson: Thank you, Mr. Chair and Mr. McCallum.

No, we wouldn't support a further cut. We think it's not the best use of the money that's available. What we do see is the need to remove the GST from essentials—

Hon. John McCallum: Okay. Thank you.

Mr. Chris Parsons: The federation would much rather see that money put into a dedicated transfer to education, rather than through tax cuts.

Mr. Spencer Keys: In my private capacity, my issue with the GST was that I had to find another seven cents for my Whopper Junior. I would just rather have it included in the price. The actual difference doesn't make a difference to me.

Hon. John McCallum: Thank you.

Ms. Warren.

Mrs. Jane Warren: I think I'm perhaps going to agree with Spencer. The GST was only supposed to be on essentials or necessities, and it's not. The rearranging of the whole program is preferable to cutting it.

Hon. John McCallum: So that's a no. Thank you.

Ms. Dorner.

Ms. Jennifer Dorner: I'll just say no.

Hon. John McCallum: No. Thank you.

Mrs. Jeanne Fay: No.

Dr. Katherine Schultz: I'll say no.

Hon. John McCallum: Thank you. All noes, confirming once again the wisdom of Nova Scotia. Thank you.

My next question is to Ms. Schultz.

Dollars are limited, of course, as we all know, and I believe, having heard from universities, having spent most of my life in universities, that the initiatives of the federal government—for research grants, for professorships, for indirect costs—have made a difference to the universities. So if you had a choice between more dollars of this kind of direct federal support versus more dollars transferred to provinces for use, one hopes, in post-secondary situations, which would be your preference?

Dr. Katherine Schultz: Clearly, more dollars all the way around.

The Chair: Ms. Schultz, there are about thirty seconds to respond to that, if you wish.

Hon. John McCallum: But if it had to be one or the other, which would be your priority?

Dr. Katherine Schultz: I think direct.

Hon. John McCallum: Thank you.

The Chair: Thank you, Mr. McCallum.

I must put on record that we have some briefs that have been submitted in only one language. I expect that may be the case tomorrow as well. I would like to put on record that we have the consent of the committee to distribute those in the language in which they have been presented to us. We of course will have them translated as soon as possible for the balance of the week, if that is acceptable.

Thank you, committee members, for your cooperation.

We will continue on.

[*Translation*]

Mr. Paquette, you have four minutes.

Mr. Pierre Paquette: Thank you again, Mr. Chair.

This question is for Ms. Dorner.

You presented a series of recommendations. I have two questions for you. First, are you optimistic regarding the current government's openness to the completely legitimate investments that you are requesting for cultural purposes? A few days ago, the museums assistance program was cut by 50%. Moreover, what we call “public diplomacy” or the assistance dedicated to tours by theatre and dance groups and by symphony orchestras was also reduced. What makes you optimistic on this matter?

Second, I am a little surprised that you have not made reference to the Canada Council for the Arts' budget. You speak of the National Gallery, which is an important institution, but the Canada Council for the Arts also plays an important role. So why?

● (1010)

Ms. Jennifer Dorner: I will respond in English.

[*English*]

In terms of my optimism, there definitely is concern in the sector with these recent cuts, and we would like to stress the fact that we definitely need more money invested into the arts.

The second part of your question in relation to the...we did mention the funding to the Canada Council, and we do know that there was that increase. What we would like to say is that we would like to see more invested in more stable, long-term funding. We would like to see this happen not just immediately, but for the long term into the future, because there was very little funding invested into the Canada Council. So we would like to see more of an increase, for sure.

[*Translation*]

Does this answer your question?

Mr. Pierre Paquette: Yes.

Ms. Warren, you talked a little about the situation of people who have had brain injuries, but in the brief, you did not indicate the amount you expect in order to help with these victims' reintegration into the labour market workforce.

Have you assessed how much this might be? What should the federal government's investment be to help these victims in everyday life or to help them integrate into the workforce?

[*English*]

Mrs. Jane Warren: The Brain Injury Association of Nova Scotia has had an inroads program going for the last eight years, and, as I say, it's from donations from the public and a literacy grant occasionally. And they calculated that $70,000, which is a pitiful amount, would enable them to offer inroads classes, which re-teaches reading and writing, and socialization to a certain point, and gets people up to being work ready. And there have been examples of ladies who were trapped in their homes for ten or fifteen years, because they got lost, and since they've going to the inroads program they are now able to go out and walk around, and visit stores and spend money, and they've even got a job.

It's $60,000 or $70,000 for the five chapter areas that the Brain Injury Association has in this province, so if you multiply that by, I suppose...I can't do it—

[*Translation*]

Mr. Pierre Paquette: I basically understand your approach.

The Chair: We will continue.

Go ahead, Ms. Ablonczy.

[*English*]

Ms. Diane Ablonczy (Calgary—Nose Hill, CPC): Thank you, Mr. Chairman, and thank you to each of you. They were excellent presentations, and I can see that the various groups you represent are well served by these briefs.

I'll just keep my headphones on; I have a hearing problem, and that way I won't miss anything you say.

I'd like to first ask Ms. Warren something. I appreciate your brief. We had not heard of this issue before in our consultations, so you've done us a service, and you're a passionate advocate for the group you represent. I commend you on that.

You talked about the need for a national database to better decide what mix of services would be correct. In your experience, should we be aiming for brain-injured people to return to their former employment, or have training for a different entree into the workforce?

● (1015)

Mrs. Jane Warren: I shouldn't generalize and say often, but it seems to be often that they're not able to return. I don't have any employment background, but I have a degree in mathematics. After my brain injury, I couldn't add two and two together, and to use a calculator was a problem. Short-term memory most often is one of the problems that follows a brain injury, so to say two plus three plus seven, divided by six...I would forget which numbers I had punched and whether I had punched the "add" sign on the calculator. And to type—and I'm not a good typist—by the time I had looked from the paper to the screen, I'd forgotten what the word was, so I wouldn't be able to type it.

I'm able to add and subtract now. I'm not able to do university-level mathematics, but not many people can. Where I could do it before, I can't do it now, but I'm back to average sort of thing.

Ms. Diane Ablonczy: So what I hear you saying is that the issue really isn't what kind of work someone does, but really just gaining skills so they have some choices in getting back to work.

Mrs. Jane Warren: Yes, and as I say, the inroads program that the Brain Injury Association offers.... There was a conference on October 20 and 21 in Peterborough about re-teaching and what areas the brain injured should be led into. So once you re-teach somebody how to read....

I sent in my full brief in September, and I think I had an example in there of an accountant who lost the ability to do multiplication tables. So he doesn't have a job as an accountant any more, but he could be something else because he has the experience with the accounting side, but perhaps not with the actual manipulation of numbers.

Ms. Diane Ablonczy: Right. That's good background and very helpful for us.

I want to turn now to Ms. Schultz—

The Chair: I'm sorry, Madam Ablonczy, there won't be adequate time for that question.

We'll move on to Mr. McKay now.

Hon. John McKay (Scarborough—Guildwood, Lib.): Thank you, Mr. Chair, and thank you for the opportunity to be here.

I want to focus on Mr. Johnson's presentation and the interaction of Bill C-48 and Bill 207. Am I to understand that Bill 207 essentially confirmed the purposes of Bill C-48, and then with the change in government, there was an attempt to, if not repeal it, at least alter the intention?

What I don't understand is, first of all, on Bill C-48, the Conservatives, who were then in opposition, voted massively against Bill C-48, and now in government, because of Bill C-48, they have been forced to fund it, and they funded it through a trust.

I don't understand how a junior level of government gets to say that the purpose of these moneys is changed because we say it's changed, regardless of whether the reasons are good or bad or whether we argue about them. I don't understand how you do that. Can you explain that to me?

Mr. Ian Johnson: Mr. Chair, I can't speak for the government, obviously, but I think what they were telling us...in fact, they tried to sneak this into the budget legislation in this most recent session to try to change that. They said—and, if I understand your question, what you were saying—we don't have any control over what the federal government establishes in terms of conditions for funding; therefore, we have to make sure that if the government is saying that money can only be used for infrastructure or primarily for infrastructure, we have to make sure Bill 207, the provincial legislation, reflects that. So that's why they brought forward the change.

Our argument was—from what we could see both in what the federal government said at the time and what we have of material of the trust—that it's not restricted to infrastructure. It seemed to be pretty broad, and that seemed to be brought forward again when the government announced that the money was coming forward in late September. So we still have an argument with the government, and they have yet to indicate how the money will be used within Nova Scotia.

It's a textbook example of how not to fund a program because of the confusion. First was the length of time it's taken and then the confusion about how the money is to be used between the two levels of government. That's why I wanted to make sure you're aware of it.

● (1020)

Hon. John McKay: The other point you make in your paper is that in the Harper government's first budget, the federal government confirmed up to $1 billion in support of urgent investment. The budget was in the spring and the funding of Bill C-48 was in the fall. I would have thought that those were two separate envelopes of funding. Am I correct or incorrect about that?

Mr. Ian Johnson: It would appear to be the case, except that the.... Our question from May 2005 on—and we met with a variety of party representatives and MPs and MLAs—is, where is the money? It never came forward. Now the first argument we heard was, "We have to make sure there is a surplus." In fact, that was part of the legislation, that the money would be available.

Then we were told the Martin government at that point was going to bring forward new measures to incorporate that. Then we had the change in government and what you just pointed out in terms of the infrastructure.

For us on the ground, so to speak, there seemed one obstacle after another, either by federal or provincial governments, to bring that funding forward. That's where a dedicated transfer would help: the money's there and it's going to be used. Instead we have this runaround—

The Chair: Sorry, Mr. McKay.

Thank you, Mr. Johnson.

We conclude with Mr. Del Mastro now.

Mr. Dean Del Mastro (Peterborough, CPC): Thank you, Mr. Chair. I have four minutes and three questions I desperately want to get in, and a preamble, so I'd ask everybody to speak very quickly if they could.

First of all, I'd like to point out that it's a pleasure for me to be here in Halifax. This is where my grandparents landed when they immigrated to Canada. They had $20 to their name and a backpack with all the clothes they owned, and they created a tremendous life for themselves in what I believe is a land of opportunity.

First of all, my question is for Mr. Johnson. You said all Canadians have a right to post-secondary education. I agree with you. However, I think we get wrapped up in post-secondary and classifying that as university or college. There are a lot of forms of post-secondary education. We've made significant strides on skilled trades. Would you like to comment on that?

I believe we're damaging properly supplying our workforce by this notion that one form of post-secondary is necessarily better than any other.

The Chair: Of course, you must remember that Mr. Del Mastro has two more questions he wishes to have answered.

Mr. Ian Johnson: Yes, sure, I'll be very quick.

As I tried to indicate, I agree with your point. It shouldn't be restricted to just post-secondary. In fact, we used the words “public education and training” so that it could be available. Certainly we, as an organization representing trades people, recognize the importance of that area, but we wanted to focus especially on post-secondary education.

Mr. Dean Del Mastro: Mr. Parsons, you made the point that students basically have to work a lot and do a lot just to keep things up, and this may be decreasing the quality of their studies and the quality of their education. Mr. Keys mentioned that risk aversion may be pushing people away from taking risks and starting businesses.

Do you think that university education is a full-time job, first of all, and second, do you think that's equivalent to running your own business? I will tell you that I started my own business at 24, and you'd better be prepared to work seven days a week and long hours. What is the balance that you think should occur between working and studies?

Mr. Chris Parsons: I think the balance has to be established at the point where it becomes prohibitive. For example, is it actually damaging someone's future opportunities with how much more the financial cost is going to be? What you see is that if someone is working 25 hours a week, they're not going to have time to build those skills that are necessary to start a business when they graduate. A lot of things you learn in school are also the things that happen outside the classroom. If you're stuck flipping burgers or slinging coffee at Starbucks, you're not necessarily going to generate those particular skills required to start a business or generate the skills that a lot of law schools and medical schools and graduate schools require that you receive in order to get in.

So I think it is important that people should be able to devote their full time to studies, and ideally a university education is a full-time job, with everything that goes along with the education if you're going to be treated as a student and as a citizen.

● (1025)

Mr. Dean Del Mastro: Thanks.

Ms. Fay, you made the point that the market-based economy is causing poverty. I would argue that—in fact, I made this speech to over 1,000 people a couple of weeks ago—I really believe Canada is the land of opportunity. The door is open for those who want to walk through. I understand that not everybody has been blessed with the skills to be able to walk through the door, and we absolutely need to help those people. We absolutely need to provide equality of opportunity to people who are disadvantaged, but you seem to be making the case that we're running a society that causes exclusion. I don't agree with you. Quite frankly, there is incredible opportunity in Canada for people who want to reach out and grab hold of it.

What do you think of that argument?

Mrs. Jeanne Fay: I'd like to believe that is the case, but from my perspective, the figures and my experience say otherwise, that people are excluded. It's not an individual problem; it's a systemic problem. We have had studies in Nova Scotia, for example, where a person of colour will call and get a job interview, but as soon as they show up the job no longer exists. That happens over and over again.

You're in Halifax, which has the largest indigenous population of African Canadians east of Montreal, and I challenge you to go into banks, law firms, universities, places where there are good, well-paying jobs, and find African Nova Scotians, aboriginal people, and single mothers working at those jobs. The opportunities for that level of job for those people are restricted, and unless we have stronger employment equity.... I understand the federal government can only legislate for federal organizations, and in fact the only place you will see black people in good, paying jobs is in federal programs. If you go to the post office, if you go to the immigration office, you will see people, but if you go to other places, particularly private businesses, they are not providing the opportunities that you wish they would.

The Chair: Thank you, Ms. Fay, thank you, Mr. Del Mastro, and thank you all very much.

Just as an observation, Chris, I had to put myself through university. I was forced to work, but it's amazing how the skills one develops, even slinging coffee, come into play in other occupations as you move on. Interestingly enough, my principal occupation during the school year was refereeing basketball. Who knew that I'd become a referee here for House of Commons members. Transferrable skill development comes from many sources.

In any case, those were excellent presentations. It has been a very stimulating panel, and thank you so much for being here. We do thank you.

We invite the next panel to come forward. We'll suspend for just a very short time and ask the next panel to take your places at the table.

● (1025)

(Pause)

● (1035)

The Chair: We will now recommence and continue the stimulating discussions, as part of the process of preparing recommendations for the finance minister for the upcoming federal budget.

Thank you all for being here. Thank you for the submissions that you previously forwarded to us.

I will give you an indication when you have a minute remaining in your presentations and when you have less than that. Then without any bias or prejudice, I will cut you off at five minutes. I must do this to allow for discussion with the panel members.

Anything you miss in your presentations, work it into your answer. That'll be the coaching I'll give you this morning.

It's a pleasure to be here in Halifax. We'll start with the presentations now.

Chris Ferns is here.

Chris, I understand you're bringing some introductory comments on behalf of two organizations this morning. Would those be the Canadian Union of Public Employees and the Association of Nova Scotia University Teachers?

● (1040)

Dr. Chris Ferns (Past President, Association of Nova Scotia University Teachers): That's correct.

The Chair: I'll give you a little time here, but keep it to the five minutes.

Thank you, sir.

Dr. Chris Ferns: Thank you.

About our organization, the Association of Nova Scotia University Teachers represents faculty associations of all the universities and degree-granting institutions in Nova Scotia, except for Dalhousie University and the Nova Scotia Agricultural College. We're also part of a broader coalition of organizations concerned with post-secondary education in Nova Scotia that includes CUPE Local 3912, which represents over 1,200 part-time faculty and graduate students, and also the Nova Scotia Government Employees Union, and the Canadian Federation of Students, whose representative spoke to you in the previous session.

My colleague, Dr. Lanning, from CUPE Local 3912, is unable to be here and has asked me to speak on his behalf, so I hope the chair might allow me a little bit more latitude in terms of time, but I will try to keep my remarks brief.

We would echo the concerns of our colleagues from the Canadian Federation of Students with regard to the need for a dedicated federal transfer for post-secondary education. We'd also echo their concerns with the unfairness of the system, which awards funding on the basis of provincial population rather than the number of students taught, which acts as a kind of reverse equalization payment where we're penalized for being a net importer of students in Nova Scotia. Those are concerns you already heard.

What I'd like to focus on is an issue that was raised in the earlier session, which was to do with the quality of education and how that's affected by underfunding. The problem we're facing is that while enrolments nationally have increased by more than 25% since the early 1990s, there's been no corresponding increase in the number of full-time faculty to teach them, and that has two effects. First of all, increased class sizes. We're hearing of classes where there are not enough seats in the room for the students to sit on. The students are forced to stand, or sit on the floor. I can't see how you can call that any kind of quality of education. But there's also been an increased reliance on part-time faculty to fill the gap, and that leads to some specific problems. It's not that part-time faculty are *ipso facto* inferior to their full-time colleagues. Many are just as well qualified, just as good; nevertheless, as my colleague points out in his brief, only roughly half the part-time faculty have a doctoral qualification, and that's a serious concern.

But there's also a structural problem. Part-time faculty are not provided with the resources that enable them to do their job properly. Often they have no permanent office space in which to consult the students. Often, in an era of increasing technological sophistication, they are not provided with computers. They are not provided with time or money to do research, and while many of them do do research, it has to be on their own time and on their own nickel. What we have in fact is a pool of highly qualified individuals whose ability to contribute to both research and the education of the students of the future is being compromised by the lack of resources. So I would argue—this has been my experience, having been teaching for the last twenty years in Nova Scotia—that there's been a real decline in the quality of education offered the students who are now paying massively increased tuition fees.

But that's only part of the picture. The other problem is what students are able to get out of what is on offer. As little as ten years ago, the expectation was that yes, students would be expected to work in the vacation to fund their education. They might have to work a few hours during the term, an evening a week perhaps, or work on the weekends. But now it's not uncommon to see students working 25, 30 hours a week, some even full-time because of the financial pressures on them. The effect I see in the classroom is that they simply are not able to get the full benefit from their education. I see good students going down in flames on an assignment because they simply haven't had the hours to put in to do the work required. And that's an intolerable situation.

The other thing that's a problem, however, is that while it may not be as efficient as some people would like, a lot of education is a matter of trial and error, finding out through experience that what you thought you wanted to do isn't in fact what you want. Any education, but a university education especially, is about changing minds, introducing people to new and unfamiliar ideas, and it's not uncommon, therefore, for students to change their direction in midstream as they begin to get some sense of where their real path lies. I know that was my own experience as a student.

● (1045)

Now that's what it should be like, but increasingly what we find now is that it's more and more difficult to do that when the financial consequences of taking an extra year or several more courses is a major addition to an already crippling debt load. More and more students are being driven not by intellectual curiosity but by the need to pursue courses of study most likely to lead to careers well enough paid to enable them to pay off their debts.

My final point is that I think the real crime is that many of us hold the old-fashioned view that we'd like to see our children have better opportunities than we had. Now, I suggest, we're giving them worse. If you see tuition fees for what they are—an alternative form of taxation—the increase of over 180% since the early 1990s represents a staggering redistribution of wealth, not from the rich to the poor or from the poor to the rich so much as from the young to the old. We are making a priority of tax cuts that benefit our own generation, and we ensure the cost of them is borne in large measure by our children.

We believe that policies whose effect is to line our own pockets at the expense of our children cannot be justified. That is a legacy that no responsible policy-maker would want to leave to the future. That is the reason for the recommendations we've outlined in our brief.

Thank you very much.

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

We continue now with Response: A Thousand Voices, with Gale McIntyre.

Gale, five to you.

Mrs. Gayle McIntyre (Founder, Response: A Thousand Voices): Thank you.

Our community-based organization, Response: A Thousand Voices, discusses and evaluates the ongoing conditions and treatment of the most vulnerable of Nova Scotian Canadians: the impoverished, in all of its guises. To paraphrase an adage, one is only as strong as the weakest link, and so are the provinces and territories in a nation like Canada. Our most vulnerable Canadian in this vast nation of incredible resources is not immune to the truism in that adage.

The most vulnerable of any Canadian community is the weakest aspect of the nation, and it is here where we find the gaping issues of neglect and concern that can only be remedied with governmental attention and finances allocated to the issues identified as the most important in our respective communities. We strongly believe that humanistic mentalities and programs implemented to address these critical issues here in Nova Scotia can also be applied across Canada and will inevitably improve the quality of life for the most vulnerable of all our natural resources—the Canadian people.

By improving the conditions for living of this specific population, we improve all life for all Canadians. To do otherwise is in direct violation of our own statutes, legislation, acts, and Constitution. To do otherwise jeopardizes the quality and therefore the security of the future generations of Canadians still unborn.

If we as Canadians desire to be taken seriously on the global stage, we must first take ourselves seriously. By addressing the issues of the most vulnerable of any Canadian city, we set into motion a commitment that our people are its greatest natural resource and we are prepared, as a nation, to put whatever money is necessary to ensure that this valuable resource does not become contaminated, or worse, extinct, either through complete assimilation with our neighbours to the south or through the lack of national pride and identity, cohesion, and culture.

Canada has such a great opportunity to set standards of respect by government for its citizens that can be emulated around the world. There are so many choice remedies of which we can avail ourselves, but only a few sincerely reflect the intelligence and civility that we boast about as people living in a developed nation in the western world. With our most humble resources as a community voice organization, we respectfully submit the following as the topics of critical concern that we know, if put into actualization, will improve the quality of life for all Canadians.

The treatment of civilization in a society can be judged by entering its prisons. So too could be said about measuring the civility of Canada on how it treats its most vulnerable citizens. When we, with honest introspection, discover the truth about the conditions of the Canadian poor, we then reveal what we are capable of doing as Canadians, as a nation, in creating these deplorable conditions and creating the solutions to dismantle them.

We do not live in a fascist or tyrannical country, so if we ignore the impoverished, then we choose to do that. If we mistreat or abuse our impoverished, then we choose to do that. If we collude with or enable others to abuse or mistreat them, we choose to do that. If we assist the most vulnerable with whatever reasonable remedies will inevitably improve their quality of life, we choose to do that as well.

We think Canada is a nation that chooses to aspire to those standards that are above reproach. This can only be measured in its creation of humane policies and selection of qualified civil servants to implement and enforce them equally and fairly without prejudice and intent to harm.

Some could argue that to aspire to such elevated understandings of humanity is counterintuitive to the competitive nature of a capitalistic world. We advocate that humanity within governmental policies and commitments improves the integrity and therefore the efficiency of every Canadian, thereby indirectly and directly improving the quality and quantity of their production and earning potential within that family and that community. This will inevitably improve the quality and quantity of Canadian production, influencing the at-home market and international importing and exporting markets. We rely more on the solid character of a strong Canada; we rely less on others we are competing with and for the very resources we already have.

We hold governmental efficiency through efficacy as the very critical attribute of a formidable Canada. With this in place it will keep us in standing, not only as a worthy competitor in the world market, but as an innovator that sets new standards for governing this very market.

We created a new acronym, GETE, governmental efficiency through efficacy. We understand that every government department is a system, much like a machine of production, that is dependent on every other system for functionality. If one of the parts of the system is dysfunctional, we can predict with accuracy what the repercussions will be. To ignore or dismiss the importance...we know that we're giving the last results to the people who can least afford them.

We have five recommendations, and I realize you already have the strategies.

One is a baseline standard for qualifications for civil servants in those departments that interact directly with Canada's most vulnerable.

Two is a provincial and federal website for the Department of Community Services for (a) appeal decisions and issues; and (b) for those families and individuals who have to migrate to various provinces for work, medical care, or supports, which could include education.

Three is a separate provincial and federal department for housing, with a separate division in Access Nova Scotia to deal with social and public housing issues.

● (1050)

Four, a separate provincial division for persons with disabilities in the Department of Community Services.

And five, a new eclectic department for legal accountability and national responsibility for Canadians to safely report/whistle-blow on civil servants who are breaking the law and/or violating the chartered constitutional rights of its citizens.

The Chair: Gayle, you have set the record. That was a fine presentation. You now can go back to your normal breathing rate.

Mrs. Gayle McIntyre: Okay.

The Chair: Thank you very much.

Mrs. Gayle McIntyre: Thank you.

The Chair: We have Paul O'Hara. Welcome, Paul. Paul is here from the North End Community Health Centre.

Five minutes to you, sir.

Mr. Paul O'Hara (Counsellor, North End Community Health Centre): Thank you for the opportunity to present to the standing committee on the important issue of Canada's place in a competitive world.

The recommendations I have are, first, that the Government of Canada initiate a poverty reduction strategy with specific targets, deliverable accountabilities, and evaluation processes.

The second is that the Government of Canada participate in and provide leadership for cross-sectoral, multi-faceted collaborative practices and coordinated approaches that acknowledge and act on the interdependent nature of successful models of poverty reduction.

The third recommendation is that the Government of Canada renew the national homelessness initiative as a permanent program giving priority to the need for supported and supportive housing for citizens requiring housing and harm reduction programs.

The North End Community Health Association is a non-profit community organization established in 1971. Our mission statement is, through service, education, and advocacy, to play a leading and active role in concert with others, in promoting healthy communities, particularly in the north end of Halifax.

Our health centre is guided by our mission to support healthy communities, and we believe a competitive Canada must be one of social inclusion and strategic planning to confront the barriers and challenges associated with poverty reduction.

Our health centre's work reflects the social determinants of health. This work was informed first by National Health and Welfare's Lalonde report, by the Canadian Public Health Association, and by the health promotion branch of Health Canada, through formally recognizing the value of addressing the social determinants of health.

Our health centre has contributed to addressing poverty-related determinants, including income, housing, and social exclusion. We also incorporate intersectoral collaboration in confronting poverty.

The need for a poverty reduction strategy is based on evidence from the business plan of the Department of Community Services, which states that approximately 11% of Nova Scotians live below the low-income cut-off, 44% of all income assistance recipients are disabled, 13.5% of Nova Scotia youth between the ages of 20 and 24 have not completed high school, and that 26,000 Nova Scotia children live in welfare-dependent families. The business plan further articulates that income assistance recipients have multiple barriers to employment. The department suggests that factors beyond the mandate and control of the Department of Community Services contribute to this reality.

Despite these facts, the Province of Nova Scotia does not have a poverty reduction strategy. On the contrary, Nova Scotia families living in poverty have less access to financial security than they had ten years ago. We are failing vulnerable children. We are leaving our youth to fend for themselves. We are telling disabled adults to do more with less. And we are further victimizing lone-parent mothers to live in communities, which, through lack of social planning, have become undesirable or high-risk neighbourhoods.

Clearly, no one in this room today would subject their families to these realities if they could do something differently. We must articulate a clearly targeted policy that addresses high-density social housing projects, not by tearing them down, but by focusing on the development of the social infrastructure in and around these projects.

We must create more social housing so that poor families are not lumped together in large housing developments. Families admitted to a housing project must be supported through engagement and targeted programs geared to address education, skill development, and the ability of tenants to participate in learning. It is important to maintain a cap on rent in existing housing projects, so people who begin to earn decent incomes are not induced to leave.

We must involve the private sector in creating employment opportunities for project families.

We must create child care spaces within the projects and develop strategies aimed at improving safety.

We must target education and employment opportunities for youth and provide them with alternatives to the drug economy.

We must think about what we do now and how we can do things differently in light of the high percentage of Nova Scotia citizens who are left out of and are unable to participate in the economy.

The recent National Council of Welfare report and reports from the Toronto-Dominion Bank and the Chamber of Commerce have articulated the importance of poverty reduction in keeping Canada competitive. We must find ways to transfer the knowledge we acquire through research into policy that engages our citizens in the Canadian economy.

Research suggests existing poverty/work strategies are maintaining the welfare trap. The federal government must initiate policy that will create a partnership among all levels of government, the community, and the private sector to actively participate in poverty reduction, and the need for a multi-faceted approach.

Federal government leadership in the areas of social determinants of health has been advanced, in part, through the promotion of interprofessional collaboration and health care delivery. Evidence suggests that community health centres are both cost-efficient and effective in improving health outcomes. We believe the interprofessional collaboration of health centres is the major contributor to their efficiency. This model must be enhanced further, developed, and incorporated within all sectors to realize multi-faceted, cross-sectoral engagement to advance a poverty reduction strategy for Canada.

● (1055)

The national homelessness initiative must be renewed as a permanent program. This program has meant the realization of several community initiatives that have been several years, if not decades, in waiting. Community government partnerships have accomplished Nova Scotia's first halfway house for recovering women, Nova Scotia's first shelter for homeless youth, Nova Scotia's first community methadone program, a new shelter for homeless women, transitional housing for single adults, and housing alternatives for teen moms.

The Chair: Thank you, Mr. O'Hara. We must move on, but we appreciate your presentation.

We go now to a presentation from Nova Scotia Association of Social Workers, Susan Nasser, executive director.

Welcome.

Mrs. Susan Nasser (Executive Director, Nova Scotia Association of Social Workers): Thank you. We are very happy for the opportunity to come here and present to you today.

The Nova Scotia Association of Social Workers is the professional association for 1,600 social workers in the province. We regulate and strengthen the profession, and we have a mandate to pursue social justice. Indeed, our code of ethics calls upon us to engage in social action. Social workers are well positioned to see the devastating impact of poverty on people and their lives. Our collective experience with front-line workers has reinforced our resolve to push for changes that would create a more just and equitable society.

This round of pre-budget consultations is entitled Canada's place in a competitive world, in recognition of our small open economy and our dependence on other countries for our economic health and prosperity. Using other countries as a reference point, we can postulate a different sort of competition, one to ensure that all citizens enjoy a standard of living that allows them to live with dignity, free from hunger and deprivation.

In this competition Canada is not a winner. In 2005 Canada ranked only 12th out of 17 OECD countries on the United Nations human poverty index. In the same year, in a global survey of child poverty rates, UNICEF ranked Canada 19th out of 26 industrialized countries. In May 2006, the United Nations Committee on Economic, Social and Cultural Rights lambasted Canada for failing to address several issues that have an impact on poverty. They mentioned inadequate social assistance rates and the negative impact of some workfare programs.

We believe that the top priority for all levels of government in Canada should be the elimination of poverty, and that the budget, as a policy document embodying our values as a society, should provide the means to this end. In the short run, efforts must be focused on alleviating the circumstances of poor and low-income people. In the long run, though, what we should be aspiring to is a society in which everyone has sufficient means to live a fulfilling life, not excluded from the mainstream and able to take advantage of all of the benefits of our prosperous nation.

Policies directed towards reducing and eventually eliminating poverty represent a solid investment in our future. The terms of reference for these consultations cite the goal of ensuring that our citizens are healthy. The Public Health Agency of Canada is supporting further exploration of the social determinants of health, recognizing the connections among such things as poverty, housing, education, and an individual's well-being.

Social programs should have top priority—overriding tax cuts, which disproportionally benefit those who already are well off. Governments sometimes talk about the need for a program to be sustainable. By that they mean that it can continue to be funded over the long term. Obviously, that is important, but sustainability has another side that we ought not to forget. Is the current level of poverty sustainable? Are increasing levels of homelessness sustainable? At what cost?

Until we acknowledge that our Canadian society cannot tolerate the inequity and injustice of poverty and we reach a collective decision to deploy our considerable national resources to address this issue in a meaningful way, our country will not prosper and the Standing Committee on Finance will be unable to fulfill its mandate. The opportunity to create a budget that embodies our Canadian values should be seized with enthusiasm and commitment.

These are our recommendations.

First of all, make poverty reduction a top priority in the next federal budget and make the elimination of poverty a priority in the longer term.

Second, develop a comprehensive poverty reduction strategy.

Third, assume a leadership role in implementing the poverty reduction strategy and poverty elimination strategy.

Fourth, set standards for programs using federal funds. Strengthen the national child benefit program.

Fifth, broaden eligibility for employment insurance. Invest in tax measures aimed at supporting the working poor.

Sixth, create a national disability income support program.

Seventh, invest in social housing.

Eighth, honour the commitments made by the previous government in regard to universally accessible, affordable, early childhood learning and care.

Ninth, increase support for post-secondary education.

Tenth, support initiatives already under way for the Public Health Agency of Canada to improve the health of Canadians through addressing the social determinants of health.

Thank you.

● (1100)

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

We'll continue and conclude our presentations with the New Brunswick Business Council. Don Dennison is here.

Welcome, Don. Over to you.

Mr. Donald Dennison (Executive Director, New Brunswick Business Council): Thank you very much, Mr. Chair.

I believe earlier you had indication that David Ganong, the president of Ganong Chocolates, would be presenting. David has just become past chairman of the New Brunswick Business Council, and he's been replaced by Gerry Pond. Gerry had some previous commitments and was unable to be here today, so it's my pleasure to share some thoughts with you.

We have circulated our brief well in advance, and I won't read it here. I'll simply go through some points that might help you understand what the business council is and why it wants to talk to you today about competitiveness.

The members of the business council are eighteen CEOs of some of the leading enterprises in New Brunswick, and you would recognize the names of companies like J.D. Irving and McCain Foods, Moosehead Breweries, Ganong, Armour Transport, and so on. As well, we have the presidents of the two largest universities, the University of Moncton and the University of New Brunswick.

The business council is, in a sense, more than a business council, and I think the closest parallel organization that's going to be appearing before you is probably the Toronto City Summit Alliance. I say it's parallel in the sense that the Toronto City Summit really represents an effort to bring together the various parts of the greater Toronto community, and the New Brunswick Business Council very much wants to be a catalyst in bringing together various voices in New Brunswick that have aspirations for the future of our province and our country.

The business council is keenly interested in competitiveness, as you might imagine, and I'm going to speak to you today principally about equalization. Of course, equalization is, we believe, a very fundamental tenet or a key building block in our Canadian competitiveness.

The business council sees equalization as a bridge. It is not an end in itself. The council's objective is not simply to see a robust equalization program. Rather it sees equalization as the bridge to a more prosperous future for New Brunswickers. That comes through investment in people and investment in education and training. Equalization is a fundamental tool to enable all provinces to be in the game of providing that necessary training and investment in people. The committee will be hearing from some that Canada has seen too much equalization, that we need to put more resources into more productive areas of the country.

The business council believes that placing limits on equalization is, in effect, a recipe for a two-tier Canada. All Canadians should have access to equal opportunity, and they need access to roughly equal services, particularly education and training. Because of equalization, a province like New Brunswick is able to spend about the same proportion of its budget on education and training as is Ontario. Some people in Ontario—and indeed I think the Premier of Ontario—would have you believe that there's something wrong with this picture. We think there's something right with this picture. Equalization does work. It is working. It has reduced the levels of disparity between provinces, and it should remain in place.

Canadians have always understood the need for a balance in economic activity across the country. If we fail to maintain that balance, there will be a hollowing out of what we have seen as a fairly good distribution of activity. We've seen a lot of narrowing, in terms of GDP income per capita, and if we don't maintain our support services across the country, there will be this hollowing out. The concern is not that we are against people moving to where economic opportunities are. What we don't want to see is that when circumstances change, there's no future for people who've left parts of the country to be able to go back there.

So it's important that your committee, which has undertaken these pre-budgetary consultations, understand that equalization is something that needs to be put on a solid footing, and avoid the tendency or the attractiveness of year-to-year tinkering with a formula. This is a core federal responsibility. In fact, if you look at the Constitution of Canada, there are many responsibilities assigned to federal and provincial governments, but the only obligation that the Constitution speaks of is the obligation to make payments for purposes of equalization. We hope the committee takes this responsibility very seriously indeed.

Thank you.

The Chair: Thank you very much, sir, and thank you all for your presentations.

● (1105)

We'll move now to questions, and we'll begin with Mr. Savage. You have five minutes, sir.

Mr. Michael Savage: Thank you, Chair, and thanks to all the panellists. There was some very good stuff.

Mr. Dennison, I'm not going to ask you questions. Your ten observations about equalization were very well laid out. I agree with just about everything you've put there. People haven't come and talked to us much about equalization, so I appreciate the contribution of the business council.

Gayle, when I talk to you, I feel as though I have to speak really quickly to get my question in, just to be on the same page. You mentioned Dostoevsky, who said, "The degree of civilization in a society can be judged by entering its prisons." In the House last week, I referenced Mahatma Gandhi's comment: "A nation's greatness is measured by how it treats its weakest members." I think that's particularly apropos.

One of the ways this committee can be effective is to make a recommendation to the Minister of Finance about how we can bridge the gap between the rich and the poor. My question to a number of you—Paul, Chris, and Susan—who work with some of the people in society who need a hand up and aren't able to maximize their full potential, is how best we can do that. The government has tinkered around with taxes. You mentioned the social determinants of health, Paul, poverty being the number one social determinant of health. The government has come forward with a plan to give a tax credit for kids, for example, to have sportsplex memberships and things like that.

Is that an effective way to do it, or do we need to invest directly in the infrastructure, whether it's human infrastructure or physical infrastructure? That's number one.

Second, Susan mentioned child care. Is the $1,200 a year an effective way to build child care?

So there are two things, and I'll start with Chris.

Dr. Chris Ferns: I think the concern we have in the university sector in Nova Scotia—I have outlined some other issues—is the underrepresentation of disadvantaged groups in the universities. I've been teaching for twenty years. I have only had one Mi'kmaq student in that whole time. The number of Afro-Nova Scotian students is tiny in comparison to their actual numbers. I think what we have to have is some kind of funding that will actually address those questions of access and actually allow people to participate in the education system and allow them to get out of that poverty trap.

Mrs. Gayle McIntyre: I'll answer that question as briefly as I can, and I may rely on referring to one of the case samples we submitted. There are so many remedies, as we said. But which one is the most effective and the most cost-efficient?

I believe we have to look at the human infrastructure. To give an example, I'm a person with three university degrees, and I know there's a push that says that education is the sole way to deal with poverty. I'm here to say that that would be one of the options, but I'm also on disability, and I'm one of the poorest in Canada. So how does somebody who has three university degrees live in such a state of poverty? It has nothing to do with my lack of initiative. I did have a civil service job, and what happened was that a total sum of people who were not properly qualified in infrastructure made decisions that put me into permanent disability, disability being both physical, emotional, spiritual, and financial.

So I'm now dependent on a system that I used to work for. There's something very degrading when you have to take a moment out of your day to cry because you know how to improve your life, but the system and the people working in the system, the civil servants, are putting barriers up to stop you from getting to that place of maximum potential.

● (1110)

Mr. Paul O'Hara: Perhaps I could just add to what I've said already. What we're really missing is acknowledgement of the interdependence of us all in reducing poverty, and we need to get on with that.

So will $1,200 given to families deal with child care issues? Of course not.

If you look at what's happening in Nova Scotia, and particularly in Halifax, there's a national company coming in now and buying up all the apartment buildings. Where will poor people live when those rents go up? Because they're going up. It's happening. It's a fact. The private sector is not developing the housing. We're not targeted.

We don't work together in our inner city communities. There is no big plan. The community services department tells us specifically that what we're advocating for will save the city money, will save justice money, and will save somebody else money, but that, you know, if they put money into a project, there's no advantage to their department.

We need people to come together. Our premier won't meet with us to talk about this stuff. He refers us to community services. We need incentives from the federal government—their actions and their commitments and their engagement and participation—to have a poverty reduction strategy. We can do it. We have the know-how. The political will is not there.

The Chair: Thank you.

Thank you, Mr. Savage.

[*Translation*]

We will continue with Mr. Paquette. You have five minutes.

Mr. Pierre Paquette: Thank you, Mr. Chair.

Thank you for these great presentations. I am pleasantly surprised that the issue of the fiscal imbalance was among the concerns mentioned, in particular by the business people. I admit that in Ottawa, we do not hear much talk about the problem of the fiscal imbalance when we collect testimony.

Mr. O'Hara is completely correct when he mentions that when the Canada Assistance Program was transformed into the Canada Social Transfer, the less prosperous provinces lost a great deal. In fact, the transfers are now established based on the percentage of the population and not on needs. For example, Quebec has around 35% of Canada's social assistance population, but Quebec only receives 22% of the transfer for social programs and post-secondary education.

Messrs. Dennison and O'Hara, I would like to submit an idea the Fraser Institute proposed last week. It suggested that the federal government should withdraw from transfers, leave this tax field to the provinces and redistribute only through the employment insurance program. This would leave equalization. The Institute suggested that the employment insurance program would sufficiently redistribute throughout Canada to ensure a certain equity between the provinces.

I wanted to know what you thought. Do you think that the employment insurance program redistributes sufficiently so that it could replace all other forms of transfers, such as the equalization or the transfers we currently have?

Mr. Dennison?

Mr. Donald Dennison: It is essential to distinguish between the different transfers. There are transfers between individuals, between governments and between regions. The transfer system that supports the provinces is essential in Canada. It must also be pointed out that it allows the provinces to offer an acceptable and reasonable level of service.

[*English*]

So we really have to distinguish here. A lot of people comment about transfers in the country and say, well, it's looked after through employment insurance. Well, it's not. This is a very different kind of program. What we're talking about here is simply assuring that each provincial government has roughly similar means to deliver an identical package of services. And it doesn't mean you're trying to equalize incomes between Albertans and Nova Scotians; it simply means that the governments have the resources to do the job the Constitution assigns. I think it's an important distinction. In Canada we tend to get focused on, or view, provinces as personalities and confuse the population of a province with their government.

All that equalization can do is simply allow the governments to have the resources to deliver services like education. And it's important to make that distinction because people who worry that the more well-off provinces are going to be, in a sense, hurt by an equalization program should know that it takes away nothing from any provincial government. It's a federal government program that enables those provinces whose revenues are below the national average to be brought up to the national average. So there's no reason to confuse this with the concern about wealth in parts of the country being equalized. It's not a case of equalizing wealth; it's a case of giving those provincial governments a capacity to offer services. I think it's something we have to remind ourselves.

There's no reason that the Government of British Columbia and the Government of Nova Scotia or the Government of Newfoundland should be richer or poorer. They're not people we're talking about; they're simply governments.

● (1115)

[*Translation*]

Mr. Pierre Paquette: Ms. Nasser.

[*English*]

Mrs. Susan Nasser: I would just like to add that in terms of employment insurance, we're seeing a really big increase in precarious employment—part-time jobs, term employment, and low-paying jobs—which certainly means that even people in business for themselves aren't eligible for employment insurance. So funds distributed through that mechanism are leaving out a lot of people, and the very people who are the most vulnerable, I think.

The Chair: We continue now with Mr. Dykstra.

Five minutes, sir.

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

To Mr. Dennison, over the weekend the Bloc Québécois announced that Quebec, not Halifax, should be the gateway to the Atlantic provinces. I just wanted to get your thoughts on whether you think it's a correct position from an economic perspective that Quebec should actually be the Atlantic gateway versus Halifax.

Mr. Donald Dennison: We have existing ports in Nova Scotia, in New Brunswick, in Quebec, and they all function as gateways. I don't think it's a question of saying one is the right one.

I suppose the emphasis that's been put on the Atlantic concept recently is simply an effort to parallel what's talked about in terms of a Pacific gateway. It's simply good economic sense to improve our infrastructure so that we can move goods more efficiently.

So I don't think it's a question of one or the other.

Mr. Rick Dykstra: Thank you.

Ms. Nasser, one of the things that happened in late December was that the National Anti-Poverty Organization undertook some research in terms of the distribution of various tax cuts. One thing they found was that lower-income families pay about 8% of the money collected from GST but only 0.5% of taxes, versus the richest 2% of the families, with incomes over $100,000, who pay 4% of all the GST and 10% of income taxes. This suggests that the GST cut is actually a much bigger and broader benefit to lower-income families than it is to higher-income families.

I just wondered if you could comment on that.

Mrs. Susan Nasser: Since the GST is a proportion of what a thing actually costs, and the people who live in poverty have so much less available to begin with, any small-percentage cut doesn't amount to that much for them.

Again, I'm not an economist, and I can't make these economic arguments, but to me it doesn't seem to hold water; I just can't explain why.

Mr. Rick Dykstra: You can't explain why. All right.

Chris, I have to ask you this. Universities aren't receiving enough money, and students are paying way too much for the cost of education. But at the same time, if I recall correctly from what you said, students are sitting on the floors of rooms. There aren't enough chairs to put their butts into seats.

There's a dichotomy here. We have more young people going to university now to get an education, and at the same time they're paying far too much for their education. Where is all that money going?

● (1120)

Dr. Chris Ferns: The problem we've seen over the passage of time is that the actual proportion of money funding the universities, paid for by the students, has been rising all that time.

Mr. Rick Dykstra: Where is the money going?

Dr. Chris Ferns: Because the actual amount of money available has been declining, we have problems with infrastructure that are not being addressed.

Mr. Rick Dykstra: This budget we invest in infrastructure for universities and colleges.

Dr. Chris Ferns: That's a welcome addition, but we've also seen a lot of money being directed towards education that does almost nothing to address the problems of core undergraduate education. For example, the more than $1 billion spent on the Canada research chairs program does nothing to address issues of infrastructure and does nothing to address the issues of overcrowded undergraduate classrooms.

So a lot of it, in our view, is being misdirected.

Mr. Rick Dykstra: But if there is more money being paid by students—and I'm not trying to be antagonistic here, I'm just getting to the root of my question—then what's happening to that money? How is the federal government actually going to put more money into transfer payments to provinces while at the same time trying to identify that perhaps money isn't being spent wisely as it is? Maybe that's the root of the issue here.

Dr. Chris Ferns: That's an issue that can be addressed, and it's under the Canadian Association of University Teachers' proposal for a Canada post-secondary education act. I think a lot of the problem is that the money goes to the provinces and does not get directed towards the universities. I think one has to ensure a much greater degree of provincial accountability to ensure that the money is actually spent on the purposes for which it's intended.

Mr. Rick Dykstra: I agree with you.

The Chair: Thank you very much.

We continue now with Madam Wasylycia-Leis.

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

My thanks to all of you for your great presentations.

Let's just carry on with Rick Dykstra's comments about where all the money has gone. What we need to do is look at the significant drop in federal funding over a number of years. In education, the share of federal dollars has dropped to under 10%. We're in single digits now. We've lost any kind of national housing program. We've lost the Canada Assistance Plan. Health care is still in disarray. And equalization is also part of this, because it's talking about a different approach to our whole nation.

All of you are generally talking about an approach that is anathema to what the present administration wants and what we've seen over the last couple of years. So to each one of you, how do we demonstrate that addressing education, poverty, housing, women's equality, preventative health care, holistic health care, and equalization across regions is important to make us a competitive nation, and not the opposite?

Anyone can jump in. I don't want to lose all my time, so if you can each go quickly, that would be great.

Mr. Paul O'Hara: I think the research is out, and the fact of the matter is that everything you say is true and everybody knows it. It's a question of ideology and political will. When leaders in government are ready to say it's not just for us to have 10% of Nova Scotians living in absolute poverty, then something will happen. I think it's the way we vote, and we really need to demonstrate to our politicians that these issues have priority.

Mrs. Gayle McIntyre: If I can, I just refer to even some of our recommendations.

I come from an immigrant family. We come from Scotland, and one of the things that was instilled as I was growing up in Canada was capitalism. Part of capitalism was talking about being efficient, but producing good quality at the same time. How do you balance that?

Keeping on that theme of where we have government efficiency through efficacy, we really believe we do have to take the time to be introspective, put ego to the side, and just ask where our weaknesses are. It's okay to recommend, acknowledge, and certainly appreciate what we have achieved, but we do have to look at these gaps in a meaningful way.

It sounds like we've regressed a little bit. In these recommendations, we're asking the government to put back a department for disabilities, put back a department for housing, because we recognize that we've had all these huge problems come out of the lack of having these departments there. Sometimes people see that as regression, whereas we're saying to go back to where it last worked or looked like it worked.

Of course, we're hoping that these separate departments would attract the properly trained individuals to implement the funds, because we agree that people who have more resources spend money more appropriately. So we would like to get back to having those departments in place to deal specifically with those issues, and there inevitably has to be a more efficient way of spending federal and provincial moneys. It has to be. It's inevitable.

● (1125)

Mr. Donald Dennison: Ms. Wasylycia-Leis, because we live in a federation and it's with us every day, we sometimes forget how our federal structure influences how we think about these things. If we were a unitary state, then the services you were speaking about would be provided by a central government and be funded by a central government. We wouldn't have disparities between parts of the country. It just wouldn't take place.

But because we're a federation and because certain responsibilities are assigned to the federal level and certain ones to the provincial level, we have this decentralization. Just because we have this decentralization, there's no reason why we should not still have roughly equivalent capacity to fund those services.

Do you see what I'm saying? We forget that we're a federation. We think there's something wrong or something we should worry about in terms of the transfer of resources, when it is in fact the normal thing that happens in our country. If you look at other modern federations, with the exception of the United States—they have their own ways of redistributing—whether it's Australia or Germany, Austria or Switzerland, they all have equalization programs. Frankly, most of them do a better job at equalizing than we do in Canada.

We don't equalize in Canada. All we do is bring the lower revenue up to a certain national average, or try to. In Australia and Germany, they equalize and it's not a problem. I don't know why we have such difficulty in Canada today, agonizing over something that is a normal function of a federation.

The Chair: Thank you, Mr. Dennison and Madam Wasylycia-Leis.

We will continue now with the second round of questions. We'll go four minutes to allow everybody to get in.

We'll begin with Mr. McCallum.

Hon. John McCallum: Thank you.

Mr. Dennison, I totally agree with you on equalization, but I want to ask you a question about regional development, because you're here representing New Brunswick business, and one of the things included in the recent cuts by the government was regional development.

From a New Brunswick business point of view, do you see that as an important instrument that ought not to be cut, or do you not object to the cuts?

Mr. Donald Dennison: We haven't really seen any significant cuts to what's normally referred to as regional development. I think there's an expectation that there could be some realigning of programs. The business council is in fact engaging in this process. They are looking at how the provincial government provides support to industry, particularly start-up industries, and they're looking at how ACOA provides support. Frankly, they're trying to find a way we can streamline this process so that the person who wants to start a business doesn't have to shop around in the confusing welter of agencies that we have at present.

I think we're in favour of some kind of streamlining, restructuring, but clearly, the kind of support that's provided to business in Atlantic Canada comes nowhere close to what is provided through Industry Canada to more prosperous areas of the country.

Hon. John McCallum: Okay, thank you.

My second and probably final question is really for the other members of the panel, perhaps starting with Ms. Nasser, because I think you were left out the last time.

There are two areas in which I think our party differs philosophically from the Conservatives. One is that we tend to prefer direct expenditures rather than tax breaks. For example, if you want to favour a transit system, build it; don't give tax breaks to transit users. If you want to do social housing, build it; don't give tax breaks to people who likely can't use it for housing. And similarly for students. I wonder where you stand on that issue.

The second issue is these cuts. We regard these as being inimical to the most vulnerable Canadians, particularly in areas like literacy and other vulnerable groups.

I'd like to just ask your perspective on one or both of those issues, and then perhaps go to Mr. O'Hara and Ms. McIntyre, if we have time.

● (1130)

Mrs. Susan Nasser: I think there is definitely a need for direct funding and not doing everything through the tax system.

I'm just sitting here thinking that last week the Halifax Coalition Against Poverty had an action in which one of their demands was that the social assistance rates here in Nova Scotia be doubled.

You might ask how we can possibly find enough money to double the social assistance rates, but I think the point is that after careful consideration, people are realizing that we have a large number of people who just can't survive on the moneys they're getting. I don't think that kind of problem will be fixed by doing something with the tax system. We actually do need to reorder our priorities and take a look at the funds that are available to the government and put more money directly into the kinds of programs that I think a whole array of people will probably tell you are going to be helpful in addressing some of the issues of poverty.

Hon. John McCallum: Thank you.

I just want the others to have a chance. Paul is going to cut me off.

Mr. O'Hara.

Mr. Paul O'Hara: Well, absolutely, particularly social housing—build it. I think it's a good example. The private sector is doing very well in Halifax, particularly in the housing area. If you look around at the condominiums that are being built, there is no low-income housing being built—none, zero.

We need the federal government to provide leadership in creating a national housing policy and to support the development of not-for-profit housing. It has to happen, or Halifax will be like Calgary and we will have people who are in low-wage jobs living on the street.

Hon. John McCallum: Thank you.

Ms. McIntyre.

[*Translation*]

The Chair: Mr. Paquette, you have four minutes.

Mr. Pierre Paquette: Thank you, Mr. Chair.

Mr. Dennison, I really liked your response to Mr. Dykstra's question. In fact, this is exactly how we talked about it this weekend at the Bloc Québécois' General Council. It isn't about making Quebec the gateway or the entry point to the Atlantic; it is about making it a component and making better use of the St. Lawrence River—in our case—which, in our opinion, is under-used, in particular regarding domestic cabotage. There is a lot of international shipping, but very little domestic cabotage. There is actually a perception that the St. Lawrence River is part of the Atlantic gateway.

Of course, the Bloc Québécois will not choose between Quebec, Montreal, Sept-Îles or other ports. As a result, your response was completely in keeping with this.

I wanted to ask you another question about equalization. After the promise he made to Quebec on December 19, Mr. Harper seems to be saying that until the provinces can come to an agreement on fiscal imbalance and equalization, he will not act.

He was in fact well aware, however, at the time of his promise, that there was dissension among the provinces. Do you think he is empowered to act on the issue of equalization, since it is a subject included in the Canadian Constitution and, as a result, is very clearly a federal responsibility?

I would like your opinion on this.

Mr. Donald Dennison: The government has two very substantial reports that recommend almost the same things. The in-depth research carried out shows that with our current resources, we have the capacity to implement one or the other of these things.

[*English*]

It doesn't represent a huge problem for Canada to maintain a robust equalization program. It's less than 1% of our GDP.

If we went with the ten provinces, with all the natural resources included, we would still not be putting the same amount of money into equalization that we put in back in the 1980s.

It's not a question of affordability. It's a question of whether we have the will and the understanding,

● (1135)

[*Translation*]

The will to continue along a path that has been well established since 1959.

Mr. Pierre Paquette: Thank you.

Do I still have a little time, Mr. Chair, to address Mr. Ferns?

The Chair: Yes, you have one minute.

Mr. Pierre Paquette: To continue, it does not seem that the federal government intends on following the lines of the consensus —and I wanted to know whether you are part of it—that aims, in the short term, for the transfer for post-secondary education and social programs to be returned to the level it was at in 1994-1995. This represents an additional $4 billion per year.

I wanted to know whether your association is part of the pan-Canadian consensus: we heard this figure from the students, the teacher's federations, the university and college administrations from all over. I was wondering if you also agreed.

[*English*]

Dr. Chris Ferns: Absolutely, that is our position.

[*Translation*]

Mr. Pierre Paquette: Okay.

Do you know how much that represents for Nova Scotia?

[*English*]

Dr. Chris Ferns: Well, I think we have a twofold problem in Nova Scotia that would certainly allow us to address the fact that we have the highest tuition fees by far in Canada.

I think there's also a problem in the actual mechanism of distribution. We have a lot of very good undergraduate universities that result in us being a net importer of students, but we're not funded on the basis of the number of students we educate. I think with the additional funding, there has to be some attention to the actual redistribution as well.

The Chair: Thank you, sir.

We'll continue now with Madam Ablonczy.

Ms. Diane Ablonczy: Thank you, Mr. Chairman.

Thank you all for your presentations. It was very helpful to the committee.

I was really very much struck by Mr. Ferns' comment that there's in fact been no increase in full-time faculty hiring. As a former educator, I had no idea this was happening.

At the same time, you've indicated that the number of student bodies, the student population, has increased significantly and the amount students are paying for their education has increased significantly. At the same time, federal transfers for education alone are over $8 billion a year.

I'm mystified as to what the money is being used for. This is a lot of money. There's an increase in student population and the fees they're paying, and yet it's not going to faculty. Where is it going?

Dr. Chris Ferns: There is a twofold component to that. Yes, it's a lot of money, but in terms of percentage of GDP, it's probably the lowest level it has been for over thirty years. So we're trying to educate a much larger student body with the kind of funding levels that really were designed to cater to a much smaller university sector over thirty years ago.

What we're looking at is the amount of money that's required to add to that to actually restore it even to the levels of the early 1990s. So what we're actually having to do is educate more students with less money.

Ms. Diane Ablonczy: But that begs the question, if it's not going to increase the teaching population, the number of educators, what's it being used for?

Dr. Chris Ferns: If you reduce funding, it means you're actually more heavily reliant on part-time instructors. You're unable to sustain the actual number of full-time faculty required to do the job.

Ms. Diane Ablonczy: But it's not reduced funding, because you have more students paying more tuition.

Dr. Chris Ferns: We're obliging students to pay more tuition because of the reduced federal funding. The whole thrust of our brief, which I hope you familiarize yourself with, is the effects of that on the students, because they're not getting as good an education.

Ms. Diane Ablonczy: I'm not saying they should pay it; I'm just wondering where the money is going.

Dr. Chris Ferns: I think I've already partially answered that with regard to Mr. Dykstra's question. The accountability of the provinces for the money they receive is simply not strictly enough monitored. What we need is an actual Canada post-secondary education act that will mandate the provinces to spend the money on the things they're supposed to spend it on.

Ms. Diane Ablonczy: I know a number of groups have asked for a dedicated transfer, and that may be the way to go, because there certainly is a disconnect somewhere.

I want to move to this matter of how best to help low-income people. Our government thought we did a good thing by cutting the goods and services tax, because the National Anti-Poverty Organization, as Mr. Dykstra mentioned, pointed out that low-income people pay 8% of the GST collected, and they pay only 0.5% of the personal income tax collected. On the other hand, high-income people pay only 4% of the GST that's collected and 10% of the income taxes. Clearly, a GST reduction is more beneficial to low-income earners than to high-income earners. In fact, the NDP recognized this. In 1997 they campaigned on reductions to the GST for that very reason, because that was one way you could help people who paid the least income tax. Yet there have been criticisms of this tax measure to assist low-income people. I'm very puzzled by this, so maybe someone can explain it to me.

● (1140)

The Chair: No, I'm sorry, they can't. I agree that it is difficult to explain, but we'll continue now with Mr. Pacetti.

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

Thank you to the presenters. Those were interesting presentations.

I'm limited in time, so I may interrupt when I'm asking a question.

But in answer to Ms. Ablonczy, I'm not sure what article you're reading, but the economists are saying that the GST does not help low-income people.

Ms. Diane Ablonczy: But the National Anti-Poverty Organization does.

The Chair: Order.

Mr. Massimo Pacetti: I want to ask Mr. O'Hara a couple of questions. In your brief you talked a lot about problems and that we need more money for social housing and more money for education skills, employment strategies, and child care.

Except for the child care, because we know what happened there, some of these programs or what you're asking for already exist, do they not? You addressed on a few occasions the social housing aspect. The money has been transferred, from what I understand, and there is going to be more money being transferred out of Bill C-48.

What happens? Locally, the federal government does not get involved, from what I understand. If the housing market is booming in Halifax, that's great, but shouldn't there be something done at the local level for low-income housing?

I'm from Montreal, and I know the City of Montreal looks at low-income housing and they make sure there's a percentage of low-income housing. There are always problems with additional moneys coming in, but that's a negotiation that's being done at the local level, at the municipal level, and provincially and federally .

What's happening here? Make me understand, because I think I'm missing part of the puzzle.

Mr. Paul O'Hara: I think the province would argue that the federal government is downloading responsibility for the operation of social housing. It is not giving them an adequate budget to address the issues. A lot of the social housing is falling apart.

I had a call yesterday from somebody who told me that the unit next door to them was empty and their friend needed a place, and could I help get her friend get in there? We experience this all the time. If you take a ten-minute walk, you'll see boarded up public housing.

Mr. Massimo Pacetti: I'm not disputing the fact there is a need, but is it because there's much more demand here in this part of the country? Again, maybe I'm going to ask the same question. Is there a problem with the funding?

Mr. Paul O'Hara: We perhaps put in 10% of what we need in social housing; that's what the issue is. The province, like the federal government, does not put in significant amounts of money; it actually takes money out of the social housing budget. So if you look at what the province has been doing in the last few years, they've been decreasing their commitment to social housing, and that's why we've got full beds in our shelters.

For a homeless person in Halifax, there are times of the day when he has no place to be.

Mr. Massimo Pacetti: Okay.

How about the education part and the skill part? I think you said there's a link between—

Mr. Paul O'Hara: We need more collaboration. We may need more focus, more targeted...and more opportunity for all the players to come together and work with one another.

Mr. Massimo Pacetti: Again, is that a provincial matter, one where they're not coming to the table and trying to work on a strategy?

Mr. Paul O'Hara: I think that's part of it, but I believe strongly that this federal government needs to provide leadership in this area.

Mr. Massimo Pacetti: Okay.

Ms. Nasser, you have two or three recommendations on developing a comprehensive poverty reduction strategy, and I think there's another one further on, the third one, where you recommend that we assume a leadership role in implementing poverty reduction.

Again, is that a provincial or a federal matter? What are you expecting from the federal government?

Mrs. Susan Nasser: Well, again, I think there's a blending...or there are different responsibilities for each level of government. We think the federal government actually does have jurisdiction over some of the areas that we need for poverty reduction. Also, we think any level of government, including the federal one, should be providing leadership in this area and setting standards that the country can follow. So I think it's important for the federal government to take a look at which areas fall within its jurisdiction and take action in those with a national poverty reduction strategy.

I think the provinces need to do the same thing. In fact, I'm sure most provinces have provincial groups who are going to the provincial government and telling them that.

● (1145)

Mr. Massimo Pacetti: Thank you.

The Chair: We will continue with Mr. Del Mastro now.

Mr. Dean Del Mastro: Thank you, Mr. Chair.

I'd like to preface my comments by indicating that I believe the only way to help anyone is from a position of strength; you can't help someone from a position of weakness. So in that vein I would argue that the best way to fund social programs and the social safety net that we all value is to create robust economies and provide opportunity for people to climb out of whatever social predicament they find themselves in. I think that is an approach we should be following.

There are other parties who believe the opposite formula is true, that we should fund the social programs and write the cheques, which will somehow lead to a robust economy. I don't agree with that ideology.

Mr. Dennison, you mentioned equalization to begin with. I agree with you that equalization is fundamentally critical to a nation. I want to tell you as an Ontarian that I'm not happy with the approach that our provincial government has recently taken in whining about its contributions to equalization, because I believe that Ontario has a critical role to play in nation-building; we are central to the country in geographic description, but we're also critical in binding the nation together.

What are your comments on that?

Mr. Donald Dennison: My first comment is that the Government of Ontario doesn't contribute to equalization. It would make us all believe that it does, but it doesn't. What you have in equalization is that the federal government, through the contribution of federal taxpayers, supports the program.

Mr. Dean Del Mastro: You're right.

Mr. Donald Dennison: As well, I think if you look at what's happening in the country today, I read that Ontario has slipped below the national average in terms of GDP. When you look at the equalization-receiving provinces and the dollars per capita they have to work with, and the dollars per capita the Ontario government has to work with, there's not very much difference—and this is what's causing the Government of Ontario to carry on.

Mr. Dean Del Mastro: I agree with you. There's a major misconception about what equalization is: it's federal tax dollars collected. Now Ontario does generate the majority of federal tax dollar revenue, which is why the government there is complaining.

We hear a lot about the fiscal imbalance. Could you just clarify why fiscal balance has absolutely nothing to do with equalization? The two are completely unrelated.

Mr. Donald Dennison: There's vertical balance or imbalance and a horizontal balance or imbalance. They are two very different things. Equalization deals with the horizontal; it doesn't deal with the vertical.

Mr. Dean Del Mastro: Mr. McCallum indicated that there was a difference between the government and their party and our approach. I agree. They believe in big, inefficient government, and we believe in a leaner, efficient government. We believe in creating robust economies.

He talked about how we were withdrawing support for regional development. I just want to put on the record the investment in ACOA, which we believe is an outstanding tool for creating opportunity in Atlantic Canada. Maybe you'd like to talk about the budget we've set aside for ACOA and the measures we're taking to encourage investment in industry in Canada in general.

Mr. Donald Dennison: The minister responsible for ACOA has made it very clear that there have been no budget cuts to ACOA yet. We hope the government will not cut that approach, because, as I said before, the amount of money that goes out through ACOA to support industry in Atlantic Canada is nowhere near the amount that goes out through Industry Canada to Ontario, Quebec, and other parts of the country.

The Chair: Thank you, Mr. Del Mastro.

Just to clarify the record, I think Mr. Del Mastro referred to Ontario taxpayers' funds forwarded to the federal government forming the majority of the pool that is used to redistribute equalization payments. That is not true. The most significant contributor is Ontario high-income earners, but less than a third of the total sum comes from Ontario earners. The largest contributors are people who are residents of that province, but the majority of the money does not come from Ontario residents.

We'll continue with Mr. Pacetti.

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

On that note, coming from Manitoba, I think the people from Ontario would appreciate that.

I didn't ask Ms. McIntyre my previous question because her brief was pretty good and contained some good recommendations.

To Mr. Ferns, in your presentation you were talking about education and the way things have been changing with regard to students. You're saying that students are working more now than they did before, there are changes in courses, and some students are required to stay there an extra year or sometimes two years. I went to university about twenty years ago, and I remember working full-time in the summer and part-time. The people around me did that as well. Some people also changed courses. I think that's part of the education process, part of the learning process.

In Quebec we have what is called a CÉGEP, which is the equivalent of a junior college. Some of my friends made a career out of it and went from program to program—they were career programs. I think it's something that hasn't changed. You seem to think it's a new phenomenon, but I'm not so sure. It's just more prevalent today because the loans are getting higher, but I think it's always been there.

Do you agree or disagree, or did I misinterpret what you were saying?

● (1150)

Dr. Chris Ferns: I would disagree, and there is one point I would like to clarify. What I'm reflecting is my experience of teaching in the system for twenty years and seeing how things are now as opposed to when I was teaching in the 1980s. I can assure you that as far as I can see, the actual number of people working longer hours is greater now than it was then.

On people changing their programs, I see it as a desirable thing to do. You should be able to change your mind if something suddenly catches your imagination and you feel it's what you really want do. The point I was making is that's becoming more and more difficult for students to do because of the financial penalties for changing your course of study. Taking an extra year or doing additional courses is now so prohibitive that a lot of people feel they can't do that any longer.

Mr. Massimo Pacetti: It may be an issue here in Nova Scotia because the tuition fees are much higher, but the tuition fees in Quebec are so low that I'm not sure why the costs are so prohibitive. I understand that people have to live, but if they're working, aren't they making more money today than they were twenty years ago? My friends used to work for less than minimum wage when we went to school. We all thought it was just part of putting some money in your pocket or getting some training. You were willing to work for almost nothing if it was a job in your field.

Dr. Chris Ferns: I think the specific problem in Nova Scotia is a combination of two things: first of all, having the highest tuition fees in the country, but also having relatively few well-paid jobs for students to take, so they're obliged to work longer hours because the actual pay rates are less.

Mr. Massimo Pacetti: Okay. Now I understand.

The Chair: Thank you, sir.

We'll conclude with Mr. Wallace now.

Mr. Mike Wallace: Thank you, Mr. Chairman.

Thank you for coming, and I enjoyed the presentations. I had to leave briefly to hear some questions.

My questions are going to deal with Ms. McIntyre, if that's okay.

One of your recommendations is about accountability and responsibility in whistle-blowing legislation. My question is simple. Are you aware that in our Accountability Act we do have whistle-blowing legislation? And are you encouraged by it? Would you like to see it pass the federal level?

Mrs. Gayle McIntyre: In our submission, we did include the link to the whistle-blowing...and that's about the accessibility most Canadians have, that is, let's go on the computer and see what's available for it. We did not see any inclusions for people who are recipients of those programs who are locked into a relationship with civil servants. We see the whistle-blowing working between civil servants but not between the recipients of these programs that are being delivered by civil servants. It may be there; I could not find it. I searched for it and I couldn't find it.

Mr. Mike Wallace: You want somebody who is a receiver of a federal program, if something is going awry, to be able to blow the whistle on that person without repercussions.

Mrs. Gayle McIntyre: Absolutely. Going back to the theme of being efficient, one of the biggest things that keeps people in poverty is the lack of appropriate services...but the way they're being delivered, which is violated....

Mr. Mike Wallace: If I told you that was in the program, would you be satisfied with that then?

Mrs. Gayle McIntyre: I'd have to see it first.

Mr. Mike Wallace: Okay.

My second question—

An hon. member: She hasn't seen it, so leave her alone.

The Chair: It's interesting. I would just point out that usually the questioners are heckled from the opposite side of the table.

Mr. Mike Wallace: I'm new, so I get it from all sides.

The second piece here in your recommendations talks about a separate provincial department for housing. I don't see anything about a federal department for housing. You may have mentioned it, but I didn't see it. Correct me if I'm wrong, but there was a housing department at the federal level. It was cancelled by the Liberals. Is that correct?

● (1155)

Mrs. Gayle McIntyre: Yes. You're absolutely right on the history of that.

Mr. Mike Wallace: Okay. And now you're asking for another federal housing program?

Mrs. Gayle McIntyre: Actually, maybe I wasn't clear, but in our recommendation we are asking for a separate provincial and federal department, because, to echo these comments here, we need to go back and put programs into place that resemble something that was efficient and worked, and then develop those.

Mr. Mike Wallace: You sell that in the first part, but if you look on page 10, your recommendation talks about a separate provincial department for housing. And I wasn't clear. You are aware that we continued with the $800 million for affordable housing for provinces and territories in the last budget.

Mrs. Gayle McIntyre: I'm aware that something's happening, and I think Paul O'Hara brought that up. There seems to be a synaptic gap between the federals saying, "Well, we've given you this money", and then we're going into the provinces..."Well, where did it go?"

Mr. Mike Wallace: Yes, but that's a provincial issue. If we've given the money to the province, the province has to come through with putting it into housing. Is that not correct? Would you not agree?

Mrs. Gayle McIntyre: I do agree, but I think the federal government has to take some responsibility in setting the guidelines and monitoring programs to see that those moneys are going exactly where they're supposed to be going, as outlined by the policies.

Mr. Mike Wallace: I think it was also mentioned by somebody on the panel about aboriginal housing. We've put another $300 million in the budget, I believe, into that. That's for off-reserve folks.

I'd just like your comments on our continuing that process and how you feel about that.

Mr. Paul O'Hara: I'd say what's happening is about one-tenth of the need. The province establishes its own priorities and how it uses housing money. We think the federal government should put standards down. They should lead and they should get beyond capital and into programming. There are a lot of people who experience chronic homelessness who need supported and supportive housing, and nobody accepts responsibility for those people. That's why they wander the streets homeless.

Mr. Mike Wallace: So you say the province is not accepting responsibility for the housing issue?

Mr. Paul O'Hara: I think the province has $23 million. I have no idea how they intend to spend it over the next three or four years. We're afraid that it'll go into rent supplements to private landlords who, after ten years, will have no accountability. We don't know what the province is going to do with the $23 million. It's not a lot of money, really, over the next three or four years; $23 million is not going to produce a lot of units. We're hoping that will be non-profit housing units, but we don't know.

The Chair: Thank you, Mr. Wallace.

I'll conclude with a question for you, Paul.

Stretching the effectiveness of the housing dollars is a concern for all of us. In certain jurisdictions they are utilizing more private ownership of the houses, working toward that goal. This is similar to the Habitat for Humanity model. It includes the recipient in the design preparation and the sweat equity involved in the creation of the home. Generally, the homes that are managed, particularly on reserves, last less than half as long as privately held housing stock and cost more to build.

Are you familiar with any such experiments? Are you aware of any moves to proceed in a more creative way with the housing issue? I know so far you've only had the chance to ask for more money, but I'd like to ask you how the money could be more effectively spent.

Mr. Paul O'Hara: I think it's more effectively spent by creating community. We support mixed housing and home-ownership programs. However, by and large, non-profit housing delivery of social housing is the best bang for the buck. We need not-for-profit social housing in our province. We need it desperately. The other program is great. But my experience with home ownership, particularly for people of low income, shows me that people with low incomes don't have the capacity to maintain home ownership programs. Unlike people with incomes in the middle range, poorer people can't deal with leaky basements and roofs, or fridges and stoves that break down. We're not suggesting that you not provide incentives for people to own their own homes. However, the best bang for the buck is non-profit housing.

● (1200)

The Chair: I've had conversations with chiefs across Canada who tell me that they get called to fix window screens at two in the morning. They are expected to provide cleaning supplies to some of the people in their communities. Do you see that this situation might be counter-productive? Why do you say that people aren't capable of doing their own home maintenance?

Mr. Paul O'Hara: They don't have the resources to do it. I didn't say they weren't capable.

The Chair: Explain.

Mr. Paul O'Hara: Economically, they're not in a position to own home property and manage it. I'm basing this observation on the low-income people I work with.

The Chair: Isn't there a significant difference between saying people don't have the economic resources to manage a home and saying they don't have the capacity to learn how?

Mr. Paul O'Hara: My point was economic. I think the way to get around the issue you're raising with the chief, although I don't have experience with aboriginal housing, is the cooperative model, a community-inclusive model. I work with non-profit organizations in which tenants are on the organization's board of directors. They're involved in tenant selection committees. They get hired to do security and maintenance. The whole community-building component of housing is important, and that's where the ownership is.

The Chair: There are about three dozen first nations communities across Canada that are moving in this direction. Some have been doing it for almost two decades, and the significant improvement in the quality of the housing stock, the quality of the neighbourhoods being created in those first nations communities, is remarkable. The housing stock is superior to what you find in most first nations communities in my province. Typically, you'd be able to tell that the housing stock was deteriorating just from a physical observation of it. But that's not true on a number of first nations reserves whose councils have moved in the cooperative direction you described earlier.

So I think there's hope. I'd like to see more best-practices models, and you've alluded to that in a couple of your presentations.

I want to thank you on behalf of the committee. This has been a most stimulating discussion. We very much appreciate you being here.

Committee members, we will reconvene at one o'clock sharp.

We're adjourned.

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